

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE**

YEAR ENDED JUNE 30, 2020



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fullerton Joint Union High School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules, combining non-major fund financial statements, the continuing disclosure information and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Schedule of Expenditures of Federal Awards, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information and the combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Fullerton Joint Union High School District

The Introductory Section, History and Organization, Schedule of Financial Trends and Analysis, Schedule of Charter Schools, and continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 7, 2020

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2020**

Overview

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the State of California and consists of an area comprising approximately 55 square miles. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 – 12 as mandated by the State and/or Federal agencies. The District operates six high schools, one continuation high school, and one alternative high school.

Significant Accomplishments

- Troy High School in 2020 was ranked by U.S. News & World Report #213 in the national rankings and was ranked #26 in the State of California.

Troy High School was named by Niche.com as #40 best college prep high school in America and #8 in California, #74 best public high school in America and #6 in California, #35 best high school for STEM in California, and #1 best public high school and best college prep high school in Orange County.

Troy High School is acclaimed for its many programs including Troy Tech and International Baccalaureate.

- In 2020, Sunny Hills High School was ranked by U.S. News & World Report #960 in the national rankings and #136 in the State of California. Sunny Hills High School ranks #151 in Magnet High Schools in California. The school has a 99% graduation rate.

Sunny Hills High School was named by Niche.com as #78 out of 1,394 best college prep public high school in California, #116 out of 1,842 best public high school in California, and #185 out of 928 best high schools for STEM in California.

Sunny Hills High School has a thriving eSports club on campus, along with many other clubs that allow students to participate in extra-curricular events. The staff believes that high school should be a fun and exciting time in a student's life filled with vast opportunities for learning and growth. The quality and drive of the exceptional teaching staff, the professionalism and pride of the classified staff, the community and parental partnerships, and the amazing students allow Sunny Hills High School to provide a world class education for every student, every day!

- Sonora High School in 2020 was ranked by U.S. News & World Report #2,034 in the national rankings and was ranked #281 in the State of California. The Advanced Placement participation rate is 46%. Sonora High School ranks #249 in Magnet High Schools and has a 98% graduation rate.

Sonora High School was named by Niche.com #65 out of 464 for standout high schools in California, and #279 out of 1,842 best public high schools in California.

Sonora High School is a diverse community dedicated to the academic, personal, and social growth of all student learners within a student-centered environment. Sonora High School encourages students to become life-long learners and contributing members of a democracy in an ever-changing world.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2020**

In fall of 2010, Sonora High School became a school-wide Title I Program. This designation continues today and provides greater opportunities to the entire at-risk student body population. A critical aspect of the school-wide Title I Program designation is the consolidation of State and Federal Funding. As a comprehensive high school, Sonora offers a wide range of subjects and programs to meet students' varying needs and interests. All students take the core curriculum to meet graduation requirements and to prepare them for college/career post-secondary education. Sonora High School services students of all ability levels. There is a total of 41 IB/AP students who are eligible to receive college units through their program and after successful completion of their IB/AP Exam. Sonora High School also has the most in-depth Career Technical Education Programs. Students can choose one of four three-year pathways in Gaming, Culinary Arts, Veterinary Science or Agriculture Mechanics. Within each of the pathways, embedded is dual enrollment opportunities for the students that further enhance the classroom learning opportunities. If students complete the pathways, they will be more career-ready or college-ready than their peers, because they will have at least 14 college units and they will have internship opportunities with area businesses as well. Sonora has many special programs for students with identified varying special needs. Sonora High School also offers a variety of extra-curricular activities for the student body, and students are encouraged to make a connection to the school that includes co- and extra-curricular involvement in sports, student government and leadership, and/or membership in some of the 30+ student clubs.

Sonora continues to focus on student achievement through a variety of curricular and programmatic initiatives funded by our District and the Local Control Accountability Plan. The school followed the "intervention" model, in which all students take college preparatory level courses, and students who needed remediation or further assistance were placed in an additional intervention class. This approach, taken throughout the last several years, has significantly reduced the negative effects of English class tracking and has allowed the school more scheduling flexibility for students. Also, intervention support classes were offered in mathematics and English language arts. Sonora administrators and faculty will continue to implement the research-based instructional strategies that have effectively raised student achievement at SOHS while focusing on the data and needs of each and every student.

- Buena Park High School in 2020 was ranked by U.S. News & World Report #682 in the State of California. The Advanced Placement participation rate is 54%. Buena Park High School has a 96% graduation rate.

Buena Park High School was named by Niche.com #214 out of 464 standout high schools in California, and #543 out of 2,121 for best public high school for athletes in California.

Buena Park High School's mission is to encourage the critical thinking and communication skills of all students. The school's goal is to produce literate, technologically experienced, morally, and civilly aware lifelong learners, who are prepared to undertake the challenges with continuing their education and entering the job market. Buena Park High School provides a rigorous, meaningful, and challenging curriculum.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2020**

Buena Park High School offers a complete Honors/AP, college prep, and eight Career Technical Education programs that have a history of providing students with the necessary education to attend the nation's finest educational institutions. In addition, the school has adopted the AP Capstone Diploma program and has a diverse Early College program, both magnets for students from within and outside the district. The school boasts National Merit Finalists and Questbridge Scholars, in addition to many more incredible accomplishments such as winning multiple CIF championships, the most recent being a 2019 Girls Waterpolo CIF Championship. Buena Park High School was awarded four statewide awards: 2015 Gold Ribbon School, 2015 Exemplary ARTS School, 2015 Exemplary C.T.E. School, and 2015 Title 1 Academic Achievement School; the only school (*K-12, Public or Private*) to receive all four awards in the entire state of California. Buena Park's high level athletic, arts, and specialized academic programs has made BPHS a "Destination High School" for students in the Southern California area.

- La Habra High School in 2020 was ranked by U.S. News & World Report #633 in the State of California. The Advanced Placement participation rate is 50%. La Habra High School ranks #407 in Magnet High Schools and has a 99% graduation rate.

La Habra High School was named by Niche.com #298 out of 2,121 best high schools for athletics in California, #420 out of 1,394 in best college prep public high school in California, and # 494 out of 1,842 for best public high school in California.

La Habra High School provides numerous opportunities for student involvement with a relevant, rigorous education and the school works collectively as a school family, consisting of students, staff and parents, to create a family environment that fosters a culture of acceptance, kindness, dedication, resilience, and success.

- Fullerton Union High School in 2020 was ranked by US News and World Report #3,182 in the national rankings and was ranked #477 in the State of California. The Advanced Placement participation rate is 47%. Fullerton Union High School ranks #334 in Magnet High Schools and has a 98% graduation rate.

Fullerton Union High School was named by Niche.com #203 out of 464 for the Standout High School in California, #368 out of 1,394 for best college prep public high school in California, and #571 out of 1,842 for best public high school in California.

FUHS has received 10 Golden Bell Awards from the California School Boards Association for Educational Excellence and Innovation. The most recent Golden Bell was awarded in the fall of 2015 for the second time for our award-winning Speech and Debate program. FUHS has been honored three times as a California Distinguished School and has also received the National Exemplary School Designation.

The mission of Fullerton Union High School is to provide quality curriculum and instruction through a wide range of academic, co-curricular and extra-curricular opportunities by which all students may discover their interests and talents, form connections, and move from passive to active participants in the educational community in preparation for responsible productive adulthood.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2020**

The core values that bind FUHS together are integrity, caring, creativity, and mutual respect. The school's mission has always been to provide quality curriculum, instruction, and activities to prepare students to be college and career ready. The curriculum combines rigorous academic programs that include Advanced Placement classes and the International Baccalaureate Diploma with special programs like the Agri-Science Academy, Computer Science Pathway, Culinary Academy, Academy of the Arts, JROTC, BEAST (*STEAM Program*), and Speech and Debate.

- La Vista Continuation High School and La Sierra Alternative High Schools meet the needs of families seeking non-traditional educational settings. The staff is dedicated to working with students who are at-risk of not graduating on time, who are on an individual education plan and who seeks a learning environment different from the comprehensive high schools.

La Vista High School received the Model Continuation High School award in 2020. This is the highest honor a continuation high school can receive. La Vista has qualified for model status since first applying for the award with the California Department of Education thirteen years ago.

La Vista received a \$53,000 Phelps Grant in 2020. This money will purchase new equipment for the school's eSports Club. The eSports Club is one of eighteen clubs offered at La Vista. Providing a robust club culture to at-risk students in a continuation high school setting is a point of pride for La Vista.

The 2020 Fullerton Joint Union High School District teacher of the year is from La Vista High School. This is the second year in a row that a La Vista teacher received this honor and the third time a La Vista teacher has been named the District Teacher of the Year since 2010 which is a testament to the school's focus on providing high-quality instruction to its students.

- La Sierra High School received the Golden Bell Award for its 10th-Grade Opportunity Program in 2020. The goal of the 10th-Grade Opportunity Program is to get students back on graduation track with the skills necessary to stay on the graduation track. To achieve this goal, the program focuses on the following objectives: close the achievement gap through reading, math, and study-skills intervention classes; provide social/emotional support through Restorative Practices, Trauma-Informed Instruction, group and individual counseling, and low counselor-student ratios; recover lost credits through personalized independent assignments; and maximize student productivity through smaller class sizes, paraprofessional support and lunch-time tutoring.

A La Sierra High School teacher received the 180 Educator Award for MATH 180. This is a national award, and only one MATH 180 teacher was chosen. The award is for an educator with an exceptional commitment to improving students' lives. Students average two years of math growth in this teacher's intervention class. This is phenomenal growth for at-risk students with below-grade-level math skills.

The La Sierra High School Adult Transition Program is a former recipient of the prestigious Golden Bell (2016) and the Grazer Outstanding Achievement in Learning - GOAL (2018) Awards. The Adult Transition Program serves 18 through 22-year-old students on individual education plans. Students learn valuable vocational, mobility, community, social, and independent living skills in a community-based instruction model. The goal is to enable Adult Transition Students to function productively in the community to the best of their abilities.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

This section of Fullerton Joint Union High School District's (the District) annual financial report presents the District's discussion and analysis of its financial performance during the fiscal year that ended on June 30, 2020. This should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Fullerton Joint Union High School District.

Financial Highlights

- LCFF Sources - The District received approximately \$140.5 million (\$65.4 million in state LCFF and \$75.1 million in local taxes) in 2019/20 as compared with \$137.3 million (\$63.1 million in state LCFF and \$74.2 million in local taxes) in 2018/19. This represents an increase of \$3.2 million.
- Federal, Other State, & Local Sources – The district received and reported in 2019/20 approximately \$35.7 million in Federal, Other State, & Local Revenue in the General Fund compared to \$45.3 million in 2018/19. This represents a decrease of \$9.6 million.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

- Collective bargaining agreements with all employee groups were settled through June 30, 2020. An agreement was entered on April 3, 2018 between the Fullerton Joint Union High School District and the Fullerton Secondary Teachers' Organization (FSTO). An extension to the FSTO contract was made through June 30, 2020.

The Fullerton Joint Union High School District and the California School Employees Association (CSEA) Chapter 82 entered into an agreement on March 22, 2018 for a new term agreement for the period July 1, 2018 through June 30, 2021.

These agreements incorporated a 1.14% on-salary schedule increase effective July 1, 2019.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and deferred outflow and all liabilities and deferred inflows of the District using the full-accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes therein. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, District activities are separated as follows:

Governmental Activities – The District reports all of its services in this category. This includes supporting student achievement in the education of ninth through twelve grade students, the operation of adult education programs, compensation for employee salary and benefit costs, and improving and maintaining District facilities. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bond proceeds, finance these activities.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. The District uses internal service funds (a type of proprietary fund) to report activities of the District's self-insured health and welfare and workers' compensation programs. The internal service funds are consolidated with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others such as associated student body activities and non-obligatory debt of the Fullerton Joint Union High School District Community Facilities District. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. The District excludes these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

THE DISTRICT AS A WHOLE

Net Position

Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	June 30, 2020	June 30, 2019
ASSETS		
Current and Other Assets	\$ 154,338,624	\$ 154,684,723
Capital Assets	283,551,089	263,183,602
Total Assets	437,889,713	417,868,325
 DEFERRED OUTFLOWS OF RESOURCES	 52,118,362	 42,318,761
 LIABILITIES		
Current Liabilities	32,276,466	27,611,157
Long-term Liabilities	446,123,357	424,629,749
Total Liabilities	478,399,823	452,240,906
 DEFERRED INFLOWS of RESOURCES	 22,671,877	 13,015,913
 NET POSITION		
Net Investment in Capital Assets	94,503,621	91,498,406
Legally Restricted	23,310,263	23,005,019
Unrestricted	(128,877,509)	(119,573,158)
Total Net Position	\$ (11,063,625)	\$ (5,069,733)

The District's net position was (\$11,063,625) for the fiscal year ended June 30, 2020, reflecting a decrease from prior year of \$5,993,892. Of this amount, \$23,310,263 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations.

The (\$128,877,509) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The June 30, 2020 unrestricted net position decreased \$9,304,351 compared to June 30, 2019.

In addition, the increase in long-term obligations and deferred inflows and outflows of resources is related to the recording of postemployment healthcare benefit obligations, the recording of changes in pension related obligations, as well as the issuance of general obligation bonds. Refer to Notes 11, 13 and 14 for further discussion.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* in the District's financial statements. Table 2 takes the information from the statement and rearranges it slightly so the reader can identify the District's total revenues for the year.

Table 2

	Governmental Activities	
	2019-20	2018-19
REVENUES		
Program Revenues:		
Charges for Services	\$ 1,156,309	\$ 443,282
Operating Grants and Contributions	28,965,096	33,912,909
Capital Grants and Contributions	4,106	4,820
General Revenues:		
Property Taxes	88,257,023	87,272,746
Federal and State Aid Unrestricted	68,840,006	69,224,523
Interest, Investment and Miscellaneous	6,258,667	7,858,770
Total Revenues	193,481,207	198,717,050
EXPENSES		
Instruction and Related Services	120,484,055	120,522,952
Pupil Services	20,912,799	20,700,792
Ancillary, Community, and Enterprise Activities	2,676,249	1,667,581
General Administration	10,863,091	8,081,501
Plant Services	20,590,042	19,320,156
Other Outgo	5,601,229	7,038,388
Debt Service - Interest	7,919,542	7,103,982
Depreciation (Unallocated)	10,428,092	9,876,626
Total Expenses	199,475,099	194,311,978
CHANGE IN NET POSITION	(5,993,892)	4,405,072
Net Position - Beginning of Year	(5,069,733)	(9,474,805)
NET POSITION - END OF YEAR	\$ (11,063,625)	\$ (5,069,733)

As shown above in Table 2, the cost of all governmental activities in fiscal year 2019/20 was \$199,475,099. Federal and state unrestricted revenues totaled \$68,840,006, local property tax revenue totaled \$88,257,023, and other local revenues – including contributions and donations totaled \$6,258,667. Refer to page 13 for additional discussion on primary reasons for changes in revenue and expenses.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of \$130,096,173, which is a decrease of \$3,173,886 from the prior year (see Table 3 below).

Table 3

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
REVENUES	\$ 194,324,700	\$ 202,802,720
EXPENDITURES	<u>223,243,061</u>	<u>239,946,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,918,361)	(37,143,406)
OTHER FINANCING SOURCES (USES)	<u>25,744,475</u>	<u>22,255,981</u>
NET CHANGES IN FUND BALANCE	(3,173,886)	(14,887,425)
FUND BALANCES - BEGINNING OF YEAR	<u>133,270,059</u>	<u>148,157,484</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 130,096,173</u></u>	<u><u>\$ 133,270,059</u></u>

The primary reasons for this net decrease include:

- Decreased funding under state and local revenues.
- Increase in general administrative expenditures as a result of COVID-19 related PPE purchases.
- Increase in spending related to capital projects as further described on page 14.
- Issuance of \$23.5 million in Measure I, Series E General Obligation Bonds.

Of these funds, the District's general operating fund, the General Fund consists of activity in the General Fund (Fund 1), the Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other than Capital Outlay (Fund 17), and the Special Reserve Fund (Fund 20). Below is a table showing changes from 2018/19 to 2019/20:

Table 4

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
REVENUES	\$ 176,248,392	\$ 182,577,153	\$ (6,328,761)
EXPENDITURES	<u>176,894,728</u>	<u>173,806,417</u>	<u>3,088,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(646,336)	8,770,736	(9,417,072)
OTHER FINANCING SOURCES (USES)	<u>(260,717)</u>	<u>(1,750,000)</u>	<u>1,489,283</u>
NET CHANGES IN FUND BALANCE	(907,053)	7,020,736	(7,927,789)
FUND BALANCES - BEGINNING OF YEAR	<u>66,601,731</u>	<u>59,580,995</u>	<u>7,020,736</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 65,694,678</u></u>	<u><u>\$ 66,601,731</u></u>	<u><u>\$ (907,053)</u></u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

The primary reasons for the change in fund balance include:

- A decrease in state and local revenue including a decrease in mandated cost reimbursements and one-time additional state on-behalf payments to the STRS/PERS pension plans.
- An increase in classified salaries expense for additional instructional aides and supervisors needed and an increase in pension and health & welfare costs.
- An increase in books and supplies due to textbook adoption implementation and COVID-19 related distance learning purchases
- An increase in services and other operating costs related to COVID-19 related purchases, including PPE
- An increase in building improvements and equipment replacement.

General Fund Budgetary Highlights

In June of each year, a Budget is adopted by the Board of Trustees, effective July 1 through June 30 for the fiscal year. The "Adopted Budget" is developed based on on-going operational expenditures without carryover and one-time unanticipated new revenues. As the school year progresses, the Budget is revised and updated regularly. The final revision of the Budget which is also known as the Estimated Actuals Budget is presented in June, toward the end of the fiscal year. In August following the close of the fiscal year, the books are closed, and the results are audited, yielding the Final Budget and numbers which are included in the Annual Financial Report.

A schedule of budgetary comparison for the General Fund can be found on page 69. The key differences between the Adopted Budget, the Estimated Actuals Budget, and Final Budget are attributable to adjusted revenue and expenditures projections and carryovers amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$283,551,089 in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, retirements, and depreciation) of \$20,367,487. This was primarily related to modernization projects for gym, theater and stadium facilities and various campuses as well as seismic mitigation projects throughout the District.

Table 5

	June 30, 2020	June 30, 2019
Land	\$ 3,485,921	\$ 3,485,921
Construction in Progress	15,789,156	60,648,252
Buildings and Improvements	342,521,218	269,690,740
Equipment	24,905,131	22,657,341
Total Accumulated Depreciation	(103,150,337)	(93,298,652)
Total	\$ 283,551,089	\$ 263,183,602

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Long-Term Obligations

At the end of the fiscal year, the District had \$454,879,598 in long-term obligations versus \$431,975,711 the prior fiscal year. This increase is primarily attributable to the increase in General Obligation Bond Debt of approximately \$23,500,000 from the sale of Measure I, Series E bonds, the fifth and final series attributable to the \$175 million General Obligation Bond measure authorized by the voters in November 2014. Additional information on this increase can be found at Note 11.

Table 6

	June 30, 2020	June 30, 2019
Capital Leases	\$ 378,501	\$ 42,548
Certificates of Participation (COP)	17,980,000	18,650,000
Unamortized COP Premium	1,580,813	1,673,802
General Obligation Bonds	198,270,000	183,465,000
Unamortized Bond Premium	16,155,928	13,850,771
Compensated Absences	1,951,185	1,355,345
Net OPEB Liability	64,865,907	57,292,743
Net Pension Liability	153,697,264	155,370,932
Early Retirement Incentive	-	274,570
Total	\$ 454,879,598	\$ 431,975,711

The State limits the amount of general obligation debt that districts can issue to 1.25 percent of the assessed value of all taxable property within the District's boundaries. This is also known as the District's bonding capacity. For fiscal year 2019/20 the District's assessed valuation was \$36,028,776,406 and the statutory bonding capacity was \$467,589,298.

Pension liabilities are paid based on funding rates set by the respective retirement plan. Post-employment healthcare benefits are funded on a pay-as-you-go basis.

Economic Factors that may affect the Future

State Budget and 2021/22 LCFF – In 2013/14, the State implemented the Local Control Funding Formula (LCFF). This funding model formula establishes a base with supplemental and concentration add-ons for English learners, free and reduced-price meal eligible students and foster youth students.

Under LCFF, the District will plan for program needs based on input from a variety of District stakeholders including community members, administrators, certificated and classified staff, bargaining associations, parents, and students. This information is used to develop the District's Local Control Accountability Plan (LCAP). The District budgets LCFF funds in support of the LCAP.

The LCFF consists of two calculations - one is done for the base grant entitlement where the grade span per-pupil grants are increased annually for a Cost of Living adjustment (COLA) while the other calculation is done for the Supplemental and Concentration grants. Supplemental and Concentration grant increases are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced-price meal (FRPM) program eligible students, and foster youth. The District does not qualify for the Concentration grant as the eligible student count does not exceed 55% of the District's enrollment.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Below is information related to the projected LCFF amounts reported on the 2020/21 adopted budget:

	2020/21	2021/22	2022/23
COLA	-10.00%	0.00%	0.00%
LCFF Amount	\$127,970,871	\$126,695,887	\$125,816,621

Projected Student Average Daily Attendance – At the time the 2020/21 Adopted Budget was presented to the board, District ADA was projected to decline in the 2020/21 school year by 53 students. The 2020/2021 Enrollment and ADA estimates will be revised as new information is received. Since the District is in declining enrollment, the 2020/2021, 2021/2022, and 2022/2023 Local Control Funding Formula revenues will be calculated based on prior year numbers.

Lottery – Lottery income projected as of the 2020/21 Adopted Budget for years 2020/21, 2021/22, and 2022/23 is based on estimates from the State Department of Education, the Orange County Department of Education, and School Services of California. Projected 2020/21 lottery income by School Services of California was \$153 per ADA for unrestricted uses, and \$54 per ADA for restricted uses and holds at that level for the next several years.

Special Education – It is estimated that the District will receive somewhat level funding for Special Education in 2020/21. Based on the 2020/21 Adopted Budget, the General Fund contribution in support of various Special Education programs for 2020/21 will be approximately \$12.6 million.

Ending Fund Balance Projection – The District's 2019/20 ending fund balance and projected 2020/21, 2021/22, and 2022/23 ending fund balance are projected to meet the required 3% contingency reserve requirement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact:

Joan Velasco, Assistant Superintendent, Business Services
Fullerton Joint Union School District
1051 West Bastanchury Road
Fullerton, California, 92833-2247

Phone: 714-870-2810
E-mail: jvelasco@fjuhsd.org

FINANCIAL SECTION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 140,102,724
Cash and Cash Equivalents	420,198
Accounts Receivable	13,679,135
Due From Agency Fund	10,000
Inventories	126,567
Land	3,485,921
Construction in Progress	15,789,156
Depreciable Assets, Net	264,276,012
Total Assets	437,889,713
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Loss on Refunding	1,433,525
Deferred Outflows - OPEB	13,011,685
Deferred Outflows - Pensions	37,673,152
Total Deferred Outflows of Resources	52,118,362
LIABILITIES	
Accounts Payable and Other Current Liabilities	14,917,254
Accrued Interest	3,577,089
Unearned Revenue	718,037
Claims Liability (IBNR)	4,307,845
Current Portion of Long-Term Liabilities	8,756,241
Noncurrent Portion of Long Term Liabilities	446,123,357
Total Liabilities	478,399,823
DEFERRED INFLOWS of RESOURCES	
Deferred Inflows - Gain on Refunding	1,382,888
Deferred Inflows - OPEB	6,974,985
Deferred Inflows - Pensions	14,314,004
Total Deferred Inflows of Resources	22,671,877
NET POSITION	
Net Investment in Capital Assets	94,503,621
Restricted for:	
Capital Projects	5,005,704
Debt Service	8,911,900
Educational Programs	3,453,679
Self-Insurance Programs	4,299,315
Other Programs	1,639,665
Unrestricted	(128,877,509)
Total Net Position	\$ (11,063,625)

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 104,355,012	\$ 2,350	\$ 17,811,087	\$ 4,106	\$ (86,537,469)
Instruction - Related Services	16,129,043	194	1,337,146	-	(14,791,703)
Pupil Services	20,912,799	354,029	6,265,212	-	(14,293,558)
Ancillary Services	2,597,657	-	48,315	-	(2,549,342)
Community Services	2,822	51	82	-	(2,689)
Enterprise Activities	75,770	-	22	-	(75,748)
General Administration	10,863,091	17,080	886,050	-	(9,959,961)
Plant Services	20,590,042	493,116	1,174,463	-	(18,922,463)
Other Outgo	5,601,229	289,489	1,442,719	-	(3,869,021)
Debt Service - Interest	7,919,542	-	-	-	(7,919,542)
Depreciation (Unallocated)	10,428,092	-	-	-	(10,428,092)
Total Governmental Activities	<u>\$ 199,475,099</u>	<u>\$ 1,156,309</u>	<u>\$ 28,965,096</u>	<u>\$ 4,106</u>	<u>(169,349,588)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes 77,385,352					
Debt Service 10,871,671					
Federal and State Aid Not Restricted to Specific Purposes 68,840,006					
Interest and Investment Earnings 1,370,681					
Miscellaneous 4,877,986					
Transfer from Agency Fund 10,000					
Total General Revenues <u>163,355,696</u>					
CHANGE IN NET POSITION (5,993,892)					
Net Position - Beginning of Year <u>(5,069,733)</u>					
NET POSITION - END OF YEAR \$ (11,063,625)					

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash in County Treasury	\$ 62,428,911	\$ 50,641,553	\$ 18,641,598	\$ 131,712,062
Cash in Revolving Fund	75,000	-	10,112	85,112
Cash with Fiscal Agent	89,395	-	-	89,395
Cash Awaiting Deposit	20,644	-	25,047	45,691
Accounts Receivable	13,350,851	44,324	275,159	13,670,334
Due from Other Funds	148,063	-	679,782	827,845
Inventories	81,925	-	44,642	126,567
Total Assets	<u>\$ 76,194,789</u>	<u>\$ 50,685,877</u>	<u>\$ 19,676,340</u>	<u>\$ 146,557,006</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 9,036,979	\$ 5,374,416	\$ 361,448	\$ 14,772,843
Due to Other Funds	819,840	2,078	148,035	969,953
Unearned Revenue	643,292	-	74,745	718,037
Total Liabilities	<u>10,500,111</u>	<u>5,376,494</u>	<u>584,228</u>	<u>16,460,833</u>
FUND BALANCES				
Nonspendable	156,925	-	54,754	211,679
Restricted	3,453,679	45,309,383	19,037,358	67,800,420
Assigned	13,187,163	-	-	13,187,163
Unassigned	48,896,911	-	-	48,896,911
Total Fund Balances	<u>65,694,678</u>	<u>45,309,383</u>	<u>19,092,112</u>	<u>130,096,173</u>
Total Liabilities and Fund Balances	<u>\$ 76,194,789</u>	<u>\$ 50,685,877</u>	<u>\$ 19,676,340</u>	<u>\$ 146,557,006</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Fund Balances - Governmental Funds \$ 130,096,173

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds.

These assets consist of:

Land	\$ 3,485,921	
Construction in Progress	15,789,156	
Depreciable Assets, Net	<u>264,276,012</u>	283,551,089

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Capital Leases	(378,501)	
Certificates of Participation (COPS)	(19,560,813)	
General Obligation Bonds	(214,425,928)	
Compensated Absences	(1,951,185)	
Postemployment Healthcare Benefits	(64,865,907)	
Net Pension Liability	<u>(153,697,264)</u>	(454,879,598)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred Outflows - Loss on Refunding	1,433,525	
Deferred Outflows - OPEB	13,011,685	
Deferred Outflows - Pensions	37,673,152	
Deferred Inflows - Gain on Refunding	(1,382,888)	
Deferred Inflows - OPEB	(6,974,985)	
Deferred Inflows - Pensions	<u>(14,314,004)</u>	29,446,485

An internal service funds is used by the District to manage its self insurance programs. The assets and liabilities should be included with governmental activities. The fund consists of:

Assets	8,751,571	
Less: Liabilities	<u>(4,452,256)</u>	4,299,315

Interest expense payable related to general obligation bonds and COPS was incurred but is not accrued in governmental funds as of June 30th. (3,577,089)

Total Net Position - Governmental Activities \$ (11,063,625)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	\$ 65,406,487	\$ -	\$ -	\$ 65,406,487
Local Sources	75,100,660	-	-	75,100,660
Total Local Control Funding Formula Sources	140,507,147	-	-	140,507,147
Federal Sources	6,852,802	-	2,477,814	9,330,616
Other State Sources	14,435,999	-	231,717	14,667,716
Other Local Sources	14,452,444	3,028,276	12,338,501	29,819,221
Total Revenues	176,248,392	3,028,276	15,048,032	194,324,700
EXPENDITURES				
Instruction	101,687,311	-	-	101,687,311
Instruction - Related Services	15,746,815	-	-	15,746,815
Pupil Services	18,736,275	-	3,134,607	21,870,882
Ancillary Services	2,551,211	-	-	2,551,211
Community Services	2,811	-	-	2,811
Enterprise Activities	75,460	-	-	75,460
General Administration	11,004,670	-	309,088	11,313,758
Plant Services	21,948,831	25,705,076	1,432,021	49,085,928
Other Outgo	5,088,014	-	513,215	5,601,229
Debt Service	53,330	1,510,742	13,743,584	15,307,656
Total Expenditures	176,894,728	27,215,818	19,132,515	223,243,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(646,336)	(24,187,542)	(4,084,483)	(28,918,361)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Bonds	-	23,500,000	15,295,000	38,795,000
Premium from Sale of Bonds	-	-	4,540,598	4,540,598
Proceeds from Capital Lease	389,283	-	-	389,283
Deposit to Refunding Bond Escrow Agent	-	-	(17,990,406)	(17,990,406)
Interfund Transfers in	-	-	660,000	660,000
Interfund Transfers out	(650,000)	-	-	(650,000)
Total Other Financing Sources (Uses)	(260,717)	23,500,000	2,505,192	25,744,475
NET CHANGES IN FUND BALANCE				
	(907,053)	(687,542)	(1,579,291)	(3,173,886)
Fund Balances - Beginning of Year	66,601,731	45,996,925	20,671,403	133,270,059
FUND BALANCES - END OF YEAR	<u>\$ 65,694,678</u>	<u>\$ 45,309,383</u>	<u>\$ 19,092,112</u>	<u>\$ 130,096,173</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (3,173,886)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Asset Additions	30,905,527	
Depreciation Expense	(10,428,092)	
Loss on Disposal of Assets	<u>(109,948)</u>	20,367,487

Issuance of long-term debt is reported as proceeds in governmental funds but increases long-term liabilities in the statement of net position.

General Obligation Bonds Including Premium	(43,335,596)	
Capital Lease	<u>(389,283)</u>	(43,724,879)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bond Principal Payments	23,990,000	
COP Principal Payments	670,000	
Capital Lease Principal Payments	<u>53,330</u>	24,713,330

In governmental funds, pension costs are recognized when the employer contributions are made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contributions was:

Net Decrease in Deferred Outflows of Resources - Pensions	(1,928,097)	
Net Decrease in Net Pension Liability	1,673,668	
Net Increase in Deferred Inflows of Resources - Pensions	<u>(1,298,091)</u>	(1,552,520)

In governmental funds, OPEB costs are recognized when the health and welfare payments are made, but in the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual basis OPEB costs and actual health and welfare payments:

Net Increase in Deferred Outflows of Resources - OPEB	11,812,023	
Net Increase in OPEB Liability	(7,573,164)	
Net Increase in Deferred Inflows of Resources - OPEB	<u>(6,974,985)</u>	(2,736,126)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Recognition and amortization of Deferred Gain/Loss on Refunding	(1,467,213)	
Recognition of Increase in Accrued Interest Expense	(196,025)	
Amortization of General Obligation Bonds and COP Premium	2,328,428	
Increase in Compensated Absences	(595,840)	
Decrease in Early Retirement Incentive	<u>274,570</u>	343,920

Internal service funds are used by the District to manage Self-Insurance programs. Net income is reported with governmental activities.

(231,218)

Change in Net Position of Governmental Activities

\$ (5,993,892)

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	Governmental Activities: Internal Service Fund
	Self-Insurance Fund
ASSETS	
Cash in County Treasury	\$ 8,390,662
Cash and Cash Equivalents	200,000
Accounts Receivable	8,801
Due from Other Funds	152,108
Total Assets	8,751,571
LIABILITIES	
Accounts Payable	144,411
Claims Liability and Estimated Liability for Open Claims Incurred but Not Recorded (IBNR)	4,307,845
Total Liabilities	4,452,256
NET POSITION	
Restricted	4,299,315
Total Net Position	\$ 4,299,315

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	Governmental Activities: Internal Service Fund
	Self-Insurance Fund
OPERATING REVENUES	
Self-Insurance Premiums	\$ 19,380,258
Other Miscellaneous Revenues	63,529
Total Operating Revenues	19,443,787
OPERATING EXPENDITURES	
Classified Salaries	114
Employee Benefits	110,290
Services and Other Operating Expenses	19,723,048
Total Operating Expenditures	19,833,452
NET OPERATING LOSS	(389,665)
NONOPERATING REVENUES	
Interest Income	158,447
Total Nonoperating Revenues	158,447
NET LOSS	(231,218)
Net Position - Beginning of Year	4,530,533
NET POSITION - END OF YEAR	\$ 4,299,315

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	Governmental Activities Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums and Other Revenues	\$ 20,410,792
Cash Paid to/on Behalf of Employees	(110,404)
Cash Paid to Vendors for Services and Other Operating Expenses	(20,572,009)
Net Cash Used by Operating Activities	(271,621)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	166,871
Net Cash Provided by Investing Activities	166,871
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(104,750)
Cash - Beginning of Year	8,695,412
 CASH - END OF YEAR	\$ 8,590,662
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (389,665)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Due from Other Funds	967,170
Accounts Payable	26,604
Claims Liability and IBNR	(875,565)
Due to Other Funds	(165)
Total Adjustments	118,044
Net Used by Operating Activities	\$ (271,621)
 RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash in County Treasury	\$ 8,390,662
Cash and Cash Equivalents	200,000
Total Cash	\$ 8,590,662

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
JUNE 30, 2020**

	Debt Service Agency Fund for Special Tax Bonds	Associated Student Body Funds	Total
ASSETS			
Cash in County Treasury	\$ 287,314	\$ -	\$ 287,314
Cash and Cash Equivalents	-	1,752,953	1,752,953
Cash with Fiscal Agent	128,178	-	128,178
Accounts Receivable	273	-	273
Inventories	-	8,184	8,184
Other Assets	-	15,037	15,037
Total Assets	415,765	1,776,174	2,191,939
LIABILITIES			
Accounts Payable	-	24,554	24,554
Due to Governmental Funds	10,000	-	10,000
Funds Held in Trust	405,765	1,751,620	2,157,385
Total Liabilities	\$ 415,765	\$ 1,776,174	\$ 2,191,939

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary and proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: includes home to school transportation, food services, and other pupil services.

Ancillary Services: includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: includes activities that provide services to community participants other than students.

Enterprise Activities: includes activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs are financed or recovered primarily through user charges. This function is used with the self-insurance fund.

General Administration: includes data processing services and all other general administration services.

Plant Services: includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: includes transfers to other agencies.

Debt Service: includes principal and interest payments for long term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures, and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those accounted for in another fund. The Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits have been consolidated with the General Fund. These funds no longer meet the special revenue fund definition as they are no longer primarily composed of restricted or committed revenue sources.

Building Fund: used to account for the issuance of general obligation bonds and certificates of participation and the construction, renovation and repair of classrooms and District facilities. Debt service associated with the issuance of certificates of participation is also recorded in the building fund.

Governmental Funds – Nonmajor

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Cafeteria Fund: used to account for revenues received and expenditures made to operate the District's cafeterias.

Capital Projects Funds: used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

County School Facilities Fund: used to account for the School Facility Program grant award for modernization and new construction of various school sites.

Special Reserve for Capital Outlay Projects: used to account for funds set aside for the maintenance of the Plummer Auditorium Pipe Organ.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds – Nonmajor (Continued)

Capital Projects Fund for Blended Component Units: used to account for capital projects financed by Mello–Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds: used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund: used to account for the payment of principal and interest on general obligation debt.

Proprietary Funds

Internal Service Fund: used to account for services rendered on a cost-reimbursement basis within the District. The District operates a self–insured dental program and a self–insured workers’ compensation program that is accounted for in the internal service fund.

Fiduciary Funds

Debt Service Fund for Special Tax Bonds: used to account for the accumulation of resources for the payment of the principal and interest on the special tax bonds issued by the 2005–1 CFD.

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates seven Associated Student Body funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Inventories

Inventory consists of expendable supplies held for consumption. Inventories are stated at cost, on the weighted average basis.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	15-50 Years
Equipment	5-20 Years

Depreciation expense reported on the government-wide statement of activities excludes direct depreciation expense recorded to functions where applicable.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to future reporting periods. These amounts are reported in the government-wide statement of net position.

Deferred Outflows – Loss on Refunding: The deferred outflows of resources related to the loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – OPEB: The deferred outflows of resources related to OPEB benefits resulted from the effects of actuarially-determined changes to the OPEB plan. Deferred outflows – OPEB will be deferred and amortized as detailed in Note 13 to the financial statements.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions results from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the respective pension and from the effects of actuarially-determined changes to the respective pension plan. Deferred outflow – pensions will be amortized as detailed in Note 14 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and other District programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Premiums and discounts on issued debt are deferred and amortized over the life of the obligation using the straight-line method. Debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Postemployment Benefits Other Than Pensions (OPEB).

For purposes of measuring the District's OPEB liability related to the Medicare Premium Payment (MPP) Program (and CERBT Plan), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program (and CERBT) fiduciary net position have been determined on the same basis as they are reported by the MPP Program (and CERBT). For this purpose, the MPP Program (and CERBT) recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred Inflows of resources represent an acquisition of net position that is applicable to future reporting periods. These amounts are reported in the government-wide statement of net position.

Deferred Inflows – Gain on Refunding: The deferred in flows of resources related to the gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources (Continued)

Deferred Inflows – OPEB: The deferred inflows of resources related to OPEB benefits resulted from the effects of actuarially-determined changes to the OPEB plan. Deferred inflows – OPEB will be deferred and amortized as detailed in Note 13 to the financial statements.

Deferred Inflows – Pensions: The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 14 to the financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed balances as of June 30, 2020.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state in calculating the local control funding formula apportionment. Property taxes for debt service purposes cannot be estimated and have, therefore, not been accrued in the Government-wide financial statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California.

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from non-operating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Non-operating revenues include activities that have the characteristics of non-exchange transactions that are defined as non-operating revenues by GASB.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present, and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes but is not limited to financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been included in the District's reporting entity:

The Fullerton Joint Union High School District Education Foundation (the Foundation): The Foundation is a separate not-for-profit corporation. Certificates of participation issued by the Foundation are included as long-term obligations in the Statement of Net Position. Individually prepared financial statements are not prepared for the Foundation.

The Fullerton Joint Union High School District Community Facilities District (the CFD): The CFD's financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units, included in the governmental funds of the District. The accumulation of resources for the payment of principal and interest on the special tax bonds issued by the CFD are included in the Statement of Fiduciary Net Position. Special Tax Bonds issued by the CFD are not included as long-term obligations in the Statement of Net Position, as they are not obligations of the District; see Note 12 (non-obligatory Debt). Individually prepared financial statements are not prepared for the CFD.

The following potential component units have been excluded from the District's reporting entity:

Various PTA, PTO and Booster Clubs: Each of these types of organizations at each of the school sites within the District were evaluated using the three criterions listed above. Each entity has been excluded as a component unit because the third criterion was not met in all cases; the economic resources received and held by the PTA, PTO and the Booster Club individually are not significant to the District.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3 CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2020, \$2,106,055 of the District's bank balance of \$2,484,233 was exposed to credit risk as follows:

<u>District's Bank Balance</u>	<u>June 30, 2020</u>
Uninsured and Collateral Held by Pledging Bank's Trust Department Not in the District's Name	\$ 2,106,055

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2020 is measured at 100.83% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in County

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the County of Orange Auditor-Controller's Office, Hall of Finance and Records, 12 Civic Center Plaza, Room 200, Santa Ana, California, 92702.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 consists of the following:

Accounts Receivable	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Agency Funds
Federal and State	\$ 10,534,948	\$ -	\$ 241,839	\$ 10,776,787	\$ -	\$ -
Miscellaneous	2,815,903	44,324	33,320	2,893,547	8,801	273
Total Accounts Receivable	<u>\$ 13,350,851</u>	<u>\$ 44,324</u>	<u>\$ 275,159</u>	<u>\$ 13,670,334</u>	<u>\$ 8,801</u>	<u>\$ 273</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the Government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2020 are temporary loans and are detailed as follows

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 148,063	\$ 819,840
Building Fund	-	2,078
Nonmajor Governmental Funds:		
Cafeteria Fund	17,732	148,035
County Schools Facilities Fund	2,050	-
Special Reserve for Capital Outlay Projects	650,000	-
Capital Projects Fund for Blended Component Units	10,000	-
Proprietary Funds:		
Internal Service	152,108	-
Fiduciary Funds:		
Debt Service Agency Fund for Special Tax Bonds	-	10,000
Total	<u>\$ 979,953</u>	<u>\$ 979,953</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Intra-fund activity has been eliminated.

Interfund transfers for the 2019-20 fiscal year are as follows:

Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects to Cover Costs	\$ 650,000
Transfer from the Debt Service Agency Fund for Special Tax Bonds to the Capital Projects Fund for Blended Component Units to Cover Administrative Costs	10,000
Total	<u>\$ 660,000</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 FUND BALANCES

The following amounts were nonspendable, restricted, assigned or unassigned as shown below:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in Revolving Fund	\$ 75,000	\$ -	\$ 10,112	\$ 85,112
Inventories	81,925	-	44,642	126,567
Total Nonspendable	<u>156,925</u>	<u>-</u>	<u>54,754</u>	<u>211,679</u>
Restricted:				
Legally Restricted Programs	3,453,679	-	-	3,453,679
Child Nutrition Program	-	-	1,584,910	1,584,910
Debt Service	-	-	12,488,989	12,488,989
Capital Projects	-	45,309,383	4,963,459	50,272,842
Total Restricted	<u>3,453,679</u>	<u>45,309,383</u>	<u>19,037,358</u>	<u>67,800,420</u>
Assigned:				
Deferred Maintenance Program	80,997	-	-	80,997
Postemployment Benefits	8,459,884	-	-	8,459,884
Other Assignments	4,646,282	-	-	4,646,282
Total Assigned	<u>13,187,163</u>	<u>-</u>	<u>-</u>	<u>13,187,163</u>
Unassigned:				
Economic Uncertainties	5,214,631	-	-	5,214,631
Unassigned	43,682,280	-	-	43,682,280
Total Unassigned	<u>48,896,911</u>	<u>-</u>	<u>-</u>	<u>48,896,911</u>
 Total Fund Balance	 <u>\$ 65,694,678</u>	 <u>\$ 45,309,383</u>	 <u>\$ 19,092,112</u>	 <u>\$ 130,096,173</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2020 is shown below.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets Not being Depreciated:				
Land	\$ 3,485,921	\$ -	\$ -	\$ 3,485,921
Construction in Progress	60,648,252	27,971,382	(72,830,478)	15,789,156
Total Capital Assets not Being Depreciated	<u>64,134,173</u>	<u>27,971,382</u>	<u>(72,830,478)</u>	<u>19,275,077</u>
Capital Assets being Depreciated:				
Buildings and Improvements	269,690,740	72,830,478	-	342,521,218
Equipment	22,657,341	2,934,145	(686,355)	24,905,131
Total Capital Assets Being Depreciated	<u>292,348,081</u>	<u>75,764,623</u>	<u>(686,355)</u>	<u>367,426,349</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(78,053,757)	(9,302,126)	-	(87,355,883)
Equipment	(15,244,895)	(1,125,966)	576,407	(15,794,454)
Total Accumulated Depreciation	<u>(93,298,652)</u>	<u>(10,428,092)</u>	<u>576,407</u>	<u>(103,150,337)</u>
Depreciable Assets, Net	<u>199,049,429</u>	<u>65,336,531</u>	<u>(109,948)</u>	<u>264,276,012</u>
Governmental Activities Capital Assets, Net	<u>\$263,183,602</u>	<u>\$ 93,307,913</u>	<u>\$ (72,940,426)</u>	<u>\$283,551,089</u>

NOTE 8 LONG-TERM OBLIGATIONS – SCHEDULE OF CHANGES

A schedule of changes in long-term obligations for the year ended June 30, 2020 is shown below

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due in One Year
Capital Leases	\$ 42,548	\$ 389,283	\$ 53,330	\$ 378,501	\$ 67,570
Certificates of Participation (COP)	18,650,000	-	670,000	17,980,000	705,000
Unamortized COP Premium	1,673,802	-	92,989	1,580,813	-
General Obligation Bonds	183,465,000	38,795,000	23,990,000	198,270,000	6,430,000
Unamortized Bond Premium	13,850,771	4,540,596	2,235,439	16,155,928	-
Compensated Absences	1,355,345	595,840	-	1,951,185	-
Net OPEB Liability	57,292,743	7,573,164	-	64,865,907	1,553,671
Net Pension Liability	155,370,932	-	1,673,668	153,697,264	-
Early Retirement Incentive	274,570	-	274,570	-	-
Total	<u>\$431,975,711</u>	<u>\$ 51,893,883</u>	<u>\$ 28,989,996</u>	<u>\$454,879,598</u>	<u>\$ 8,756,241</u>

Liabilities are liquidated by the General Fund for governmental activities, including capital leases, compensated absences, and early retirement benefits. Net OPEB liabilities and net pension liabilities are liquidated through contributions from the funds reporting salaries. General obligation debt is liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund. The certificates of participation are liquidated through redevelopment property tax funds.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 LEASES

Capital Leases

The District leases copiers valued at \$389,283 under agreements which are classified as capital leases at an interest rate of 7.45%. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2021	\$ 93,492
2022	93,492
2023	93,492
2024	93,492
2025	77,910
Total	<u>451,878</u>
Less: Amount Representing Interest	<u>(73,377)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 378,501</u></u>

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

NOTE 10 CERTIFICATES OF PARTICIPATION

On September 1, 2015, the Foundation issued \$20,525,000 of Certificates of Participation (the 2015 Certificates). The proceeds of the 2015 Certificates were used to advance refund outstanding Certificates of Participation associated with the issuance of debt in March 15, 2007 (the 2007 Certificates). The proceeds of the 2015 Certificates, including a premium of \$2,945,748 and net of issuance and other costs, were deposited to an escrow fund. The principal balance of the 2007 Certificates of \$22,255,000 and interest was redeemed in full on September 1, 2017 by the refunding escrow agent.

The premium received on the 2015 Certificates is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt. The difference between the reacquisition price and the net carrying amount of the 2007 Certificates is deferred and amortized as a component of interest expense using the straight-line method over the life of the new debt. The payment to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,855,139. Amortization of \$84,325 was recognized during the year.

Lease payments are required to be deposited into a lease payment fund maintained by the trustee. Interest is payable on March 1 and September 1 of each year commencing March 1, 2016; principal payments are payable on September 1 of each year commencing September 1, 2016 with final maturity on September 1, 2036. Interest rates range from 3.00% to 5.00%. Payments to the trustee will be made by the District from redevelopment funds.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 CERTIFICATES OF PARTICIPATION (CONTINUED)

The annual debt service requirements to maturity for COPS are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 705,000	\$ 810,150
2022	740,000	774,025
2023	780,000	736,025
2024	815,000	696,150
2025	860,000	654,275
2026-2030	5,010,000	2,562,625
2031-2035	6,190,000	1,373,438
2036-2037	2,880,000	145,750
Total	<u>\$ 17,980,000</u>	<u>\$ 7,752,438</u>

NOTE 11 GENERAL OBLIGATION BONDS

Measure AA

On March 5, 2002, the voters approved the issuance of bonds, not to exceed \$67,940,000, to repair/upgrade and improve all District comprehensive schools acquire/construct additional classrooms, science/computer labs, restrooms, libraries and school facilities to alleviate overcrowding and accommodate enrollment growth, address building safety/health issues. On September 4, 2002 and March 23, 2005, the District offered for sale Series A bonds of \$37,997,910 of Series A bonds and \$29,940,000 of Series B bonds.

2010 General Obligation Refunding Bonds

On September 1, 2010, the District offered for sale \$29,120,000 General Obligation Refunding Bonds. The bonds were issued to refund a portion of the District's 2002 General Obligation Bonds, Series A. A premium received of \$2,938,643 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

2013 General Obligation Refunding Bonds

On May 14, 2013, the District offered for sale \$21,700,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2002 General Obligation Bonds, Series B. A premium received of \$3,986,816 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

2020 General Obligation Refunding Bonds

On June 10, 2020, the District offered for sale \$15,295,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2010 General Obligation Refunding Bonds. A premium received of \$2,832,102 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt. The reacquisition price exceeded the net carrying amount of the old debt by \$1,382,888. This amount is deferred and amortized over the remaining life of the refunded debt, which is shorter than the life of the ne new debt

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

Measure AA (Continued)

2020 General Obligation Refunding Bonds (Continued)

issued. The refunding will result in an economic gain of \$2,356,466. At June 30, 2020, \$17,625,000 of the defeased bonds are outstanding.

Measure I

On November 4, 2014, the voters approved the issuance of bonds, not to exceed \$175,000,000, to upgrade classrooms, science labs, sites, facilities; repair roofs, floors, plumbing, heating, ventilation, and electrical systems; improve student safety and security; upgrade career training facilities and technology infrastructure.

Series A

On October 28, 2015 the District issued \$42,500,000 of 2014 General Obligation Bonds, Series A. A premium received of \$2,557,423 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

Series B

On April 26, 2017 the District issued \$40,000,000 of 2014 General Obligation Bonds, Series B. A premium received of \$2,198,565 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

Series C

On April 25, 2018 the District issued \$48,000,000 of 2018 General Obligation Bonds, Series C. A premium received of \$3,504,461 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

Series D

On February 27, 2019 the District issued \$21,000,000 of 2019 General Obligation Bonds, Series D. A premium received of \$2,335,981 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

Series E

On June 10, 2020 the District issued \$23,500,000 of 2019 General Obligation Bonds, Series E. A premium received of \$1,708,494 is included in the net carrying balance of the debt and is amortized using the straight-line method over the life of the debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

The outstanding general obligation bonded debt of the District at June 30, 2020 is:

<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2020</u>
Measure AA:					
2010 Refunding	9/1/2010	8/1/2027	2.0-3.8	\$ 29,120,000	\$ 2,100,000
2013 Refunding	5/14/2013	8/1/2029	2.0-5.0	21,700,000	18,735,000
2020 Refunding	6/10/2020	8/1/2027	5.0	15,295,000	15,295,000
Total Measure AA				<u>66,115,000</u>	<u>36,130,000</u>
Measure I:					
Series A	10/28/2015	8/1/2040	2.5-5.0	42,500,000	36,130,000
Series B	4/26/2017	8/1/2041	3.3-5.0	40,000,000	33,510,000
Series C	4/25/2018	8/1/2042	3.4-5.0	48,000,000	48,000,000
Series D	2/27/2019	8/1/2042	3.5-5.5	21,000,000	21,000,000
Series E	6/10/2020	8/1/2043	2.0-5.0	23,500,000	23,500,000
Total Measure I				<u>175,000,000</u>	<u>162,140,000</u>
Total				<u>\$ 241,115,000</u>	<u>\$ 198,270,000</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,430,000	\$ 7,756,570
2022	5,380,000	7,664,631
2023	4,645,000	7,427,181
2024	4,770,000	7,201,606
2025	5,415,000	6,949,232
2026-2030	38,535,000	29,691,206
2031-2035	31,830,000	21,635,725
2036-2040	51,205,000	13,506,365
2041-2044	50,060,000	3,087,744
Total	<u>\$ 198,270,000</u>	<u>\$ 104,920,260</u>

NOTE 12 NONOBLIGATORY DEBT

Nonobligatory debt relates to debt issuances by the Community Facility District, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of the \$1,330,000 as of June 30, 2020, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single employer defined benefit, post-employment medical benefit plan for qualified employees. In addition, some qualified certificated employees are participant in the Medicare Premium Payment Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2020, the District's total liability for post-employment healthcare benefits consisted of the following:

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Retiree Benefits Plan	\$ 64,154,629	\$ 13,011,685	\$ 6,974,985	\$ 5,311,196
Medicare Premium Payment Program	711,278	-	-	(46,605)
Total	<u>\$ 64,865,907</u>	<u>\$ 13,011,685</u>	<u>\$ 6,974,985</u>	<u>\$ 5,264,591</u>

The details of the plans are as follows:

Postemployment Healthcare Benefits Plan

Plan Description and Eligibility

The Plan provides health, dental and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 75 retirees and beneficiaries currently receiving benefits, and 1,065 active Plan members. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each bargaining period. The Plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2020, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors. The District contributes 100 percent of the cost equivalent to the premium of HMO single coverage. For the year ended June 30, 2020, the District contributed \$2,528,465 to the plan. Contributions include an implicit rate subsidy of \$959,701.

Total OPEB Liability

At June 30, 2020 the total OPEB liability was \$64,154,629.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Assumptions

The total OPEB liability was determined based on an actuarial valuation as of July 1, 2020. The following actuarial assumptions used in the July 1, 2020 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Salary Increases	2.75%
Healthcare Costs Trend Rate	7.00%

Mortality assumptions are based on the 2020 CalSTRS mortality experience study for certificated employee types and the 2017 CalPERS mortality experience study for the classified employee types.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience turnover tables 2020 CalSTRS termination Rates for certificated employee types and 2017 CalPERS termination rates for classified employee types.

Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. The projection of cash flows used to determine the discount rate was based on the 20-year municipal bond yield, specifically the S&P Municipal Bond 20 Year High Grade Rate Index. There are no plan assets.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 56,534,860
Service Cost	2,851,179
Interest Cost	1,621,841
Differences Between Expected and Actual Experience	(7,911,225)
Changes in Assumptions	13,586,439
Benefit Payments	(2,528,465)
Balance at June 30, 2020	<u>\$ 64,154,629</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Changes in the Total OPEB Liability

Sensitivity

The following present the District's OPEB liability calculated using the discount rate of 2.66% as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease (1.66%)	\$ 69,360,338
Current Discount Rate (2.66%)	64,154,629
1% Increase (3.66%)	59,225,293

The following present the District's OPEB liability calculated using the healthcare cost trend rate of 7.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

<u>Healthcare Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease (6.00%)	\$ 56,944,987
Current Discount Rate (7.00%)	64,154,629
1% Increase (8.00%)	72,584,194

Amortization of Deferred Outflows and Deferred Inflows of Resources

At June 30, 2020, the District reported deferred outflows and deferred inflows of resources from the following sources:

<u>Deferred Outflows and Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 6,974,985
Changes in Assumptions	13,011,685	-
Total	<u>\$ 13,011,685</u>	<u>\$ -</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

The deferred outflows and deferred inflows of resources are amortized over the average working lifetime of active and inactive participants which was calculated at 8.69 years. This amount will be amortized to offset pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2021	\$ 838,176
2022	838,176
2023	838,176
2024	838,176
2025	838,176
Thereafter	1,845,820
Total	<u>\$ 6,036,700</u>

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California fulltime and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the years ending June 30, 2019 and 2018, 5,744 and 5,984 retirees participated in the MPP Program, respectively. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be pre-determined.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2019 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Funding Policy (Continued)

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2018-19 were \$27.98 million.

Because amounts credited to the MPP Program are deducted from the employer's regular STRP contributions, there are no contribution rates specific to the MPP Plan. Employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued when required by statute, and the employer has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly using current contribution rates and estimates based on historical creditable compensation. CalSTRS recognizes MPP Program expenses when due and payable.

Net OPEB Liability

As of June 30, 2020, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance June 30, 2020
Proportionate Share of OPEB Liability	\$ 705,579
Total OPEB Liability	\$ 705,579
Plan Fiduciary Net Position	(5,699)
Net OPEB Liability	\$ 711,278

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on Schedule C of the audited proportionate share schedules of the MPP Program. This schedule presents the projection of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.1910% which is a decrease of 0.0070% from its proportion measured as of June 30, 2018.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019 using the assumptions listed in the following table:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Experience Study	July 1, 2010 through June 30, 2015
Investment Rate of Return	3.50%
Medicare Part A Premium Costs Trend Rate	3.70%
Medicare Part B Premium Costs Trend Rate	4.10%

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population of 165,422.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019 and 2018 was 3.50 percent and 3.87 percent, respectively. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent and 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019 and 2018, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

The following table presents the net OPEB liability of employers as of June 30, 2019, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% Decrease (2.50%)	\$ 776,167
Current Discount Rate (3.50%)	711,278
1% Increase (4.50%)	651,616

Medicare Costs Trend Rate

The June 30, 2018, valuation uses the 2019 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 3.70 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.10 percent increase each year.

The following table presents as of June 30, 2019, the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1 percent lower and 1 percent higher than the current rate:

<u>Health Care Trent Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.7% Part A, 3.1% Part B)	\$ 648,137
Current Healthcare Trend Rate (3.7% Part A, 4.1% Part B)	711,278
1% increase (4.7% Part A, 5.1% Part B)	783,639

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2019, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate comprehensive annual financial report on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS.

NOTE 14 EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2020, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$111,991,840	\$ 28,497,233	\$ 13,044,193	\$ 21,225,468
CalPERS (Schools Pool Plan)	41,705,424	9,175,919	1,269,811	8,528,959
Total	<u>\$153,697,264</u>	<u>\$ 37,673,152</u>	<u>\$ 14,314,004</u>	<u>\$ 29,754,427</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020 are summarized as follows:

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before</u>	<u>On or After</u>
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0% - 2.4%	2.0% - 2.4%
Required Employee Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	17.10%	17.10%
Required State Contribution Rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2020 are presented above and the total District contributions were \$11,969,223.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	Balance June 30, 2020
District Proportionate Share of the Net Pension Liability	\$ 111,991,840
State's Proportionate Share of the Net Pension Liability Associated with the District	61,099,519
Total	\$ 173,091,359

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2019, the District's proportion was 0.1240% which is a decrease of 0.0020% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$13,633,692. In addition, the District recognized revenue and corresponding expense of \$7,591,776 for support provided by the state. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 11,969,223	\$ -
Differences Between Expected and Actual Experience	282,720	3,155,800
Changes of Assumptions	14,164,520	-
Changes in Proportion	2,080,770	5,574,433
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	4,313,960
Total	\$ 28,497,233	\$ 13,044,193

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2019 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2021	\$ 2,103,635
2022	(886,007)
2023	1,021,087
2024	2,837,983
2025	(1,030,820)
2026	(562,061)
Total	\$ 3,483,817

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47 %	4.80 %
Private Equity	13	6.30
Real Estate	13	3.60
Fixed Income	12	1.30
Risk Mitigating Strategies	9	1.80
Inflation Sensitive	4	3.30
Cash/Liquidity	2	(0.40)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate (Continued)

Discount Rate	Net Pension Liability
1% Decrease (6.10%)	\$ 166,765,120
Current Discount Rate (7.10%)	111,991,840
1% Increase (8.10%)	66,574,360

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report on the CalSTRS website. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided (Continued)

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	<u>On or Before</u>	<u>On or After</u>
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are as presented above and the total District contributions were \$4,161,123.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$41,705,424. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.1431% which is a decrease of 0.0053% from its proportion measured as of June 30, 2018.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$8,528,959. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 4,161,123	\$ -
Differences Between Expected and Actual Experience	3,029,488	-
Changes of Assumptions	1,985,308	-
Changes in Proportion	-	882,985
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	386,826
Total	\$ 9,175,919	\$ 1,269,811

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2019 measurement date is 4.1 years.

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2021	\$ 3,262,666
2022	264,553
2023	87,800
2024	129,966
Total	\$ 3,744,985

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50 %	5.98 %
Fixed Income	28	2.62
Real Assets	13	4.93
Private Equity	8	7.23
Liquidity	1	(0.92)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	\$ 60,115,626
Current Discount Rate (7.15%)	41,705,424
1% Increase (8.15%)	26,432,889

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report available on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from CalPERS.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 EARLY RETIREE INCENTIVE

In 2015-16, the District elected to provide a voluntary early retirement program. Certificated Non-Management employees who were employed by the District as of May 3, 2016 and had 5 years of District service who were eligible to retire under STRS (age 55 with 5 years of STRS service or age 50 with 30 years of STRS service) as of June 30, 2016 were eligible for the incentive. 24 qualified employees elected to participate in the incentive by retiring after completion of the 2015-16 school year.

The total contributions of \$1,372,850 were made in five equal annual installments of \$274,570 beginning July 20, 2016 and ending July 19, 2020. The final payment was made in advance of the final installment date and prior to June 30, 2020.

NOTE 16 INTERNAL SERVICE FUND

The District is self-insured under the California Education Code Section 39602 for general liability, commercial property, workers' compensation and certain employee medical benefit claims. The District has obtained insurance coverage through a combination of commercial insurance and intergovernmental risk pooling that will cover claims within the following ranges to supplement its self-insurance program:

<u>Insurance Program</u>	<u>Limits</u>
General Liability	\$25,000 Per Occurrence Up to \$25,000,000
Property	\$5,000 Per Occurrence up to \$105,000,000
Workers' Compensation	Occurrences Exceeding \$500,000 Up to Statutory Limits
Employers' Liability	\$250,000 Per Occurrence Up to \$10,000,000
Employee Vision and Dental Benefits	Occurrences Up to \$2,200 Per Employee Yearly

The self-insurance activity for the dental program and the excess insurance, workers' compensation/employers' liability has been recorded in the Internal Service Fund. There were no claims settled in 2020 which exceeded the excess insurance amount. Changes in the claims liability for workers' compensation in fiscal years 2019-20 were as follows:

<u>Reported Liability</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Worker's Compensation	\$ 5,077,931	\$ (178,357)	\$ 697,208	\$ 4,202,366
Dental Program	105,479	1,128,490	1,128,490	105,479
Total	<u>\$ 5,183,410</u>	<u>\$ 950,133</u>	<u>\$ 1,825,698</u>	<u>\$ 4,307,845</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 17 JOINT POWERS AGREEMENTS

The District participates in three joint powers agreement (JPA) entities, the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Schools' Excess Liability Fund (SELF), and the Self-Insured Schools of California (SISC) public risk pools. The District also participates in a joint venture under a joint power agreement with North Orange County Regional Occupational program (NOCROP).

Alliance of Schools for Cooperative Insurance Programs (ASCIP) arranges for and provides property and liability insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested. ASCIP is governed by a board consisting of 25 elected members and alternatives.

The Schools' Excess Liability Fund (SELF) arranges for and provides a self-funded excess liability fund for approximately 1,100 public educational agencies. SELF is governed by a board of 32 elected voting members, elected alternates and two ex-official members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's Board of Directors and shares surpluses and deficits proportionately to its participation in SELF.

Self-Insured Schools of California (SISC) provides health and welfare benefits for its member school districts.

North Orange County Regional Occupational Program (NOCROP) provides occupational training for high school students and adults residing in the member districts.

Each JPA is governed by a board consisting of representatives from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. In addition, each JPA is independently accountable for its fiscal matters. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

Condensed financial information for the year ended June 30, 2020 is as follows

	ASCIP 6/30/2020 (Unaudited)	SELF 6/30/2019 (Audited)	SISC III 9/30/2019 (Audited)	NOCROP 6/30/2020 (Unaudited)
JPA Condensed Financial Information				
Total Assets and Deferred Outflows	\$ 537,379,633	\$ 121,746,875	\$ 744,080,723	\$ 20,358,544
Total Liabilities and Deferred Inflows	312,919,556	101,882,603	217,105,846	1,209,527
Fund Balance	<u>\$ 224,460,077</u>	<u>\$ 19,864,272</u>	<u>\$ 526,974,877</u>	<u>\$ 19,149,017</u>
Total Revenues	\$ 297,653,840	\$ 25,735,366	\$ 2,493,302,675	\$ 17,749,137
Total Expenditures	274,555,212	23,968,407	2,411,333,172	17,438,692
Change in Fund Balance	<u>\$ 23,098,628</u>	<u>\$ 1,766,959</u>	<u>\$ 81,969,503</u>	<u>\$ 310,445</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 18 COMMITMENTS AND CONTINGENCIES

Litigation

At time, the District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

County School Facilities Funds

The District is currently involved in modernization projects funded through the State School Facilities Program. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

Purchase Commitments

As of June 30, 2020, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$12.8 million. Projects will be funded through Bond Proceeds and redevelopment pass-through distributions.

COVID-19

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, challenges to delivery of public education, increasing costs, disruption to cash flow associated with state apportionment deferrals and lost revenue for fee generating programs.

In response to the COVID-19 outbreak, the District has staggered employee shifts, enabled certain employees to telecommute and implemented distance learning in response to health requirements. In addition, the District has certified acceptance of CARES act funding appropriated for distribution to school districts in the 2020-21 California State Budget.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown at this time. The District continues to actively monitor revenues, expenses and collection of receivables so that any further impacts can be anticipated.

The District does not currently expect that the COVID-19 outbreak will have a material adverse effect on the District's ability to pay general obligation bonds. The source for debt service payments is tax assessments; the County Auditor-Controller's Office has not communicated a reduction in tax levies or receipts that would negatively affect the District's ability to make debt service payments

REQUIRED SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgetary Amounts - General Fund		Actual Amounts	(a) Fund Basis to GAAP	Actual Amounts
	Original	Final	General Fund		GAAP Basis
REVENUES					
Local Control Funding Formula Sources:					
State Apportionments	\$ 82,339,837	\$ 65,402,583	\$ 65,406,487	\$ -	\$ 65,406,487
Local Sources	57,745,804	75,100,660	75,100,660	-	75,100,660
Total Local Control Funding Formula Sources	140,085,641	140,503,243	140,507,147	-	140,507,147
Federal Sources	6,857,276	8,255,259	6,852,802	-	6,852,802
Other State Sources	11,326,078	12,339,062	14,435,999	-	14,435,999
Other Local Sources	10,172,529	13,783,580	14,232,226	220,218	14,452,444
Total Revenues	168,441,524	174,881,144	176,028,174	220,218	176,248,392
EXPENDITURES					
Certificated salaries	71,324,309	69,951,499	69,951,499	-	69,951,499
Classified Salaries	20,279,267	22,092,078	21,944,354	-	21,944,354
Employee Benefits	44,659,580	45,467,234	46,512,905	-	46,512,905
Books and Supplies	10,953,903	12,472,827	9,842,884	34,800	9,877,684
Services and Other Operating Expenditures	15,199,826	19,391,953	17,564,900	911,264	18,476,164
Capital Outlay	2,279,209	5,205,294	5,138,807	-	5,138,807
Other Outgo and Indirect Costs	4,692,744	4,814,157	4,939,985	-	4,939,985
Debt Service	42,875	42,875	53,330	-	53,330
Total Expenditures	169,431,713	179,437,917	175,948,664	946,064	176,894,728
EXCESS OF REVENUES OVER EXPENDITURES	(990,189)	(4,556,773)	79,510	(725,846)	(646,336)
OTHER FUNDING SOURCES (USES)					
Interfund Transfers in (b)	805,177	-	-	-	-
Interfund Transfers out	(1,650,000)	(1,650,000)	(1,650,000)	1,000,000	(650,000)
Total Other Financing Sources (Uses)	(844,823)	(1,650,000)	(1,650,000)	1,000,000	(650,000)
NET CHANGE IN FUND BALANCES	<u>\$ (1,835,012)</u>	<u>\$ (6,206,773)</u>	(1,570,490)	274,154	(1,296,336)
Fund Balance - Beginning of Year			55,384,949	11,216,782	66,601,731
FUND BALANCE - END OF YEAR			<u>\$ 53,814,459</u>	<u>\$ 11,490,936</u>	<u>\$ 65,305,395</u>

(a) amounts presented are the result of the District including activity of the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits Fund.

(b) Interfund activity between the General Fund and the Deferred Maintenance Fund is eliminated.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE BENEFITS PLAN
YEAR ENDED JUNE 30,**

<u>Total OPEB Liability - Retiree Health Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 56,534,860	\$ 53,575,511	\$ 50,388,008
Changes for the Year			
Service Cost	2,851,179	2,868,535	2,928,786
Interest Cost	1,621,841	1,646,958	1,637,733
Differences Between Expected and Actual Experience	(7,911,225)	-	-
Changes in Assumptions	13,586,439	815,295	622,561
Expected Benefit Payments	<u>(2,528,465)</u>	<u>(2,371,439)</u>	<u>(2,001,577)</u>
Net Changes	<u>7,619,769</u>	<u>2,959,349</u>	<u>3,187,503</u>
Ending Balance	<u>\$ 64,154,629</u>	<u>\$ 56,534,860</u>	<u>\$ 53,575,511</u>
Covered-Employee Payroll	\$ 85,176,500	\$ 77,229,402	\$ 80,637,172
Total OPEB Liability as a Percentage of Covered-Employee Payroll	75%	73%	66%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY – MEDICARE PREMIUM PAYMENT PLAN
MEASUREMENT PERIODS ENDED JUNE 30,**

Medicare Premium Payment Program	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.1910%	0.1980%	0.1980%
District's Proportionate Share of the Net OPEB Liability	\$ 711,278	\$ 757,883	\$ 833,002
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB liability (asset) as a Percentage of Covered Payroll *	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.81%	-0.40%	0.01%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous year to align with the measurement date of the net OPEB liability.

* Plan participants are limited to retirees; therefore covered payroll is zero.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MEASUREMENT PERIODS ENDED JUNE 30,**

CalSTRS - STRP	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.1240%	0.1260%	0.1260%	0.1280%	0.1280%	0.1450%
District's Proportionate Share of the Net Pension Liability	\$ 111,991,840	\$ 115,802,820	\$ 116,524,800	\$ 103,527,680	\$ 86,174,720	\$ 84,733,650
State's Proportionate Share of the Net Pension Liability Associated with the District	61,099,519	66,302,855	68,935,649	58,945,139	45,576,805	51,166,350
Total	<u>\$ 173,091,359</u>	<u>\$ 182,105,675</u>	<u>\$ 185,460,449</u>	<u>\$ 162,472,819</u>	<u>\$ 131,751,525</u>	<u>\$ 135,900,000</u>
District's Covered Payroll	\$ 67,100,000	\$ 68,600,000	\$ 67,800,000	\$ 65,500,000	\$ 61,700,000	\$ 61,200,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	167%	169%	172%	158%	140%	138%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73%	71%	69%	70%	74%	77%
CalPERS - Schools Pool Plan	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.1431%	0.1484%	0.1491%	0.1477%	0.1576%	0.1665%
District's Proportionate Share of the Net Pension Liability	\$ 41,705,424	\$ 39,568,112	\$ 35,586,943	\$ 29,170,841	\$ 23,230,396	\$ 18,901,804
District's Covered Payroll	\$ 19,100,000	\$ 19,100,000	\$ 18,800,000	\$ 17,200,000	\$ 17,500,000	\$ 17,400,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	218%	207%	189%	170%	133%	109%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	71%	72%	74%	79%	83%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION
SHARE OF THE NET PENSION LIABILITY
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 11,969,223	\$ 10,931,159	\$ 9,905,356	\$ 8,530,519	\$ 7,032,883	\$ 5,489,463
Contributions in Relation to the Contractually Required Contribution	11,969,223	10,931,159	9,905,356	8,530,519	7,032,883	5,489,463
Contribution Deficiency (Excess)	<u>\$ -</u>					
District's Covered Payroll	\$ 70,000,000	\$ 67,100,000	\$ 68,600,000	\$ 67,800,000	\$ 65,500,000	\$ 61,700,000
Contributions as a Percentage of Covered Payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Pool Plan	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 4,161,123	\$ 3,451,521	\$ 2,958,788	\$ 2,621,751	\$ 2,032,987	\$ 2,062,164
Contributions in Relation to the Contractually Required Contribution	4,161,123	3,451,521	2,958,788	2,621,751	2,032,987	2,062,164
Contribution Deficiency (Excess)	<u>\$ -</u>					
District's Covered Payroll	\$ 21,100,000	\$ 19,100,000	\$ 19,100,000	\$ 18,800,000	\$ 17,200,000	\$ 17,500,000
Contributions as a Percentage of Covered Payroll	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the General Fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year-end, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedule of Changes In The Total OPEB Liability and Related Ratios – Retiree Benefits Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pension associated with the District's retiree benefits plan. The District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

The municipal bond rate at June 30, 2019 was 2.79% and 2.66% at June 30, 2020.

2018-19

The municipal bond rate at June 30, 2018 was 2.98% and 2.79% at June 30, 2019.

Schedule of Changes in The Net OPEB Liability and Related Ratios – Medicare Premium Payment Plan

The schedule is intended to show trends about the changes in the District's actuarially determined proportionate share of the liability for postemployment benefits other than pension associated with the Medicare Premium Payment Plan. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

CalSTRS applied a new discount rate decreasing the rate from 3.87% to 3.50%.

2018-19

CalSTRS applied a new discount rate increasing the rate from 3.58% to 3.87%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – STRP and PERS – Schools Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – STRP and PERS – Schools Plan

The schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations, by major object account, occurred in the General Fund as follows:

Object Account	Amount
Employee Benefits*	\$ 1,045,671
Other Outgo and Indirect Costs	125,828

*The excess of expenditures over appropriations for employee benefits occurred primarily due to on-behalf payments made by the State of California to the State Teachers' Retirement System that were not budgeted.

SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2020**

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the State of California and consists of an area comprising approximately 55 square miles. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9 – 12 as mandated by the State and/or Federal agencies. The District operates six high schools, one continuation high school, and one alternative high school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2020 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Andy Montoya	President	November 30, 2020
Marilyn Buchi	Clerk	November 30, 2022
Lauren Klatzker	Member	November 30, 2022
Chester Jeng	Member	November 30, 2022
Joanne Fawley	Member	November 30, 2020

DISTRICT ADMINISTRATORS

Scott Scambray, Ed.D	Superintendent
Ed Atkinson	Assistant Superintendent – Human Services
Joan Velasco	Assistant Superintendent – Business Services
Sylvia Kaufman	Assistant Superintendent – Education and Assessment Services
Karl Zener	Executive Director – Administrative Services

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2020**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2020 are as follows:

	Revised Second Period Certificate # B0DA6871	Revised Annual Certificate # 15989718
Grades Nine through Twelve:		
Regular ADA	12,969.52	12,969.52
Extended Year Special Education	13.39	13.39
Special Education - Nonpublic, Nonsectarian Schools	17.91	17.91
Extended Year Special Education - Nonpublic, Nonsectarian Schools	3.05	3.05
Total Grades Nine through Twelve ADA	13,003.87	13,003.87

See accompanying Notes to the Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

Grade Level	Minutes Requirement	Minutes Offered	Days Offered Traditional	Days Covered By Closure	Status
Grade 9	64,800	65,240	180	47	In Compliance
Grade 10	64,800	65,240	180	47	In Compliance
Grade 11	64,800	65,240	180	47	In Compliance
Grade 12	64,800	65,240	180	47	In Compliance

See accompanying Notes to the Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
United States Department of Agriculture			
Pass-Through Program From The California Department of Education:			
Child Nutrition Cluster:			
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	\$ 554,276
Child Nutrition Program-Lunch	10.555	13391	1,012,620
Child Nutrition Program-Seamless Summer Food Option	10.555	13391	411,110
Child Nutrition Program-Commodities	10.555	13391	143,075
Subtotal: Child Nutrition Cluster			<u>2,121,081</u>
Child Nutrition Program-Child and Adult Care Food Program	10.558	13389	356,733
Total: United States Department of Agriculture			<u>2,477,814</u>
United States Department of Defense			
Junior Reserve Officer Training Corp (JROTC)	12.000	(1)	621,594
Total: United States Department of Defense			<u>621,594</u>
United States Department of Education			
Pass-Through Program From The North Orange County SELPA:			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,808,904
Mental Health Services, Part B	84.027A	14468	496,348
Subtotal: Special Education (IDEA) Cluster			<u>2,305,252</u>
Pass-Through Program From The California Department of Education:			
Every Student Succeeds Act:			
Title I - Grants to Local Educational Agencies:			
Title I, Part A - Low Income and Neglected	84.010	14329	2,715,222
Title I, Part A - School Improvement Funding	84.010	15438	81,606
Subtotal: Title I - Grants to Local Educational Agencies			<u>2,796,828</u>
Title II, Part A - Improving Teacher Quality	84.367	14341	380,076
Title III - English Language Acquisition Grants:			
Limited English Proficiency Student Program	84.365	14346	127,782
Immigrant Student Program	84.365	15146	150
Subtotal: Title III - English Language Acquisition Grants			<u>127,932</u>
Title IV, Part A - Student Support and Academic Enrichment Grants	84.424	15396	141,063
Career and Technical Education - Secondary	84.048	14894	307,108
Total: United States Department of Education			<u>6,058,259</u>
United States Department of Health and Human Services			
Pass-Through Program From The California Department of Education:			
Medi-Cal Billing Option	93.778	10013	\$ 260,643
Total: United States Department of Health and Human Services			<u>260,643</u>
Total Federal Programs			<u><u>\$ 9,418,310</u></u>
Reconciliation to Federal Revenue			
Total Federal Program Expenditures			\$ 9,418,310
Expenditures in excess of revenue related to Federal Entitlements:			
Medi-Cal Billing Option	93.778		(87,694)
Total Federal Program Revenue			<u><u>\$ 9,330,616</u></u>

(1) Pass-Through Entity Identifying Number not readily available or not applicable

See accompanying Notes to the Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

	2021 (Budgeted)	2020	2019	2018
Revenue	\$ 157,532,551	\$ 176,028,174	\$ 182,354,238	\$ 165,229,671
Other Sources and Transfers in	805,177	-	-	805,177
Total Revenue and Other Sources	<u>158,337,728</u>	<u>176,028,174</u>	<u>182,354,238</u>	<u>166,034,848</u>
Expenditures	174,622,270	175,948,663	172,663,315	156,178,635
Other Uses and Transfers out	1,650,000	1,650,000	2,750,000	3,645,189
Total expenditures and other uses	<u>176,272,270</u>	<u>177,598,663</u>	<u>175,413,315</u>	<u>159,823,824</u>
Change in fund balance	(17,934,542)	(1,570,489)	6,940,923	6,211,024
Ending fund balance	<u>\$ 35,879,918</u>	<u>\$ 53,814,460</u>	<u>\$ 55,384,949</u>	<u>\$ 48,444,025</u>
Available reserve	<u>\$ 31,462,650</u>	<u>\$ 48,896,911</u>	<u>\$ 47,827,382</u>	<u>\$ 36,914,964</u>
Available reserve %	18.0%	27.8%	27.7%	23.6%
ADA	<u>12,951</u>	<u>13,004</u>	<u>13,079</u>	<u>13,265</u>
Total long term debt	<u>\$ 446,123,357</u>	<u>\$ 454,879,598</u>	<u>\$ 431,975,711</u>	<u>\$ 411,488,293</u>

The amounts above are those reported as General Fund in the *Annual Financial and Budget Report* and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. The District has met this requirement for all years presented.

The 2021 budget is the original budget adopted on June 16, 2020.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2020**

The District is not the granting agency for any Charter Schools.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Differences between the fund balances reported on the June 30, 2020 *Annual Financial and Budget Report* for the governmental funds and the audited financial statements occurred in the following fund:

	<u>Self-Insurance Fund</u>
June 30, 2020 Annual Financial and Budget Report Fund Balance	\$ 3,423,750
Adjustments and Reclassifications:	
Adjustment to Claims Liability and IBNR	<u>875,565</u>
June 30, 2020 Audited Fund Balance	<u>\$ 4,299,315</u>

See accompanying Notes to the Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

The District closed all school sites for in person instruction effective March 16, 2020 through May 28, 2020 in response to the public health emergency associated with COVID-19. These approved school closure days may be used to meet the instructional time and day requirements pursuant to California Education Code 4600, 46021, 46207 and/or 46208. The District filed the required COVID-19 School Closure Certification with the California Department of Education (CDE) and is therefore in compliance with instructional minute and day requirements. The planned minutes covered by the COVID-19 School Closure Certification were included in the minutes offered column of this schedule but were not actually offered due to the COVID-19 school closures.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District did not use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Payments to Subrecipients

The District did not make any payments to subrecipients.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Financial Trends and Analysis

The 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if the District has met the recommended available reserve percentages.

Schedule of Charter Schools

The 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash in County Treasury	\$ 1,782,510	\$ 2,138,236	\$ 232,860	\$ 2,016,647	\$ 3,747	\$ 12,467,598	\$ 18,641,598
Cash in Revolving Fund	10,112	-	-	-	-	-	10,112
Cash Awaiting Deposit	81	24,966	-	-	-	-	25,047
Accounts Receivable	243,907	7,612	233	2,012	4	21,391	275,159
Due from Other Funds	17,732	2,050	-	650,000	10,000	-	679,782
Inventories	44,642	-	-	-	-	-	44,642
Total Assets	<u>\$ 2,098,984</u>	<u>\$ 2,172,864</u>	<u>\$ 233,093</u>	<u>\$ 2,668,659</u>	<u>\$ 13,751</u>	<u>\$ 12,488,989</u>	<u>\$ 19,676,340</u>
Liabilities AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 236,539	\$ 123,062	\$ 9	\$ 74	\$ 1,764	\$ -	\$ 361,448
Due to Other Funds	148,035	-	-	-	-	-	148,035
Unearned Revenue	74,745	-	-	-	-	-	74,745
Total Liabilities	<u>459,319</u>	<u>123,062</u>	<u>9</u>	<u>74</u>	<u>1,764</u>	<u>-</u>	<u>584,228</u>
FUND BALANCES							
Nonspendable	54,754	-	-	-	-	-	54,754
Restricted	1,584,911	2,049,802	233,084	2,668,585	11,987	12,488,989	19,037,358
Total Fund Balances	<u>1,639,665</u>	<u>2,049,802</u>	<u>233,084</u>	<u>2,668,585</u>	<u>11,987</u>	<u>12,488,989</u>	<u>19,092,112</u>
Total Liabilities and Fund Balances	<u>\$ 2,098,984</u>	<u>\$ 2,172,864</u>	<u>\$ 233,093</u>	<u>\$ 2,668,659</u>	<u>\$ 13,751</u>	<u>\$ 12,488,989</u>	<u>\$ 19,676,340</u>

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES							
Federal Sources	\$ 2,477,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,477,814
Other State Sources	170,170	-	-	-	-	61,547	231,717
Other Local Sources	460,224	853,831	4,106	35,779	395	10,984,166	12,338,501
Total Revenues	<u>3,108,208</u>	<u>853,831</u>	<u>4,106</u>	<u>35,779</u>	<u>395</u>	<u>11,045,713</u>	<u>15,048,032</u>
EXPENDITURES							
Pupil Services	3,134,607	-	-	-	-	-	3,134,607
General Administration	148,032	24,360	-	-	-	136,696	309,088
Plant Services	131,862	1,268,887	14,346	1,090	15,836	-	1,432,021
Other Outgo	-	513,215	-	-	-	-	513,215
Debt Service	-	-	-	-	-	13,743,584	13,743,584
Total Expenditures	<u>3,414,501</u>	<u>1,806,462</u>	<u>14,346</u>	<u>1,090</u>	<u>15,836</u>	<u>13,880,280</u>	<u>19,132,515</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(306,293)	(952,631)	(10,240)	34,689	(15,441)	(2,834,567)	(4,084,483)
OTHER FINANCING SOURCES							
Proceeds from Sale of Refunding Bonds	-	-	-	-	-	15,295,000	15,295,000
Premium from Sale of Refunding Bonds	-	-	-	-	-	4,540,598	4,540,598
Deposit to Refunding Bond Escrow Agent	-	-	-	-	-	(17,990,406)	(17,990,406)
Interfund Transfers in	-	-	-	650,000	10,000	-	660,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,000</u>	<u>10,000</u>	<u>1,845,192</u>	<u>2,505,192</u>
NET CHANGES IN FUND BALANCE	(306,293)	(952,631)	(10,240)	684,689	(5,441)	(989,375)	(1,579,291)
Fund Balances - Beginning of Year	<u>1,945,958</u>	<u>3,002,433</u>	<u>243,324</u>	<u>1,983,896</u>	<u>17,428</u>	<u>13,478,364</u>	<u>20,671,403</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,639,665</u>	<u>\$ 2,049,802</u>	<u>\$ 233,084</u>	<u>\$ 2,668,585</u>	<u>\$ 11,987</u>	<u>\$ 12,488,989</u>	<u>\$ 19,092,112</u>

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

NOTE 1 PURPOSE OF SCHEDULES

Combining Fund Financial Statements

A combining fund balance sheet and statement of revenues, expenditures, and changes in fund balance has been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Fullerton Joint Union High School District
Fullerton, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fullerton Joint Union High School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 7, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

Report on Compliance for Each Major Federal Program

We have audited Fullerton Joint Union High School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Trustees
Fullerton Joint Union High School District

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 7, 2020



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

We have audited the Fullerton Joint Union High School District's (the District) compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2020. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	No ¹
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	No ²
Mode of Instruction	No ²
Nonclassroom Based Instruction/Independent Study	No ²
Determination of Funding for Nonclassroom Based Instruction	No ²
Annual Instructional Minutes – Classroom Based	No ²
Charter School Facility Grant Program	No ²

¹We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

²The District is not the granting agency for any Charter Schools.

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 7, 2020

FINDINGS AND QUESTIONED COSTS

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)
84.010

Name of Federal Program or Cluster
Title I, Part A – Low Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:

\$ \$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2020-001 – Suspension and Debarment 50000

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matter

Federal Program: Title I, Part A - Low Income and Neglected

CFDA Number: 84.010

Federal Award Number & Year: 14329

Federal Agency: U.S. Department of Education

Name of Pass-Through Agency: California Department of Education

Compliance Requirement Affected: Suspension and debarment (I)

Repeat Finding: Yes - Finding 2019-001 from the year ended June 30, 2019.

Criteria: When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and the agencies adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. Covered transactions include procurement contracts for goods and services awarded that are expected to equal or exceed \$25,000 or meet other criteria as specified in 2 CFR section 180.220.

Condition: The District did not verify if vendors were suspended or debarred before entering into a covered transaction.

Context: There were a total of 6 vendors with contracts equaling or exceeding \$25,000.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Effect: The District is not in compliance with 2 CFR Section 180.220.

Cause: Due to the staffing transitions that occurred in the 2019/20 fiscal year, the procedure to verify that vendors were not suspended or debarred was not implemented.

Questioned Costs: None reported. Vendors tested were not suspended or debarred.

Recommendation: The District should establish procedures to verify that vendors are not suspended or debarred before entering into a covered transaction. The District can do so by either checking SAM.gov, including an excerpt regarding the lack of federal exclusions in the vendor contract, or receiving a certification from the vendor that indicates as such. This procedure should be performed for contracts with new vendors, as well as renewed contracts with existing vendors. It is also recommended that the District document that this procedure occurred.

Views of responsible officials and planned corrective actions: In the beginning of the 2019-2020 fiscal year, the District became aware of the requirement to verify that a vendor is in good standing through the System for Award Management (SAM) prior to entering into a contract. Vendors that were new to the District were reviewed through the SAM system and the verification date was noted on the vendor screen in the district's financial system. Due to a communication error, only new vendors were reviewed where each individual vendor entering into a contract of \$25,000 or greater in value should have been verified.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Finding 2020-002 – Special Tests and Provisions

50000

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matter

Federal Program: Title I, Part A - Low Income and Neglected

CFDA Number: 84.010

Federal Award Number & Year: 14329

Federal Agency: U.S. Department of Education

Name of Pass-Through Agency: California Department of Education

Compliance Requirement Affected: Special Tests and Provisions (N)

Repeat Finding: No

Criteria: To remove a student from the cohort data, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Condition: The District did not consistently retain official written documentation for students who were removed from the cohort.

Context: There were a total of 136 students removed from the 2019/20 cohort. There were 3 students in a sample of 17 students removed from the cohort with no written documentation or confirmation as to reason or enrollment in another school or appropriate program.

Effect: Data on graduation rates is not accurately reported.

Cause: No request for records was received by the school and/or the student did not enroll in another California school based on CALPADS data. The district did not review the cohort data to ensure individuals with no documentation remained in the cohort.

Questioned Costs: None reported. Removal of students from the cohort does not affect federal funding.

Recommendation: For exiting students that are removed from the cohort data, the District should establish a consistent process to document, in writing, that the student transferred to another school, emigrated to another country, transferred to a prison or juvenile facility, or is deceased. For students that transfer to another school or educational program, the District must obtain written confirmation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Views of responsible officials and planned corrective actions: The District will do the following:

1. Create a clear written policy for tracking enrollment and records requests for students who leave the District.
2. Annually train and retrain District and school site personnel responsible for maintaining student records, including enrollment data, on the procedures for documenting in Aeries, requests for student records from new schools, and reasonable and good faith efforts to locate students who have left the District in order to appropriately track student data in CALPADS.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

3. Begin the process of identifying students who have left the District with whom we have no new school enrollment information and make reasonable and good faith efforts to locate the students and document in Aeries.
4. For students that do not have the appropriate documentation, ensure they remain in the cohort.

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

FINANCIAL AND STATE AWARDS

There were findings and questioned costs related to the financial statements or state awards for the year ended June 30, 2019.

FEDERAL AWARDS

Finding 2019-001 – Suspension and Debarment

50000

Criteria: When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and the agencies adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. Covered transactions include procurement contracts for goods and services awarded that are expected to equal or exceed \$25,000 or meet other criteria as specified in 2 CFR section 180.220.

Condition: The District did not verify if vendors were suspended or debarred before entering into a covered transaction.

Context: There were a total of 15 vendors with contracts equaling or exceeding \$25,000.

Effect: The District is not in compliance with 2 CFR Section 180.220.

Cause: Unknown.

Questioned Costs and Units: None reported. Vendors tested were not suspended or debarred.

Recommendation: The District should establish procedures to verify that vendors are not suspended or debarred before entering into a covered transaction.

Corrective Action Plan: The District will implement procedures in the 19/20 fiscal year to correct this compliance issue. District staff will follow procedures to verify that the District is not using vendors who are either suspended or debarred, using the SAM.gov website.

Current Status: Not implemented.

CONTINUING DISCLOSURE INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
JUNE 30, 2020**

Assessed valuation for fiscal year 2019-20	\$ 36,028,776,406
Secured tax levies for fiscal year 2019-20	\$ 54,195,473
Secured tax delinquencies for fiscal year 2019-20	\$ 456,635
Secured tax collections for fiscal year 2019-20	\$ 53,738,838

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total ⁽¹⁾
1.	Comref So Ca Industrial Sub A & P LLC	Industrial	\$ 156,511,879	0.43 %
2.	The Source at Beach LLC	Commercial	151,402,420	0.42
3.	Centerpointe Properties Trust	Commercial	136,604,520	0.38
4.	Aspect Acquisition LLC	Apartments	133,620,000	0.37
5.	PSIP WR Fullerton LLC	Commercial	121,739,994	0.34
6.	FHF I Amerige Pointe LLC	Apartments	119,646,000	0.33
7.	CVS Pharmacy Inc.	Industrial	106,460,269	0.30
8.	Advanced Group 16-114	Apartments	102,999,600	0.29
9.	Alticor Inc.	Industrial	102,102,947	0.28
10.	University House Fullerton LLC	Apartments	93,186,304	0.26
11.	Corecare III	Apartments	90,881,718	0.25
12.	Rreef America REIT II Corp.	Industrial	90,472,774	0.25
13.	Fairfield 951 Beach LLC	Apartments	83,099,868	0.23
14.	Fullerton Luxury Rentals LLC	Apartments	80,767,902	0.22
15.	PRI Buena Park Industrial CA LLC	Industrial	78,662,563	0.22
16.	La Habra Westridge Partners LP	Commercial	69,636,634	0.19
17.	SFERS Real Est Corp, RR	Industrial	66,934,925	0.19
18.	6300 Regio LLC	Commercial	64,727,718	0.18
19.	PK I Fullerton Town Center LP	Commercial	61,378,960	0.17
20.	BRE-FMCA LLC	Apartments	61,031,404	0.17
	Total Top 20		\$ 1,971,868,399	5.47 %

Source: California Municipal Statistics, Inc.

(1) % of local secured assessed valuation: \$36,028,776,406

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP





FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

1051 West Bastanchury Road • Fullerton, California 92833-2247

(714)870-2810

FAX(714)870-2835

www.jjuhsd.org

Business Services

Fullerton Joint Union High School District respectfully submits the following corrective action plans for the year ended June 30, 2020.

Audit Period: July 1, 2019-June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section III—Federal Award Findings and Questioned Costs

2020–001 – Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matter

Federal Program: Title I, Part A - Low Income and Neglected

CFDA Number: 84.010

Federal Award Number & Year: 14329

Federal Agency: U.S. Department of Education

Name of Pass-Through Agency: California Department of Education

Compliance Requirement Affected: Suspension and debarment (I)

Repeat Finding: Yes

Recommendation: The District should establish procedures to verify that vendors are not suspended or debarred before entering into a covered transaction. The District can do so by either checking SAM.gov, including an excerpt regarding the lack of federal exclusions in the vendor contract, or receiving a certification from the vendor that indicates as such. This procedure should be performed for contracts with new vendors, as well as renewed contracts with existing vendors. It is also recommended that the District document that this procedure occurred.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Planned corrective actions: In the beginning of the 2019-2020 fiscal year, the District became aware of the requirement to verify that a vendor is in good standing through the System for Award Management (SAM) prior to entering into a contract. Vendors that were new to the District were reviewed through the SAM system and the verification date was noted on the vendor screen in the district's financial system. Due to a communication error, only new vendors were reviewed where each individual vendor entering into a contract of \$25,000 or greater in value should have been verified.

Names(s) of the contact person(s) responsible for the corrective action: Joan Velasco, Assistant Superintendent Business Services

Planned completion date for the corrective action plan: December 2020

2020–002 – Special Tests and Provisions

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matter

Federal Program: Title I, Part A - Low Income and Neglected

CFDA Number: 84.010

Federal Award Number & Year: 14329

Federal Agency: U.S. Department of Education

Name of Pass-Through Agency: California Department of Education

Compliance Requirement Affected: Special Tests and Provisions (N)

Repeat Finding: No

Recommendation: For exiting students that are removed from the cohort data, the District should establish a consistent process to document confirmation, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, or is deceased. For students that transfer to another school or educational program, the District must obtain written confirmation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. The District should establish a procedure for review of the accuracy and completeness of the documentation.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Planned corrective actions:

1. Create a clear written policy for tracking enrollment and records requests for students who leave the District.
2. Annually train and retrain District and school site personnel responsible for maintaining student records, including enrollment data, on the procedures for documenting in Aeries, requests for student records from new schools, and reasonable and good faith efforts to locate students who have left the District in order to appropriately track student data in CALPADS.
3. Begin the process of identifying students who have left the District with whom we have no new school enrollment information and make reasonable and good faith efforts to locate the students and document in Aeries.
4. For students that do not have the appropriate documentation, ensure they remain in the cohort.

Names(s) of the contact person(s) responsible for the corrective action: Joan Velasco, Assistant Superintendent Business Services

Planned completion date for the corrective action plan: February 26, 2021