

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms great than twelve months. As a result of the implementation of this guidance, the District has reported a right-to-use lease asset and corresponding lease liability. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedule of District's proportionate share of the net pension liability and schedule of District contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

#### ***Supplementary 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 schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The history and organization, schedule of financial trends and analysis and schedule of charter schools which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and continuing disclosure information but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Glendora, California  
March 15, 2023



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**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 is in year-three of a WASC a six-year clear full accreditation valid through June 30, 2026.

Troy High School is acclaimed for its many programs including Troy Tech, AVID, AP, International Baccalaureate, and Cambridge.

#37 Best College Prep Public High School in the Nation, 2023 Niche.com

#2 Best Public High School in California, 2023 Niche.com

#1 Best Public High School in Orange County, 2023 Niche.com

#26 in California, U.S. News and World Report, 2022

**National Merit Awards**

Semifinalists 2022 - 2023: 21 students

Scholar Finalists 2021 - 2022: 32 students

Commended Scholars 2021 - 2022: 72 students

National Hispanic Recognition Award 2021-2022: 21 students

National Indigenous Award 2021-2022: 3 students

National African American Recognition Award 2021-2022: 9 students

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**Advanced Placement 2022 Data**

College Board's AP Computer Science Female Diversity Award

- recognition for achieving high female representation in AP Computer Science Principles 2018

3012 AP exams administered to 1454 students: average 3.9

89% pass rate on AP exams

| <b><u>AP Exams Given</u></b> | <b><u># Exams</u></b> | <b><u>Avg. Score</u></b> | <b><u>% with 3+</u></b> |
|------------------------------|-----------------------|--------------------------|-------------------------|
| 2D Art Design                | 12                    | 3.6                      | 92%                     |
| Art History                  | 1                     | 4.0                      | 100%                    |
| Biol                         | 119                   | 4.2                      | 93%                     |
| Calc AB                      | 181                   | 4.5                      | 98%                     |
| Calc BC                      | 114                   | 4.9                      | 100%                    |
| Chem                         | 26                    | 4.3                      | 92%                     |
| Chin Lang                    | 35                    | 4.8                      | 100%                    |
| Comp Sci A                   | 6                     | 4.3                      | 100%                    |
| Comp Sci Prin                | 470                   | 4.1                      | 94%                     |
| Draw                         | 14                    | 3.4                      | 79%                     |
| Eng Lang Comp                | 278                   | 3.8                      | 90%                     |
| Eng Lit Comp                 | 88                    | 4.5                      | 98%                     |
| Env Sci                      | 61                    | 3.7                      | 82%                     |
| Euro Hist                    | 182                   | 3.3                      | 73%                     |
| Fren Lang                    | 13                    | 2.5                      | 54%                     |
| Japanese                     | 1                     | 5.0                      | 100%                    |
| Macro Econ                   | 185                   | 3.3                      | 76%                     |
| Micro Econ                   | 1                     | 2.0                      | 0%                      |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**Advanced Placement 2022 Data (Continued)**

| <b><u>AP Exams Given</u></b> | <b><u># Exams</u></b> | <b><u>Avg. Score</u></b> | <b><u>% with 3+</u></b> |
|------------------------------|-----------------------|--------------------------|-------------------------|
| Mus Theo                     | 15                    | 4.1                      | 93%                     |
| Phys 1                       | 154                   | 3.3                      | 75%                     |
| Phys 2                       | 72                    | 3.2                      | 78%                     |
| Phys C: E M                  | 39                    | 3.8                      | 82%                     |
| Phys C: Mech                 | 40                    | 4.5                      | 98%                     |
| Psyc                         | 138                   | 3.9                      | 91%                     |
| Span Lang                    | 51                    | 4.1                      | 98%                     |
| Stat                         | 90                    | 4.4                      | 98%                     |
| US Gov Pol                   | 186                   | 3.5                      | 80%                     |
| US Hist                      | 290                   | 4.0                      | 93%                     |
| World Hist Mod               | <u>209</u>            | <u>3.8</u>               | <u>86%</u>              |
| Total Exams                  | 3073                  | 3.7                      | 89%                     |

Programs for all Troy students: the Troy Tech Magnet Program in Science, Technology, Engineering and Mathematics; Advanced Placement; International Baccalaureate; and Cambridge A Level & AICE Diploma; 76% of the student population is enrolled in one or more of our specialized programs.

Concurrent Enrollment Options and Certifications:

Fullerton College: Sociology 101, Counseling 140

California State University, Fullerton: Math 15A, 150A/B, 250A/B,

Some Troy Tech pathways offer certifications; these include SolidWorks (CSWA), Cisco CCNA, CompTIAA+ & ITF+

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**Awards & Recognitions**

- Science Olympiad Team: 3rd place National Science

Olympiad 2022. 14 National and 26 State Championships since 1996

- Science Bowl 2022 3rd place in California

- Biology Olympiad: National USABO 9 consecutive years,

International BO Team, 2019 Silver Medalist, 2018 & 2017 World Champions and #2 Individual World Rank

- Chemistry Olympiad: 2019, 2015, 2014 Silver Medalists

- Regeneron Science Talent Search 2021, 2018 Scholars

• NJROTC: Distinguished Unit of 294 cadets with Academic Honors 2022; Largest CA Program; Drill, Brain Brawl, Seaperch, and CyberPatriot team awards at State and National levels; Annual appointments to Academies

- Troy Cyber - 3 time National Champions (2021, 2019, 2018).

Only female cybersecurity All-American (2020 Charissa Kim); Largest cybersecurity program in USA

• FIRST Robotics 2022 OC Regional Winner; Competed in the 2022 FIRST Robotics Championship

• 2022 Southern California Aspirations in Computing Award from NCWIT: Recognized 27 Troy Tech female student leaders in information technology/computing; Troy NCWIT OC Educator of the Year 2020

- 2 Gold Medal Congressional Award Recipients 2022

- 2 Amazon Future Engineer Scholarships 2022 (\$40K)

- MathWorks Math Modeling Challenge Finalists 2020

- Athletics: Troy's 24 sports teams led the league in

Championships and CIF qualifiers. 99 Student All-League Recipients

• Dance: Troy Red Hots & All Male Dance teams ranked nationally; State Champions in small and large Jazz 2022

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**Awards & Recognitions (Continued)**

College Acceptances

99% of Troy's students attend colleges and universities.

4-year colleges and universities 66% attendance

2-year colleges 33% attendance

Other (military enlistment, vocational/career college, entering workforce) 1%

81.6% of the Class of 2022 met the four-year college, A-G entrance requirements for University of California and the California State University institutions.

**2022 International Baccalaureate Data**

99% IB exam pass rate (Diploma candidates and certificate)

37 IB Diploma graduates; 95% passing

231 exams taken by 81 students

| <b><u>2022 IB Subjects</u></b> | <b><u># Candidates</u></b> | <b><u># Passed</u></b> |
|--------------------------------|----------------------------|------------------------|
| ENGLISH A: Literature HL       | 38                         | 38                     |
| CHINESE B - MANDARIN SL        | 9                          | 9                      |
| FRENCH B HL/SL                 | 8                          | 8                      |
| SPANISH B SL                   | 17                         | 17                     |
| BUSINESS MANAGEMENT SL         | 19                         | 19                     |
| HISTORY AMERICAS HL            | 2                          | 2                      |
| PHILOSOPHY HL                  | 37                         | 37                     |
| BIOLOGY HL                     | 6                          | 6                      |
| BIOLOGY SL                     | 5                          | 5                      |
| COMPUTER SC. HL                | 18                         | 18                     |
| COMPUTER SC. SL                | 9                          | 9                      |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**2022 International Baccalaureate Data (Continued)**

| <b><u>2022 IB Subjects</u></b> | <b><u># Candidates</u></b> | <b><u># Passed</u></b> |
|--------------------------------|----------------------------|------------------------|
| DESIGN TECH. SL                | 5                          | 5                      |
| PHYSICS HL                     | 3                          | 0                      |
| PHYSICS SL                     | 13                         | 13                     |
| MATHEMATICS HL                 | 12                         | 12                     |
| MATHEMATICS SL                 | 26                         | 26                     |
| FILM HL/SL                     | 4                          | 3                      |
| VISUAL ARTS HL                 | <u>0</u>                   | <u>0</u>               |
| Totals                         | 231                        | 228                    |

**2022 Cambridge Data**

100 exams taken by 68 candidates with a 100% pass rate

| <b>2022 Cambridge Subjects</b> | <b># Candidates</b> | <b># Passed</b> |
|--------------------------------|---------------------|-----------------|
| Biology A Level                | 2                   | 2               |
| English Language AS            | 56                  | 56              |
| History AS                     | 41                  | 41              |
| History A Level                | <u>1</u>            | <u>1</u>        |
| Totals                         | 100                 | 100             |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

- Sunny Hills High School: In addition to outstanding academics including AP, International Baccalaureate, AVID, and ROP, Sunny Hills High School also boasts thriving arts, athletics, and esports along with a multitude of clubs that allow students to participate in school beyond the classroom. 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!

Sunny Hills High School has been ranked by U.S. News & World Report #820 in the national rankings and #106 in the state of California. Sunny Hills High School ranks #46 in the Los Angeles area. The school has a 98% graduation rate.

Sunny Hills High School was named by Niche.com as an A+ school and #9 best high school in Orange County, #64 out of 1,904 best public high schools in California, #71 out of 1403 best public high schools in California, #927 out of 8786 best high schools for STEM in America, and #7 most diverse public high school in Orange County.

In 2022-23, Sunny Hills had 5 students recognized as National Merit Award Semifinalists and 19 National Merit Commended Students.

- Sonora High School is sometimes referred to as the “best kept secret in North Orange County.” This statement refers to many of the characteristics embodied by the students, staff, and alumni. Sonora High School has earned four 6-year accreditations dating back to the 1999 school year. 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.

Sonora High School offers a wide variety of programs and opportunities for students to find their fit within the school culture, while also cultivating and exhibiting their passions, interests, and talents. The goal of these programs is to allow for students to gain experience and knowledge within a focus area that allows them to find success in all academic areas while preparing them for college, career, and beyond. The school offers special programs that attract students and families based upon the interests of the student. Such programs include Career Technical Education (CTE) courses, International Baccalaureate (IB), Advanced Placement (AP), Advancement Via Individual Determination (AVID), athletics, and other activities to allow for students to demonstrate their strengths and fulfill their academic curiosities.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
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**Significant Accomplishments (Continued)**

Sonora High School went through an investigative process during the 2020 - 2021 school year which led to the implementation of the AVID program during the 2021 - 2022. The need to provide support to all students for successful transition into college and career readiness was the impetus for the reimplementation of AVID. Sonora High School had previously run AVID on the campus several year ago, but without fidelity of implementation, which led to several challenges. The reintroduction of AVID to the Sonora High School campus comes with the full support of both the Fullerton Joint Union High School District and the Teacher on Special Assignment (TOSA) that oversees AVID implementation across the District. In addition to the tremendous support from the District level, two Sonora teachers attended AVID training during the summer of 2021. Another group of four teachers, a counselor, and two site administrators attended the in-person conference in San Diego during the summer of 2022. As a result of the summer institute, Sonora High School has developed a site AVID Leadership Team that meets monthly to discuss implementation in each of the levels of AVID, professional development opportunities for staff schoolwide, and examination of data to determine areas of success and need moving forward to ensure that all students are exposed to a higher level of rigor in the classroom to prepare for college and career.

- Buena Park High School, with the emergence and growth of new programs, accelerated high level academic academies, and champion and award winning athletic and arts departments, Buena Park High School is quickly becoming a “Destination High School” for students in the surrounding area. Regardless of where students come from, once they embrace the welcoming environment that is BPHS, they transform into a Coyote and join our Pack! They then take on our Pack’s high expectations, choosing to operate at a higher level than other high school students. As a Pack, we RISE UP together, and after four years, our students graduate better students, citizens, and young adults, ready to not only tackle higher education and a career, but excel in all facets of life! For we are a Pack, and we develop the core values of **Respect**, **Integrity**, **Service** before self, and **Excellence** in all we do, so we can RISE UP to meet all challenges.

Our high expectations start with the bottom line of: Everyone, in-class, every period, every day! It continues with the expectation that students learn true engagement, free from the outside distractions that are present due to constant connectivity through devices. We want students to learn how to #Unplug while in class, by removing their devices from their immediate vicinity, so they can Connect and Engage with their peers, with their instructor, and with the curriculum. Overall, we expect each and every student to find their connection to BPHS through the multitude of programs offered at the school. One of the attributes that makes BPHS a Destination School for All students are the award winning and high caliber programs that foster unique learning opportunities and develop well rounded students. Along with that, Buena Park High School continues to offer a complete Honors/AP and college prep program that has a history of providing students with the necessary education to attend our nation’s finest educational institutions. We have recent graduates currently studying at: multiple Ivy League schools to include Princeton, Brown, and Columbia, Private Universities around the country to include Stanford, USC, Northwestern University, and The Claremont Colleges, not to mention hundreds of students at every UC and CSU in the state of California. We boast National Merit Finalists, Semi-Finalists and Questbridge Scholars, in addition to many more incredible accomplishments from our entire Coyote Family. The multitude of amazing specialized academic programs make BPHS a “Destination High School.”



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

**EARLY COLLEGE:** partnership with Cal State Fullerton, Fullerton College and Mt. San Antonio College (Mt. SAC) where students take college classes during their regular school day and earn both UC-/CSU-transferable college credit while meeting their high school graduation requirements.

**AP CAPSTONE DIPLOMA:** an innovative and prestigious diploma program that includes (2) unique 1-year courses, AP Seminar and AP Research. The program allows students to immerse themselves in topics that personally matter to them while developing the analytic, research, problem-solving, and communication skills that colleges seek in the applicants.

**CAVPA: (Coyote Academy of Visual and Performing Arts):** Fine and Performing Arts pathways that includes all five branches of the arts: Band & Orchestra, Vocal Music, Digital/Media Arts, Dance, Theater, and 2-D/3D fine art. In addition, CAVPA offers multiple AP courses in the fine arts and has achieved a 99% AP pass rate over the past 8 years!

**AGRICULTURE SCIENCE ACADEMY:** BPHS is home to the #1 High School Agriculture Program in the Western USA, featuring a complete four-year science pathway capped by two-year college options: Veterinary Science and Horticulture.

**AFJROTC:** BP AFJROTC has earned Distinguished Unit honors every year for the past decade, highlighted by its leadership development and community service focuses. It also boasts two Nationally Ranked Stellarxplorers academic teams.

**CAREER TECHNICAL EDUCATION:** With both an academic and skills-based focus, BPHS offers eight different CTE pathways: Ag Science, Culinary Art & Hospitality, Video Production, Visual Communications, AP Computer Science, Automotive Technology, Advanced Robotics & Automated Manufacturing (ARM), and Sports Medicine. Each of these pathways offer unique aspects that greatly contribute towards building a well-rounded education foundation. In the past year, BP's ARM program has boasted the first students in the State of California to receive SACA silver and gold level industry certifications.

In addition to the programs mentioned above, Buena Park High School also offers a wide variety of extra and co-curricular programs, led by the largest program on campus, its Athletic Department. With approximately 40% of the student body participating in one or more sports, the recent resurgence in the Athletic accomplishments by our athletes and coaches is a testament to their hard work and dedication to growth and improvement. In just the last few years we have won a CIF Championship in Girls Water Polo (2019), CIF Final runners-up in Girls Basketball (2023) and Boys Water Polo (2018), Freeway League title in Football (2016), and CIF berths the past couple seasons in: Boys and Girls Basketball, Boys & Girls Cross Country, Boys & Girls Water Polo, Boys & Girls Wrestling, Boys Soccer, and Boys Tennis. That represents over half of our athletic programs qualifying for CIF play!

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

As a Destination School, BPHS offers “something for everyone.” We have a robust AVID program, Journalism and Yearbook multiyear pathways, an advanced college level Computer Science pathway, and much more. As partners in the educational process, parents and guardians provide the crucial encouragement, monitoring, and support to our children that are vital to their success, and are encouraged to participate in their child’s high school progression. Every BPHS student is enrolled to not only gain his or her four-year diploma, but to proceed on to a 2- to 4-year post high school education (*8 Year Educational/Career Plan*). We focus on the future, because the road to success does not end at BPHS, but rather passes through. We provide the foundation with which our students use to launch their college and careers.

- La Habra High School in 2022 was ranked by U.S. News & World Report #3,987 out of 23,800 best high schools in the nation, #596 out of 2,572 best high schools in California. The Advanced Placement participation rate is 48% and La Habra students completed A-G courses at 55.7%. La Habra has a graduation rate of 97%

La Habra High School was named by Niche.com #183 out of 2,113 best high schools for athletics in California, #459 out of 1,403 in best college prep public high schools in California, and #393 out of 1,904 for best public high schools in California.

La Habra High School has also been recognized twice as a California Distinguished School, four-time Golden Bell Award recipient, and National Blue Ribbon Nominated School for its comprehensive, specialized educational programs including the Heritage Humanities Magnet Program, Forensics, Police, and Fire Academy (FPFA), Marketing and Business Academy (MBA), Agricultural Sciences and

Mechanics Program, HiARTS Program, and Naval JROTC Program. There are also numerous pathways offered for students within the subjects of Auto Tech, Culinary, Computer Science, Emergency Response (EMT), and Sports Medicine.

La Habra High School has a successful partnership and pathway with Fullerton College, considered a model school with the Administration of Justice courses (AJ) and has over a 90 percent success rate.

La Habra High School offers a balanced approach to high school. Students are involved with relevant and rigorous academic academies, programs and pathways including an award winning Advanced Placement and Honors program, coupled with the opportunities to be involved with extremely successful athletic teams, clubs and other extra and co-curricular programs. It is a special institution where the school works collectively as a school family, consisting of students, staff, and parents, to create a family environment that fosters a culture of positivity, acceptance, kindness, dedication, resilience, and success.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

- Fullerton Union High School in 2022 was ranked by US News and World Report #2244 in the national rankings and was ranked #341 in the state of California. The Advanced Placement participation rate is 55%. Fullerton Union High School has a 97% graduation rate.

We have a rich tradition of academic, athletic and co-curricular success. It is this commitment to learning that has propelled us to a national ranking in the top 5% of high schools in US News and World Report. FUHS offers a variety of programs not only so students can apply their learning but also so that every student can find their passion and find a place to call their own. There is so much to choose from because our course offerings are as diverse as our student body and represent what is best in schools today.

FUHS has received 11 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 2022 to our award winning Biology, Engineering, Arts, Science, Technology (BEAST) program.. FUHS has been honored three times as a California Distinguished School and has also received the National Exemplary School Designation. FUHS Academy of the Arts has been awarded the 2021 CA Exemplary Arts Education Award. "Schools recognized as Exemplary Arts Education Awardees represent a broad cross-section of educational delivery models, including traditional comprehensive elementary schools, magnet schools, and district and independent charters. These schools serve diverse demographic populations of varying sizes, from a 2,700-student urban school to a 250-student rural school. Some schools serve primarily Title I students from lower socio-economic circumstances, and others serve suburban populations with strong district and community financial support" (CDOE).

*The mission of Fullerton Union High School is to provide quality curriculum and instruction through a wide range of academic, co-curricular and extracurricular 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.*

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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
INTRODUCTORY SECTION  
JUNE 30, 2022**

**Significant Accomplishments (Continued)**

- La Vista is the continuation high school and La Sierra is the alternative high school in the Fullerton Joint Union High School District.

There are five alternative programs that operate under the umbrella of La Sierra High School: Tenth-Grade Opportunity, The iSierra Online Academy, The Adult Transition Program, ABC, and Home/Hospital. Two of the programs - Adult Transition and Tenth-Grade Opportunity - have been honored with the Golden Bell Award from the California School Board Association. Adult Transition and Opportunity were recognized for the gains students make while enrolled in these programs. The Adult Transition Program is also the recipient of the prestigious GOALS Award given to only one special education program in California each year.

Adult Transition Program teacher, Sovey Long Latteri, was named the 2022 California Teacher of the Year. Her selection as the California Teacher of the Year brings honor to La Sierra High School and the Fullerton Joint Union High School District and recognition to a program that greatly improves the quality of life for its students.

The iSierra Online Academy was well prepared to support the increase in families desiring independent study this year. iSierra has been using a-g and NCAA approved Apex digital curriculum for over 12 years and it offers all the courses required for graduation including honors and AP classes.

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 fifteen years ago.

La Vista English teacher, Jina Iglesias, was named the 2022 California Continuation High School teacher of the year. Mrs. Iglesias has spearheaded transformative change to the school's instruction and positive culture during her eight-plus-years at La Vista.

Staff development is centered around La Vista/La Sierra Four CORE Values:

1. The 12 Highly-Effective Teaching Strategies
2. Educational Technology Applications
3. Safety
4. School-Based Mental Health
  - a. A school-wide class, Academy, was designed with school-based mental health as a driving force. Academy is a class that provides academic support, college and career readiness, tutoring, restorative practices, and social emotional learning (SEL) activities to all our students. The Academy SEL curriculum is curated by the La Vista/La Sierra Behavior Support Specialist
  - b. The entire teaching staff is Restorative Practice trained and the whole staff - certificated and classified - has been certified in trauma-informed instruction.

The Academy class was highlighted as an area of commendation in La Vista and La Sierra High Schools recent WASC accreditation visits. Both schools received positive feedback from their visiting committees and were awarded six-year terms of accreditation.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022. 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 District.

### **Financial Highlights**

- LCFF Sources - The District received approximately \$147.3 million (\$63.4 million in state LCFF and \$83.9 million in local taxes) in 2021/22 as compared with \$139.1 million (\$59.6 million in state LCFF and \$79.5 million in local taxes) in 2020/21. This represents an increase of \$8.2 million.
- Federal, Other State, & Local Sources - The District received and reported in 2021/22 approximately \$52.4 million in Federal, Other State, & Local Revenue in the General Fund compared to \$53.7 million in 2020/2. This represents a decrease of \$1.3 million.
- Collective bargaining agreements with all employee groups were settled through June 30, 2025.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Financial Highlights (Continued)**

- An agreement was entered on April 25, 2022 between the District and the Fullerton Secondary Teachers' Organization (FSTO).
  - The 2022/23 salary schedule, Appendix A, shall reflect a 4.5% increase over the 2020/21 salary schedule. In the event the 2022/23 COLA is finalized (as determined by the Department of Finance) at greater than the estimated 5.33%, the certificated salary schedule shall be increased by eighty percent (80%) of the increased COLA and Appendix A shall be amended.
  - Effective for the 2023/24 Fiscal Year A three percent (3.0%) on-schedule increase shall be applied to the 2022/23 certificated salary schedule. Additionally, an off-schedule payment of 3% shall be paid at the end of the 2023/24 school year. This one-time 3% payment shall be applied to the May 2024 paycheck. Business Services will verify active employees as of April 1, 2024 and calculate the 3% based on the employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
  - Effective for the 2024/25 Fiscal Year The 2023/24 certificated salary schedule shall be increased by seventy-five percent (75%) of the final 2024/25 COLA as determined by the Department of Finance. Additionally, an off-schedule payment of 2.5% shall be paid at the end of the 2024/25 school year. This one-time 2.5% payment shall be applied to the May 2025 paycheck. Business services will verify active employees as of April 1, 2025 and calculate the 2.5% based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
- The District and the California School Employees Association (CSEA) Chapter 82 entered into an agreement on April 27, 2027.
  - The 2022/23 salary schedule, Appendix A, shall reflect a 4.5% increase over the 2020/21 salary schedule. In the event the 2022/23 COLA is finalized (as determined by the Department of Finance) at greater than the estimated 5.33%, the certificated salary schedule shall be increased by eighty percent (80%) of the increased COLA and Appendix A shall be amended.
  - Effective for the 2023/24 Fiscal Year A three percent (3.0%) on-schedule increase shall be applied to the 2022/23 certificated salary schedule. Additionally, an off-schedule payment of 3% shall be paid at the end of the 2023/24 school year. This one-time 3% payment shall be applied to the May 2024 paycheck. Business Services will verify active employees as of April 1, 2024 and calculate the 3% based on the employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
  - Effective for the 2024/25 Fiscal Year The 2023/24 certificated salary schedule shall be increased by seventy-five percent (75%) of the final 2024/25 COLA as determined by the Department of Finance. Additionally, an off-schedule payment of 2.5% shall be paid at the end of the 2024/25 school year. This one-time 2.5% payment shall be applied to the May 2025 paycheck. Business services will verify active employees as of April 1, 2025 and calculate the 2.5% based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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, 2022**

**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, nonobligatory 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* and the *Statement of Changes 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, 2022**

**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, 2022           | June 30, 2021       |
| <b>ASSETS</b>                         |                         |                     |
| Current and Other Assets              | \$ 156,630,258          | \$ 158,624,066      |
| Capital Assets                        | 300,573,399             | 293,930,879         |
| Total Assets                          | <u>457,203,657</u>      | <u>452,554,945</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | <u>46,951,480</u>       | <u>51,603,372</u>   |
| <b>LIABILITIES</b>                    |                         |                     |
| Current Liabilities                   | 25,145,446              | 21,587,259          |
| Long-term Liabilities                 | 368,761,120             | 464,893,166         |
| Total Liabilities                     | <u>393,906,566</u>      | <u>486,480,425</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <u>86,698,661</u>       | <u>15,099,043</u>   |
| <b>NET POSITION</b>                   |                         |                     |
| Net Investment in Capital Assets      | 118,158,262             | 112,875,254         |
| Legally Restricted                    | 31,880,033              | 28,755,713          |
| Unrestricted                          | (126,488,385)           | (139,052,118)       |
| Total Net Position                    | <u>\$ 23,549,910</u>    | <u>\$ 2,578,849</u> |

The District's net position was \$23,549,910 for the fiscal year ended June 30, 2022, reflecting an increase from prior year of \$20,971,061. Of this amount, \$31,880,033 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 (\$126,488,385) 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, 2022 unrestricted net position increased \$12,563,733 compared to June 30, 2021.

In addition, the decrease in long-term liabilities and changes in deferred inflows and outflows of resources is related to the recording of changes in postemployment healthcare benefit obligations and the recording of changes in pension related obligations. Refer to Notes 11, 13 and 14 for further discussion.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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 |                     |
|--|-------------------------|---------------------|
|  | 2021-22                 | 2020-21             |
| <b>REVENUES</b>  |                         |                     |
| Program Revenues:                                      |                         |                     |
| Charges for Services                                   | \$ 88,823               | \$ 1,454,647        |
| Operating Grants and Contributions                     | 47,108,362              | 50,951,845          |
| Capital Grants and Contributions                       | 4,521,595               | 18,036,622          |
| General Revenues:                                      |                         |                     |
| Property Taxes   | 97,858,613              | 93,773,638          |
| Federal and State Aid Unrestricted                     | 67,277,249              | 63,285,919          |
| Interest, Investment and Miscellaneous                 | 6,666,653               | 4,969,747           |
| Total Revenues   | <u>223,521,295</u>      | <u>232,472,418</u>  |
| <b>EXPENSES</b>  |                         |                     |
| Instruction and Related Services                       | 117,790,893             | 129,644,652         |
| Pupil Services   | 19,533,169              | 21,106,641          |
| Ancillary, Community, and Enterprise Activities        | 6,702,645               | 4,149,229           |
| General Administration                                 | 12,607,385              | 17,081,863          |
| Plant Services   | 19,326,390              | 24,890,670          |
| Other Outgo  | 6,968,453               | 3,664,682           |
| Debt Service - Interest                                | 6,232,070               | 7,856,876           |
| Depreciation/Amortization (Unallocated)                | 13,389,229              | 12,190,654          |
| Total Expenses   | <u>202,550,234</u>      | <u>220,585,267</u>  |
| <b>CHANGE IN NET POSITION</b>                          | 20,971,061              | 11,887,151          |
| Net Position - Beginning of Year, as Originally Stated | 2,578,849               | (11,063,625)        |
| Cumulative Effect of Change in Accounting Principle    | -                       | 1,755,323           |
| Net Position - Beginning of Year, as Restated          | <u>2,578,849</u>        | <u>(9,308,302)</u>  |
| <b>NET POSITION - END OF YEAR</b>                      | <u>\$ 23,549,910</u>    | <u>\$ 2,578,849</u> |

As shown above in Table 2, the cost of all governmental activities in fiscal year 2021/22 was \$202,550,234. Federal and state unrestricted revenues totaled \$67,277,249, local property tax revenue totaled \$97,858,613, and other local revenues – including contributions and donations totaled \$3,974,077.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**THE DISTRICT'S FUNDS**

As the District completed this year, governmental funds reported a combined fund balance of \$128,184,126, which is a decrease of \$6,242,094 from the prior year (see Table 3 below).

**Table 3**

|   | <u>June 30, 2022</u>             | <u>June 30, 2021</u>             |
|---|----------------------------------|----------------------------------|
| <b>REVENUES</b>   | \$ 231,022,576                   | \$ 230,773,960                   |
| <b>EXPENDITURES</b>   | <u>237,284,670</u>               | <u>228,493,764</u>               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                  | (6,262,094)                      | 2,280,196                        |
| <b>OTHER FINANCING SOURCES (USES)</b>   | <u>20,000</u>                    | <u>294,528</u>                   |
| <b>NET CHANGES IN FUND BALANCE</b>  | (6,242,094)                      | 2,574,724                        |
| <br><b>FUND BALANCES - BEGINNING OF YEAR,<br/>AS ORIGINALLY STATED</b>        | <br>134,426,220                  | <br>130,096,173                  |
| <b>ADJUSTMENT FOR CUMULATIVE EFFECT OF<br/>CHANGE IN ACCOUNTING PRINCIPLE</b> | <u>-</u>                         | <u>1,755,323</u>                 |
| <b>FUND BALANCES - BEGINNING OF YEAR,<br/>AS RESTATED</b>                     | <u>134,426,220</u>               | <u>131,851,496</u>               |
| <br><b>FUND BALANCES - END OF YEAR</b>  | <br><u><u>\$ 128,184,126</u></u> | <br><u><u>\$ 134,426,220</u></u> |

The primary reason for this net decrease is due to the deadlines required to spend down these one-time dollars provided by federal and state due to the COVID-19 pandemic.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**THE DISTRICT'S FUNDS (CONTINUED)**

Of these funds, the District's general operating fund, the General Fund consists of activity in the General Fund (Fund 01), 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 2020/21 to 2021/22:

**Table 4**

|  | <u>June 30, 2022</u>     | <u>June 30, 2021</u>     | <u>Change</u>         |
|--|--------------------------|--------------------------|-----------------------|
| <b>REVENUES</b>  | \$ 199,697,524           | \$ 192,832,674           | \$ 6,864,850          |
| <b>EXPENDITURES</b>  | <u>198,341,283</u>       | <u>187,355,442</u>       | <u>10,985,841</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | 1,356,241                | 5,477,232                | (4,120,991)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                        | <u>(650,000)</u>         | <u>(650,000)</u>         | <u>-</u>              |
| <b>NET CHANGES IN FUND BALANCE</b>                           | <u>706,241</u>           | <u>4,827,232</u>         | <u>(4,120,991)</u>    |
| <br><b>FUND BALANCES - BEGINNING OF YEAR</b>                 | <br><u>70,521,910</u>    | <br><u>65,694,678</u>    | <br><u>4,827,232</u>  |
| <br><b>FUND BALANCES - END OF YEAR</b>                       | <br><u>\$ 71,228,151</u> | <br><u>\$ 70,521,910</u> | <br><u>\$ 706,241</u> |

The primary reasons for the change in fund balance include:

- An increase in federal and state funding related to COVID-19 and LCFF base augmentation.
- An increase in certificated and classified salaries 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 personal protective equipment (PPE), such as HVAC systems, new outdoor spaces, and permanent buildings (replacing portables buildings).

**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 79. 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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2022, the District had \$300,573,399 in a broad range of capital assets (net of depreciation/amortization), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, retirements, and depreciation/amortization) of \$6,304,183. This was primarily related to modernization projects for aquatics, theater and facilities at various campuses as well as kitchen upgrade projects throughout the District.

**Table 5**

|   | <u>June 30, 2022</u>         | <u>June 30, 2021</u>         |
|---|------------------------------|------------------------------|
| Land  | \$ 3,485,921                 | \$ 3,485,921                 |
| Construction in Progress                    | 42,041,568                   | 27,399,190                   |
| Buildings and Improvements                  | 353,700,191                  | 351,046,097                  |
| Equipment                                   | 29,576,826                   | 27,340,662                   |
| Right-to-Use Lease Equipment                | 499,113                      | -                            |
| Total Accumulated Depreciation/Amortization | <u>(128,730,220)</u>         | <u>(115,340,991)</u>         |
| Total                                       | <u><u>\$ 300,573,399</u></u> | <u><u>\$ 293,930,879</u></u> |

***Long-Term Liabilities***

At the end of the fiscal year, the District had \$464,893,166 in long-term liabilities versus \$454,879,598 the prior fiscal year. This increase is primarily attributable to an increase in net OPEB and net pension liability. Additional information on these increases can be found at Notes 13 and 14.

**Table 6**

|   | <u>June 30, 2022</u>         | <u>June 30, 2021</u>         |
|---|------------------------------|------------------------------|
| Lease Liability                           | \$ 365,998                   | \$ 310,931                   |
| Total Certificates of Participation (COP) | 17,611,897                   | 18,487,031                   |
| Total General Obligation Bonds            | 199,356,958                  | 206,509,690                  |
| Compensated Absences                      | 1,702,197                    | 1,555,080                    |
| Net OPEB Liability                        | 59,286,480                   | 70,618,959                   |
| Net Pension Liability                     | 90,437,590                   | 167,411,475                  |
| Total                                     | <u><u>\$ 368,761,120</u></u> | <u><u>\$ 464,893,166</u></u> |

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 2021/22 the District's assessed valuation was \$40,524,093,743 and the statutory bonding capacity was \$506,551,172.

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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

**State Budget and 2022/23 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.

Below is information related to the projected LCFF amounts reported on the 2022/23 adopted budget:

|             | 2022/23       | 2023/24       | 2024/25       |
|-------------|---------------|---------------|---------------|
| COLA        | 6.56%         | 5.38%         | 4.02%         |
|             |               |               |               |
| LCFF Amount | \$155,391,486 | \$162,212,376 | \$165,268,242 |

**Projected Student Average Daily Attendance** – At the time the 2022/23 Adopted Budget was presented to the board, District ADA was projected to decline in the 2022/23 school year by 131 students. The 2022/23 Enrollment and ADA estimates will be revised as new information is received. Since the District is in declining enrollment, the 2022/23, 2023/24, and 2024/25 Local Control Funding Formula revenues will be calculated based on prior year numbers.

**Lottery** – Lottery income projected as of the 2022/23 Adopted Budget for years 2022/23, 2023/24, and 2024/25 is based on estimates from the State Department of Education, the Orange County Department of Education, and School Services of California. Projected 2022/23 lottery income by School Services of California is \$163 per ADA for unrestricted uses, and \$65 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 2022/23. Based on the 2022/23 Adopted Budget, the General Fund contribution in support of various Special Education programs for 2022/23 will be approximately \$15.875 million.

**Ending Fund Balance Projection** – The District's 2021/22 ending fund balance and projected 2022/23, 2023/24, and 2024/25 ending fund balance are projected to meet the required 3% contingency reserve requirement.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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:

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

Phone: 714-870-2810  
E-mail: [ruhernandez@fjuhsd.org](mailto:ruhernandez@fjuhsd.org)

## **FINANCIAL SECTION**



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash in County Treasury  | \$ 142,630,413             |
| Cash and Cash Equivalents  | 2,920,466                  |
| Accounts Receivable  | 10,972,764                 |
| Stores   | 106,615                    |
| Land   | 3,485,921                  |
| Construction in Progress   | 42,041,568                 |
| Capital Assets Being Depreciated and Amortized, Net                          | 255,045,910                |
| Total Assets   | 457,203,657                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |
| Deferred Outflows - Loss on Refunding  | 976,558                    |
| Deferred Outflows - Other Postemployment Benefits Other than Pensions (OPEB) | 11,459,366                 |
| Deferred Outflows - Pensions   | 34,515,556                 |
| Total Deferred Outflows of Resources   | 46,951,480                 |
| <b>LIABILITIES</b>   |                            |
| Accounts Payable and Other Current Liabilities                               | 13,837,953                 |
| Accrued Interest   | 3,246,507                  |
| Unearned Revenue   | 3,627,779                  |
| Claims Liability (IBNR)  | 4,433,207                  |
| Long-Term Liabilities:   |                            |
| Due Within One Year Other than Pensions                                      | 7,410,648                  |
| Due Within One Year OPEB   | 1,372,136                  |
| Due in More Than One Year Other than Pensions                                | 211,626,402                |
| Due in More Than One Year OPEB   | 57,914,344                 |
| Net Pension Liability  | 90,437,590                 |
| Total Liabilities  | 393,906,566                |
| <b>DEFERRED INFLOWS of RESOURCES</b>   |                            |
| Deferred Inflows - Gain on Refunding   | 1,131,342                  |
| Deferred Inflows - OPEB  | 18,009,298                 |
| Deferred Inflows - Pensions  | 67,558,021                 |
| Total Deferred Inflows of Resources  | 86,698,661                 |
| <b>NET POSITION</b>  |                            |
| Net Investment in Capital Assets   | 118,158,262                |
| Restricted for:  |                            |
| Capital Projects   | 3,699,968                  |
| Debt Service   | 5,619,380                  |
| Educational Programs   | 10,700,659                 |
| Self-Insurance Programs  | 6,547,193                  |
| Food Service Programs  | 2,909,336                  |
| Student Activity Programs  | 2,403,497                  |
| Unrestricted   | (126,488,385)              |
| Total Net Position   | \$ 23,549,910              |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

| Functions   | Expenses              | Program Revenues        |                                       |                                     | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|---|-----------------------|-------------------------|---------------------------------------|-------------------------------------|--|
|   |                       | Charges for<br>Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Governmental<br>Activities                                 |
| <b>Governmental Activities</b>                            |                       |                         |                                       |                                     |  |
| Instruction   | \$ 102,428,783        | \$ -                    | \$ 31,124,600                         | \$ 4,521,595                        | \$ (66,782,588)  |
| Instruction - Related Services                            | 15,362,110            | -                       | 413,680                               | -                                   | (14,948,430)   |
| Pupil Services  | 19,533,169            | 86,140                  | 8,293,393                             | -                                   | (11,153,636)   |
| Ancillary Services  | 6,498,481             | -                       | 4,443,038                             | -                                   | (2,055,443)  |
| Community Services  | 861                   | -                       | 17                                    | -                                   | (844)  |
| Enterprise Activities                                     | 203,303               | -                       | 31                                    | -                                   | (203,272)  |
| General Administration                                    | 12,607,385            | 2,683                   | 2,271,178                             | -                                   | (10,333,524)   |
| Plant Services  | 19,326,390            | -                       | 30,377                                | -                                   | (19,296,013)   |
| Other Outgo   | 6,968,453             | -                       | 532,048                               | -                                   | (6,436,405)  |
| Debt Service - Interest                                   | 6,232,070             | -                       | -                                     | -                                   | (6,232,070)  |
| Depreciation (Unallocated)                                | 13,250,408            | -                       | -                                     | -                                   | (13,250,408)   |
| Amortization (Unallocated)                                | 138,821               | -                       | -                                     | -                                   | (138,821)  |
| Total Governmental Activities                             | <u>\$ 202,550,234</u> | <u>\$ 88,823</u>        | <u>\$ 47,108,362</u>                  | <u>\$ 4,521,595</u>                 | (150,831,454)  |
| <b>GENERAL REVENUES</b>                                   |                       |                         |                                       |                                     |  |
| Property Taxes Levied for:                                |                       |                         |                                       |                                     |  |
| General Purposes  |                       |                         |                                       |                                     | 86,647,903   |
| Debt Service  |                       |                         |                                       |                                     | 11,210,710   |
| Federal and State Aid Not Restricted to Specific Purposes |                       |                         |                                       |                                     | 67,277,249   |
| Interest and Investment Earnings                          |                       |                         |                                       |                                     | 413,235  |
| Developer Fees  |                       |                         |                                       |                                     | 2,692,576  |
| Miscellaneous   |                       |                         |                                       |                                     | 3,540,842  |
| Transfer from Custodial Fund                              |                       |                         |                                       |                                     | 20,000   |
| Total General Revenues                                    |                       |                         |                                       |                                     | <u>171,802,515</u>   |
| <b>CHANGE IN NET POSITION</b>                             |                       |                         |                                       |                                     | 20,971,061   |
| Net Position - Beginning of Year                          |                       |                         |                                       |                                     | <u>2,578,849</u>   |
| <b>NET POSITION - END OF YEAR</b>                         |                       |                         |                                       |                                     | \$ 23,549,910  |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

|                                      | General<br>Fund      | Building<br>Fund     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>                        |                      |                      |                                   |                                |
| Cash in County Treasury              | \$ 77,149,212        | \$ 35,899,197        | \$ 19,935,164                     | \$ 132,983,573                 |
| Cash in Banks                        | 25,000               | -                    | 2,402,017                         | 2,427,017                      |
| Cash in Revolving Fund               | 75,000               | -                    | 10,112                            | 85,112                         |
| Cash with Fiscal Agent               | 91,586               | -                    | -                                 | 91,586                         |
| Cash Awaiting Deposit                | 114,246              | -                    | 2,505                             | 116,751                        |
| Accounts Receivable                  | 10,291,739           | 20,429               | 654,404                           | 10,966,572                     |
| Due from Other Funds                 | 126,838              | 1,054,135            | 651,507                           | 1,832,480                      |
| Stores                               | 63,644               | -                    | 42,971                            | 106,615                        |
| Total Assets                         | <u>\$ 87,937,265</u> | <u>\$ 36,973,761</u> | <u>\$ 23,698,680</u>              | <u>\$ 148,609,706</u>          |
| <b>LIABILITIES AND FUND BALANCES</b> |                      |                      |                                   |                                |
| <b>LIABILITIES</b>                   |                      |                      |                                   |                                |
| Accounts Payable                     | \$ 11,237,643        | \$ 1,885,843         | \$ 577,278                        | \$ 13,700,764                  |
| Due to Other Funds                   | 1,916,788            | 13,418               | 1,166,831                         | 3,097,037                      |
| Unearned Revenue                     | 3,554,683            | -                    | 73,096                            | 3,627,779                      |
| Total Liabilities                    | <u>16,709,114</u>    | <u>1,899,261</u>     | <u>1,817,205</u>                  | <u>20,425,580</u>              |
| <b>FUND BALANCES</b>                 |                      |                      |                                   |                                |
| Nonspendable                         | 138,644              | -                    | 53,083                            | 191,727                        |
| Restricted                           | 10,700,659           | 35,074,500           | 17,825,605                        | 63,600,764                     |
| Committed                            | -                    | -                    | 4,002,787                         | 4,002,787                      |
| Assigned                             | 12,196,189           | -                    | -                                 | 12,196,189                     |
| Unassigned                           | 48,192,659           | -                    | -                                 | 48,192,659                     |
| Total Fund Balances                  | <u>71,228,151</u>    | <u>35,074,500</u>    | <u>21,881,475</u>                 | <u>128,184,126</u>             |
| Total Liabilities and Fund Balances  | <u>\$ 87,937,265</u> | <u>\$ 36,973,761</u> | <u>\$ 23,698,680</u>              | <u>\$ 148,609,706</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, 2022**

|  |                |
|--|----------------|
| Total Fund Balances - Governmental Funds | \$ 128,184,126 |
|--|----------------|

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                            | 42,041,568   |             |
| Capital Assets Being Depreciated and Amortized, Net | 255,045,910  | 300,573,399 |

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:

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Lease Liability                     | (365,998)     |               |
| Certificates of Participation (COP) | (17,611,897)  |               |
| General Obligation Bonds            | (199,356,958) |               |
| Compensated Absences                | (1,702,197)   |               |
| Postemployment Healthcare Benefits  | (59,286,480)  |               |
| Net Pension Liability               | (90,437,590)  | (368,761,120) |

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 | 976,558      |              |
| Deferred Outflows - OPEB              | 11,459,366   |              |
| Deferred Outflows - Pensions          | 34,515,556   |              |
| Deferred Inflows - Gain on Refunding  | (1,131,342)  |              |
| Deferred Inflows - OPEB               | (18,009,298) |              |
| Deferred Inflows - Pensions           | (67,558,021) | (39,747,181) |

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            | 11,117,589  |           |
| Less: Liabilities | (4,570,396) | 6,547,193 |

Interest expense payable related to general obligation bonds and COP was incurred but is not accrued in governmental funds as of June 30th.

(3,246,507)

Total Net Position - Governmental Activities

\$ 23,549,910

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

|  | General<br>Fund      | Building<br>Fund     | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|----------------------|-----------------------------------|--------------------------------|
| <b>REVENUES</b>  |                      |                      |                                   |                                |
| Local Control Funding Formula (LCFF):                        |                      |                      |                                   |                                |
| State Apportionments   | \$ 63,452,505        | \$ -                 | \$ -                              | \$ 63,452,505                  |
| Local Sources  | 83,870,429           | -                    | -                                 | 83,870,429                     |
| Total LCFF Sources   | 147,322,934          | -                    | -                                 | 147,322,934                    |
| Federal Sources  | 14,176,118           | -                    | 4,930,790                         | 19,106,908                     |
| Other State Sources  | 23,686,484           | -                    | 4,862,508                         | 28,548,992                     |
| Other Local Sources  | 14,511,988           | 2,994,426            | 18,537,328                        | 36,043,742                     |
| Total Revenues   | 199,697,524          | 2,994,426            | 28,330,626                        | 231,022,576                    |
| <b>EXPENDITURES</b>  |                      |                      |                                   |                                |
| Instruction  | 115,238,853          | -                    | -                                 | 115,238,853                    |
| Instruction - Related Services                               | 17,629,472           | -                    | -                                 | 17,629,472                     |
| Pupil Services   | 18,793,890           | -                    | 3,311,902                         | 22,105,792                     |
| Ancillary Services   | 2,884,511            | -                    | 3,772,128                         | 6,656,639                      |
| Community Services   | 861                  | -                    | -                                 | 861                            |
| Enterprise Activities  | 203,878              | -                    | -                                 | 203,878                        |
| General Administration                                       | 15,410,049           | -                    | 117,973                           | 15,528,022                     |
| Plant Services   | 23,012,692           | 15,463,623           | 149,718                           | 38,626,033                     |
| Other Outgo  | 5,167,077            | -                    | 1,746,309                         | 6,913,386                      |
| Debt Service   | -                    | 1,514,020            | 12,867,714                        | 14,381,734                     |
| Total Expenditures   | 198,341,283          | 16,977,643           | 21,965,744                        | 237,284,670                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | 1,356,241            | (13,983,217)         | 6,364,882                         | (6,262,094)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                      |                                   |                                |
| Interfund Transfers In                                       | -                    | 4,511,814            | 670,000                           | 5,181,814                      |
| Interfund Transfers Out                                      | (650,000)            | -                    | (4,511,814)                       | (5,161,814)                    |
| Total Other Financing Sources (Uses)                         | (650,000)            | 4,511,814            | (3,841,814)                       | 20,000                         |
| <b>NET CHANGES IN FUND BALANCE</b>                           | 706,241              | (9,471,403)          | 2,523,068                         | (6,242,094)                    |
| Fund Balances - Beginning of Year                            | 70,521,910           | 44,545,903           | 19,358,407                        | 134,426,220                    |
| <b>FUND BALANCES - END OF YEAR</b>                           | <u>\$ 71,228,151</u> | <u>\$ 35,074,500</u> | <u>\$ 21,881,475</u>              | <u>\$ 128,184,126</u>          |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

|  |                |
|--|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (6,242,094) |
|--|----------------|

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, the costs is allocated over their estimated useful lives and reported as depreciation/amortization expense.

|                                       |                     |           |
|---------------------------------------|---------------------|-----------|
| Capital Asset Additions               | \$ 19,843,567       |           |
| Depreciation and Amortization Expense | <u>(13,389,229)</u> | 6,454,338 |

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.

|  |                  |           |
|--|------------------|-----------|
| Lease Liability Principal Payments                     | 133,115          |           |
| Certificates of Participation (COP) Principal Payments | 740,000          |           |
| General Obligation (GO) Bond Principal Payments        | <u>5,655,000</u> | 6,528,115 |

|   |             |
|---|-------------|
| 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: | (2,687,871) |
|---|-------------|

|  |            |
|--|------------|
| 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: | 14,603,633 |
|--|------------|

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:

|   |                  |           |
|---|------------------|-----------|
| Amortization of Deferred Gain/Loss on Refunding Bonds | 139,092          |           |
| Increase in Accrued Interest                          | (17,295)         |           |
| Amortization of COP and GO Bond Premiums              | 1,632,866        |           |
| Increase in Compensated Absences                      | <u>(147,117)</u> | 1,607,546 |

|   |                |
|---|----------------|
| Internal service funds are used by the District to manage Self-Insurance programs. Net income is reported with governmental activities. | <u>707,394</u> |
|---|----------------|

|   |                             |
|---|-----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 20,971,061</u></u> |
|---|-----------------------------|

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022**

|  | Governmental<br>Activities<br>Self-Insurance<br>Fund |
|--|--|
| <b>ASSETS</b>  |  |
| Cash in County Treasury  | \$ 9,646,840   |
| Cash in Banks  | 200,000  |
| Accounts Receivable  | 6,192  |
| Due from Other Funds   | 1,264,557  |
| Total Assets   | <u>11,117,589</u>                                    |
| <b>LIABILITIES</b>   |  |
| Accounts Payable   | 137,189  |
| Claims Liability and Estimated Liability for Open Claims<br>Incurred but Not Recorded (IBNR) | 4,433,207  |
| Total Liabilities  | <u>4,570,396</u>                                     |
| <b>NET POSITION</b>  |  |
| Restricted   | <u>6,547,193</u>                                     |
| Total Net Position   | <u>\$ 6,547,193</u>                                  |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

|                                       | Governmental<br>Activities<br>Self-Insurance<br>Fund |
|---------------------------------------|--|
| <b>OPERATING REVENUES</b>             |  |
| Self-Insurance Premiums               | \$ 23,424,941  |
| Other Miscellaneous Revenues          | 38,097   |
| Total Operating Revenues              | <u>23,463,038</u>                                    |
| <b>OPERATING EXPENSES</b>             |  |
| Employee Benefits                     | 118,787  |
| Services and Other Operating Expenses | 22,686,740   |
| Total Operating Expenses              | <u>22,805,527</u>                                    |
| <b>NET OPERATING INCOME</b>           | 657,511  |
| <b>NONOPERATING REVENUES</b>          |  |
| Interest Income                       | 49,883   |
| Total Nonoperating Revenues           | <u>49,883</u>  |
| <b>NET INCOME</b>                     | 707,394  |
| Net Position - Beginning of Year      | <u>5,839,799</u>                                     |
| <b>NET POSITION - END OF YEAR</b>     | <u><u>\$ 6,547,193</u></u>                           |

See accompanying Notes to Financial Statements.



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

|  | Governmental<br>Activities<br>Self-Insurance<br>Fund |
|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |
| Cash Received from Premiums and Other Revenues   | \$ 22,351,588  |
| Cash Paid to/on Behalf of Employees  | (118,787)  |
| Cash Paid to Vendors for Services and Other Operating Expenses                             | (21,836,640)   |
| Net Cash Provided by Operating Activities  | <u>396,161</u>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |
| Interest Income  | 48,604   |
| Net Cash Provided by Investing Activities  | <u>48,604</u>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | 444,765  |
| Cash - Beginning of Year   | <u>9,402,075</u>                                     |
| <b>CASH - END OF YEAR</b>  | <u><u>\$ 9,846,840</u></u>                           |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b> |  |
| Operating Income   | \$ 657,511   |
| Adjustments to Reconcile Operating Income to Net Cash                                      |  |
| Used by Operating Activities:  |  |
| Changes in Operating Assets and Liabilities:   |  |
| Due from Other Funds   | (1,111,050)  |
| Accounts Payable   | 42,920   |
| Claims Liability and IBNR  | 807,180  |
| Due to Other Funds   | (400)  |
| Total Adjustments  | <u>(261,350)</u>                                     |
| Net Cash Provided by Operating Activities  | <u><u>\$ 396,161</u></u>                             |
| Cash and cash equivalents balances at June 30, 2022 consisted of the following:            |  |
| Cash in County Treasury  | \$ 9,646,840   |
| Cash in Banks  | 200,000  |
| Total Cash and Cash Equivalents  | <u><u>\$ 9,846,840</u></u>                           |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
JUNE 30, 2022**

|                             | Debt Service<br>Custodial Fund<br>for Special<br>Tax Bonds |
|-----------------------------|--|
| <b>ASSETS</b>               |  |
| Cash in County Treasury     | \$ 319,180   |
| Cash with Fiscal Agent      | 127,825  |
| Accounts Receivable         | 172  |
| Total Assets                | <u>447,177</u>   |
| <b>NET POSITION</b>         |  |
| Restricted for Debt Service | <u>447,177</u>   |
| Total Net Position          | <u><u>\$ 447,177</u></u>                                   |

*See accompanying Notes to Financial Statements.*

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUND  
YEAR ENDED JUNE 30, 2022**

|   | Debt Service<br>Custodial Fund<br>for Special<br>Tax Bonds |
|---|--|
| <b>ADDITIONS</b>  |  |
| Property Taxes Levied for Debt Service                  | \$ 161,380   |
| Interest Income   | 1,271  |
| Total Additions   | <u>162,651</u>   |
| <b>DEDUCTIONS</b>                                       |  |
| Debt Service - Principal                                | 65,000   |
| Debt Service - Interest                                 | 61,203   |
| Transfer to Governmental Funds for Administrative Costs | 20,000   |
| Total Deductions  | <u>146,203</u>   |
| <b>CHANGE IN NET POSITION</b>                           | 16,448   |
| Net Position - Beginning of Year                        | <u>430,729</u>   |
| <b>NET POSITION - END OF YEAR</b>                       | <u><u>\$ 447,177</u></u>                                   |

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District accounts for its financial transactions in accordance with the policies and procedures of the California 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 generally accepted in the United States of America (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 accounting principles generally accepted in the United States of America 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.

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, amortization and interest expense have not been allocated to specific functions.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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. Nonmajor 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, 2022**

**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.

*Student Activity Special Revenue Fund:* used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The amounts reported represent the combined totals of all schools within the District that operate Associated Student Body Funds.

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

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds – Nonmajor (Continued)**

**Capital Projects Funds:** used to account for the financial resources that are restricted or committed 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.

*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 accounting principles generally accepted in the United States of America.

**Debt Service Funds:** used to account for the financial resources that are restricted and the accumulation of resources for, 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 bonds.

**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.

**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, with the exception of state apportionment, interest and reimbursement grants which are considered available as collectible within one year.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the current financial resources measurement focus and 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.

**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.

**Stores**

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

**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 capital assets are recorded at their 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/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

|                            |                |
|----------------------------|----------------|
| Buildings and Improvements | 15 to 50 Years |
| Equipment                  | 5 to 20 Years  |



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

**Lessee**

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental activities in the government-wide statements. The District recognizes lease liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

**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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that is applicable to future reporting periods and will not be recognized as revenue until then. 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 Outflows/Inflows – Loss/Gain on Refunding:*** The deferred outflows/inflows of resources related to the loss/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.

***Deferred Outflows/Inflows – OPEB:*** The deferred outflows/inflows 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/Inflows – Pensions:*** The deferred outflows/inflows 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.

**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, 2022**

**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 interest 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, 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 fiduciary net position have been determined on the same basis as they are reported by the MPP Program. For this purpose, the MPP Program 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.

**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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

***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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

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.

**On-Behalf Payments**

Accounting principles generally accepted in the United States of America 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.

**Classification of Revenues – Proprietary Funds**

Proprietary funds distinguish operating revenues from nonoperating 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. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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. The following potential component unit has 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 (nonobligatory debt). Individually prepared financial statements are not prepared for the CFD.

**Adoption of New Accounting Standard**

**GASB Statement No. 87, Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

The District adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a right-to-use asset and a lease liability.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 accounting principles generally accepted in the United States of America.

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**

**Custodial Credit Risk - Deposits**

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, 2022, \$2,578,845 of the District's bank balance of \$2,956,670 was exposed to credit risk as it was uninsured and collateral was held by the pledging bank's trust department, not in the District's name.

**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, 2022 is measured at 98.48% 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, 2022**

**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Cash in County (Continued)**

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 consists of the following as of June 30, 2022:

|                            | General<br>Fund      | Building<br>Fund       | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|----------------------|------------------------|-----------------------------------|--------------------------------|
| <u>Accounts Receivable</u> |                      |                        |                                   |                                |
| Federal and State          | \$ 10,013,211        | \$ -                   | \$ 635,818                        | \$ 10,649,029                  |
| Miscellaneous              | 278,528              | 20,429                 | 18,586                            | 317,543                        |
| Total Accounts Receivable  | <u>\$ 10,291,739</u> | <u>\$ 20,429</u>       | <u>\$ 654,404</u>                 | <u>\$ 10,966,572</u>           |
|                            |                      | Self-Insurance<br>Fund |                                   | Custodial<br>Fund              |
| <u>Accounts Receivable</u> |                      |                        |                                   |                                |
| Federal and State          |                      | \$ -                   |                                   | \$ -                           |
| Miscellaneous              |                      | 6,192                  |                                   | 172                            |
| Total Accounts Receivable  |                      | <u>\$ 6,192</u>        |                                   | <u>\$ 172</u>                  |



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 are temporary loans and are detailed as follows at June 30, 2022:

| <u>Fund</u>                                 | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---|----------------------------------|-------------------------------|
| General Fund                                | \$ 126,838                       | \$ 1,916,788                  |
| Building Fund                               | 1,054,135                        | 13,418                        |
| Nonmajor Governmental Funds:                |                                  |                               |
| Cafeteria Fund                              | 1,507                            | 113,420                       |
| County Schools Facilities Fund              | -                                | 1,053,411                     |
| Special Reserve for Capital Outlay Projects | 650,000                          | -                             |
| Proprietary Funds:                          |                                  |                               |
| Internal Service                            | 1,264,557                        | -                             |
| Total                                       | <u>\$ 3,097,037</u>              | <u>\$ 3,097,037</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 2021-22 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 County School Facilities Fund to the Building Fund to cover costs for approved projects.  | 4,511,814           |
| Transfer from the Debt Service Custodial Fund for Special Tax Bonds to the Capital Projects Fund for Blended Component Units to cover administrative costs. | 20,000              |
| Total   | <u>\$ 5,181,814</u> |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 FUND BALANCES**

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

|                             | General<br>Fund   | Building<br>Fund  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-------------------|-------------------|-----------------------------------|--------------------------------|
| Nonspendable:               |                   |                   |                                   |                                |
| Cash in Revolving Fund      | \$ 75,000         | \$ -              | \$ 10,112                         | \$ 85,112                      |
| Stores                      | 63,644            | -                 | 42,971                            | 106,615                        |
| Total Nonspendable          | 138,644           | -                 | 53,083                            | 191,727                        |
| Restricted:                 |                   |                   |                                   |                                |
| Legally Restricted Programs | 10,700,659        | -                 | -                                 | 10,700,659                     |
| Child Nutrition Program     | -                 | -                 | 2,857,733                         | 2,857,733                      |
| Debt Service                | -                 | -                 | 8,865,887                         | 8,865,887                      |
| Capital Projects            | -                 | 35,074,500        | 3,699,968                         | 38,774,468                     |
| Student Activity Funds      | -                 | -                 | 2,402,017                         | 2,402,017                      |
| Total Restricted            | 10,700,659        | 35,074,500        | 17,825,605                        | 63,600,764                     |
| Committed:                  |                   |                   |                                   |                                |
| Capital Projects            | -                 | -                 | 4,002,787                         | 4,002,787                      |
| Total Assigned              | -                 | -                 | 4,002,787                         | 4,002,787                      |
| Assigned:                   |                   |                   |                                   |                                |
| Deferred Maintenance        | 1,255,058         | -                 | -                                 | 1,255,058                      |
| Postemployment Benefits     | 8,566,842         | -                 | -                                 | 8,566,842                      |
| Other Assignments           | 2,374,289         | -                 | -                                 | 2,374,289                      |
| Total Assigned              | 12,196,189        | -                 | -                                 | 12,196,189                     |
| Unassigned:                 |                   |                   |                                   |                                |
| Economic Uncertainties      | 5,893,222         | -                 | -                                 | 5,893,222                      |
| Unassigned                  | 42,299,437        | -                 | -                                 | 42,299,437                     |
| Total Unassigned            | 48,192,659        | -                 | -                                 | 48,192,659                     |
| <br>Total Fund Balance      | <br>\$ 71,228,151 | <br>\$ 35,074,500 | <br>\$ 21,881,475                 | <br>\$ 128,184,126             |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES**

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

|   | Balance<br>July 1, 2021 (1) | Additions    | Retirements  | Balance<br>June 30, 2022 |
|---|-----------------------------|--------------|--------------|--------------------------|
| Capital Assets Not Being Depreciated/Amortized:       |                             |              |              |                          |
| Land  | \$ 3,485,921                | \$ -         | \$ -         | \$ 3,485,921             |
| Construction in Progress                              | 27,399,190                  | 17,296,472   | 2,654,094    | 42,041,568               |
| Total Capital Assets Not Being Depreciated/Amortized  | 30,885,111                  | 17,296,472   | 2,654,094    | 45,527,489               |
| Capital Assets Being Depreciated/Amortized:           |                             |              |              |                          |
| Buildings and Improvements                            | 351,046,097                 | 2,654,094    | -            | 353,700,191              |
| Equipment   | 27,340,662                  | 2,236,164    | -            | 29,576,826               |
| Right-to-Use Lease Equipment                          | 499,113                     | -            | -            | 499,113                  |
| Total Capital Assets Being Depreciated/Amortized      | 378,885,872                 | 4,890,258    | -            | 383,776,130              |
| Less: Accumulated Depreciation/Amortization:          |                             |              |              |                          |
| Buildings and Improvements                            | (98,468,949)                | (11,612,147) | -            | (110,081,096)            |
| Equipment   | (16,872,042)                | (1,638,261)  | -            | (18,510,303)             |
| Right-to-Use Lease Equipment                          | -                           | (138,821)    | -            | (138,821)                |
| Total Accumulated Depreciation/Amortization           | (115,340,991)               | (13,389,229) | -            | (128,730,220)            |
| Total Capital Assets Being Depreciated/Amortized, Net | 263,544,881                 | (8,498,971)  | -            | 255,045,910              |
| Capital Assets, Net                                   | \$ 294,429,992              | \$ 8,797,501 | \$ 2,654,094 | \$ 300,573,399           |

(1) Amounts have been adjusted due to the implementation of GASB Statement No. 87. See Note 1.

**NOTE 8 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES**

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

|                                      | Balance<br>July 1, 2021 (1) | Additions    | Reductions   | Balance<br>June 30, 2022 | Amount Due<br>in One Year |
|--------------------------------------|-----------------------------|--------------|--------------|--------------------------|---------------------------|
| Lease Payable                        | \$ 499,113                  | \$ -         | \$ 133,115   | \$ 365,998               | \$ 138,451                |
| Certificates of Participation (COPS) | 17,275,000                  | -            | 740,000      | 16,535,000               | 780,000                   |
| Unamortized COP Premium              | 1,212,031                   | -            | 135,134      | 1,076,897                | -                         |
| Total COP                            | 18,487,031                  | -            | 875,134      | 17,611,897               | 780,000                   |
| General Obligation (GO) Bonds        | 193,065,000                 | -            | 5,655,000    | 187,410,000              | 4,790,000                 |
| Unamortized Bond Premium             | 13,444,690                  | -            | 1,497,732    | 11,946,958               | -                         |
| Total GO Bonds                       | 206,509,690                 | -            | 7,152,732    | 199,356,958              | 4,790,000                 |
| Compensated Absences                 | 1,555,080                   | 1,635,092    | 1,487,975    | 1,702,197                | 1,702,197                 |
| Total                                | \$ 227,050,914              | \$ 1,635,092 | \$ 9,648,956 | \$ 219,037,050           | \$ 7,410,648              |

(1) Amounts have been adjusted due to the implementation of GASB Statement No. 87. See Note 1.

Lease payable is liquidated by the General Fund. COPS are liquidated by the Capital Facilities Fund. Liabilities for all GO bonds are liquidated through property tax collections as administered by the county office through the Bond Interest and Redemption Fund. Compensated absences is liquidated by the fund recording the associated salary expenses.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 LEASE PAYABLE**

The District leases various office equipment under long-term, noncancelable lease agreements. The leases expire in October 2025 and were calculated at 3.24% based on the District's incremental cost of borrowing.

Total future minimum lease payments under the lease agreements are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u>  |
|-----------------------------|-------------------|------------------|
| 2023                        | \$ 138,451        | \$ 9,415         |
| 2024                        | 134,486           | 4,906            |
| 2025                        | 92,506            | 1,167            |
| 2026                        | 555               | 2                |
| Total                       | <u>\$ 365,998</u> | <u>\$ 15,490</u> |

**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 \$122,543 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, 2022**

**NOTE 10 CERTIFICATES OF PARTICIPATION (CONTINUED)**

The debt service requirements for the certificates are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>     |
|-----------------------------|----------------------|---------------------|
| 2023                        | \$ 780,000           | \$ 736,025          |
| 2024                        | 815,000              | 696,150             |
| 2025                        | 860,000              | 654,275             |
| 2026                        | 905,000              | 610,150             |
| 2027                        | 950,000              | 563,775             |
| 2028-2032                   | 5,495,000            | 2,072,050           |
| 2033-2037                   | 6,730,000            | 835,838             |
| Total                       | <u>\$ 16,535,000</u> | <u>\$ 6,168,263</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.

**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.

**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. The net carrying amount of the old debt exceeded the reacquisition price by \$1,382,888 and is included in the net carrying balance of the deferred inflow of resources.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)**

**Measure AA (Continued)**

**2021 General Obligation Refunding Bonds**

On May 5, 2021, the District offered for sale \$16,450,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2013 General Obligation Refunding Bonds. A premium received of \$881,675 is included in the net carrying balance of the debt. The net carrying amount of the old debt exceeded the reacquisition price by \$188,502 and is included in the net carrying balance of the deferred inflow of resources. The proceeds associated with this refunding were deposited in an escrow account to be redeemed on August 1, 2023 and as such the applicable bonds are considered in-substance defeased. The outstanding balance of the defeased debt was roughly \$16 million as of June 30, 2022.

**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.

**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.

**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.

**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.

**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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)**

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

| <u>General Obligation Bonds</u> | <u>Date of<br/>Issue</u> | <u>Date of<br/>Maturity</u> | <u>Interest<br/>Rate %</u> | <u>Amount of<br/>Original Issue</u> | <u>Outstanding<br/>June 30, 2022</u> |
|---------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------------|--------------------------------------|
| Measure AA:                     |                          |                             |                            |                                     |                                      |
| 2013 Refunding                  | 5/14/2013                | 8/1/2029                    | 2.0-5.0                    | \$ 21,700,000                       | \$ 2,055,000                         |
| 2020 Refunding                  | 6/10/2020                | 8/1/2027                    | 5.0                        | 15,295,000                          | 13,160,000                           |
| 2021 Refunding                  | 5/5/2021                 | 8/1/2029                    | 1.7-4.0                    | 16,450,000                          | 16,175,000                           |
| Total Measure AA                |                          |                             |                            | 53,445,000                          | 31,390,000                           |
| Measure I:                      |                          |                             |                            |                                     |                                      |
| Series A                        | 10/28/2015               | 8/1/2040                    | 2.5-5.0                    | 42,500,000                          | 33,870,000                           |
| Series B                        | 4/26/2017                | 8/1/2041                    | 3.3-5.0                    | 40,000,000                          | 32,230,000                           |
| Series C                        | 4/25/2018                | 8/1/2042                    | 3.4-5.0                    | 48,000,000                          | 45,800,000                           |
| Series D                        | 2/27/2019                | 8/1/2042                    | 3.5-5.5                    | 21,000,000                          | 20,620,000                           |
| Series E                        | 6/10/2020                | 8/1/2043                    | 2.0-5.0                    | 23,500,000                          | 23,500,000                           |
| Total Measure I                 |                          |                             |                            | 175,000,000                         | 156,020,000                          |
| Total                           |                          |                             |                            | <u>\$ 228,445,000</u>               | <u>\$ 187,410,000</u>                |

The debt service requirements for the general obligation bonds are as follows:

| <u>Year Ending June 31,</u> | <u>Principal</u>      | <u>Interest</u>      |
|-----------------------------|-----------------------|----------------------|
| 2023                        | \$ 4,790,000          | \$ 7,078,121         |
| 2024                        | 4,920,000             | 6,846,646            |
| 2025                        | 5,570,000             | 6,594,147            |
| 2026                        | 6,460,000             | 6,309,471            |
| 2027                        | 6,790,000             | 5,992,371            |
| 2028-2032                   | 36,540,000            | 25,474,306           |
| 2033-2037                   | 38,955,000            | 18,724,588           |
| 2038-2042                   | 60,370,000            | 9,455,447            |
| 2043-2044                   | 23,015,000            | 615,413              |
| Total                       | <u>\$ 187,410,000</u> | <u>\$ 87,090,510</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 \$1.15 million as of June 30, 2022, 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, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

As of June 30, 2022, the District's total liability for postemployment healthcare benefits consisted of the following:

|                       | Total/Net<br>OPEB<br>Liability | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | OPEB<br>Expense     |
|-----------------------|--------------------------------|--------------------------------------|-------------------------------------|---------------------|
| Retiree Benefits Plan | \$ 58,356,423                  | \$ 11,459,366                        | \$ 18,009,298                       | \$ 5,078,987        |
| MPP Program           | 930,057                        | -                                    | -                                   | 112,152             |
| Total                 | <u>\$ 59,286,480</u>           | <u>\$ 11,459,366</u>                 | <u>\$ 18,009,298</u>                | <u>\$ 5,191,139</u> |

The details of the plans are as follows:

**Retiree 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 56 retirees and beneficiaries currently receiving benefits, and 1,107 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, 2022, 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% of the cost equivalent to the premium of HMO single coverage. For the year ended June 30, 2022, the District contributed \$2,503,268 to the plan. Contributions include an implicit rate subsidy of \$962,920.

**Total OPEB Liability**

At June 30, 2022 the total OPEB liability was \$58,356,423.



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Retiree Benefits Plan (Continued)**

**Actuarial Methods and Assumptions**

**Actuarial Assumptions**

The total OPEB liability was determined based on an actuarial valuation as of July 1, 2022. The following actuarial assumptions used in the July 1, 2022 valuation, applied to all periods included in the measurement, unless otherwise specified:

|                             |                  |
|-----------------------------|------------------|
| Valuation Date              | July 1, 2022     |
| Measurement Date            | June 30, 2022    |
| 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 2021 CalPERS mortality experience study for the classified employee types.

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience turnover tables 2020 CalSTRS retirement rates for certificated employee types and 2021 CalPERS retirement rates for classified employee types.

**Discount Rate**

The discount rate used to measure the OPEB liability was 4.09%. 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**

|  |                      |
|--|----------------------|
| Service Cost                                       | \$ 3,956,732         |
| Interest Cost                                      | 1,580,781            |
| Differences Between Expected and Actual Experience | (5,864,067)          |
| Changes in Assumptions                             | (8,614,809)          |
| Benefit Payments                                   | (2,503,268)          |
| Net Change in Total OPEB Liability                 | (11,444,631)         |
| Total OPEB Liability - Beginning Balance           | 69,801,054           |
| Total OPEB Liability - Ending Balance              | <u>\$ 58,356,423</u> |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Retiree Benefits Plan (Continued)**

**Sensitivity**

The following present the District's OPEB liability calculated using the discount rate of 4.09% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Discount Rate         | Total OPEB<br>Liability |
|-----------------------|-------------------------|
| 1% Decrease           | \$ 63,136,281           |
| Current Discount Rate | 58,356,423              |
| 1% Increase           | 53,868,977              |

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 one percentage point lower or one percentage point higher than the current rate:

| Healthcare Trend Rate         | Total OPEB<br>Liability |
|-------------------------------|-------------------------|
| 1% Decrease                   | \$ 52,159,578           |
| Current Healthcare Trend Rate | 58,356,423              |
| 1% Increase                   | 65,543,278              |

**Amortization of Deferred Outflows and Deferred Inflows of Resources**

At June 30, 2022, the District reported deferred outflows and deferred inflows of resources from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ -                                 | \$ 10,329,865                       |
| Changes of Assumptions                             | 11,459,366                           | 7,679,433                           |
| Total  | <u>\$ 11,459,366</u>                 | <u>\$ 18,009,298</u>                |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Retiree 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 9.21 years. This amount will be amortized to offset pension expense as follows:

| Year Ending June 30, | Amortization          |
|----------------------|-----------------------|
| 2023                 | \$ (458,526)          |
| 2024                 | (458,526)             |
| 2025                 | (458,526)             |
| 2026                 | (480,734)             |
| 2027                 | (569,080)             |
| Thereafter           | (4,124,540)           |
| Total                | <u>\$ (6,549,932)</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 year ending June 30, 2021, 5,760 retirees participated in the MPP Program.

**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, 2021 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.

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 2020-21 were \$26.99 million. The District's contributions to the MPP Program for fiscal year 2020-21 were estimated at \$120 thousand.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Medicare Premium Payment Program (MPP) (Continued)**

**Net OPEB Liability**

As of June 30, 2022, 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<br>June 30, 2022 |
|---------------------------------------|--------------------------|
| Proportionate Share of OPEB Liability |                          |
| Total OPEB Liability                  | \$ 922,655               |
| Plan Fiduciary Net Position           | (7,402)                  |
| Net OPEB Liability                    | <u>\$ 930,057</u>        |

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, 2021, the District's proportion was 0.2332% which is an increase of 0.0402% from its proportion measured as of June 30, 2020.

**Actuarial Methods and Assumptions**

Total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021 using the assumptions listed in the following table:

|  |                                    |
|--|------------------------------------|
| Valuation Date                           | June 30, 2020                      |
| Measurement Date                         | June 30, 2021                      |
| Experience Study                         | July 1, 2015 through June 30, 2018 |
| Actuarial Cost Method                    | Entry Age Normal                   |
| Investment Rate of Return                | 2.16%                              |
| Medicare Part A Premium Costs Trend Rate | 4.50%                              |
| Medicare Part B Premium Costs Trend Rate | 5.40%                              |

In addition, assumptions were made about future participation (enrollment) into the MPP Program as 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 but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16 percent of the potentially eligible population of 152,062.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Medicare Premium Payment Program (MPP) (Continued)**

**Actuarial Methods and Assumptions (Continued)**

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-2019) 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.

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, 2021 was 2.16 percent. 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 2.16 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, 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 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 one percent lower or one percent higher than the current rate:

| Discount Rate                 | Net OPEB<br>Liability |
|-------------------------------|-----------------------|
| 1% Decrease (1.16%)           | \$ 1,025,177          |
| Current Discount Rate (2.16%) | 930,057               |
| 1% Increase (3.16%)           | 848,785               |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Medicare Premium Payment Program (MPP) (Continued)**

**Medicare Costs Trend Rate**

The June 30, 2020, valuation uses the 2020 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 4.50 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 5.40 percent increase each year.

The following table presents 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 one percent lower and one percent higher than the current rate:

| <u>Health Care Trend Rate</u>                            | <u>Net OPEB<br/>Liability</u> |
|--|-------------------------------|
| 1% decrease (3.5% Part A, 4.4% Part B)                   | \$ 845,778                    |
| Current Healthcare Trend Rate (4.5% Part A, 5.4% Part B) | 930,057                       |
| 1% increase (5.5% Part A, 6.4% Part B)                   | 1,026,679                     |

**Amortization of Deferred Outflows and Deferred Inflows of Resources**

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 outflows and inflows relating to differences between projected and actual earnings on plan investments 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 annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may also be obtained from CalSTRS.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022, 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<br>Liability | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Pension<br>Expense  |
|-----------------------------|--------------------------|--------------------------------------|-------------------------------------|---------------------|
| CalSTRS (STRP)              | \$ 60,525,640            | \$ 27,875,067                        | \$ 55,694,873                       | \$ 3,774,350        |
| CalPERS (Schools Pool Plan) | 29,911,950               | 6,640,489                            | 11,863,148                          | 3,138,089           |
| Total                       | <u>\$ 90,437,590</u>     | <u>\$ 34,515,556</u>                 | <u>\$ 67,558,021</u>                | <u>\$ 6,912,439</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.

**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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

**Benefits Provided (Continued)**

The STRP provisions and benefits in effect at June 30, 2022 are summarized as follows:

| <u>Provisions and Benefits</u>                            | <u>STRP Defined Benefit Program and Supplement Program</u> |                             |
|---|--|-----------------------------|
| Hire Date   | On or Before December 31, 2012                             | On or After 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                       | 10.250%  | 10.205%                     |
| Required Employer Contribution Rate                       | 16.920%  | 16.920%                     |
| Required State Contribution Rate                          | 10.828%  | 10.828%                     |

**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, 2022 are presented above and the total District contributions were \$12,821,580.

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

At June 30, 2022, 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                     |
|   | <u>June 30, 2022</u>        |
| District Proportionate Share of the Net Pension Liability | \$ 60,525,640               |
| State's Proportionate Share of the Net Pension Liability  |                             |
| Associated with the District                              | 30,454,789                  |
| Total   | <u><u>\$ 90,980,429</u></u> |

The net pension liability was measured as of June 30, 2021. 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, 2021, the District's proportion was 0.1330% which is an increase of 0.0060% from its proportion measured as of June 30, 2020.



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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)**

For the year ended June 30, 2022, the District recognized pension expense of \$3,774,350. In addition, the District recognized revenue and corresponding expense of \$1,041,973 for contributions provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Pension Contributions Subsequent to Measurement Date                                 | \$ 12,821,580                        | \$ -                                |
| Differences Between Expected and Actual Experience                                   | 151,620                              | 6,441,190                           |
| Changes of Assumptions   | 8,575,840                            | -                                   |
| Changes in Proportion  | 6,326,027                            | 1,376,343                           |
| Net Differences Between Projected and Actual Earnings<br>on Pension Plan Investments | -                                    | 47,877,340                          |
| Total  | <u>\$ 27,875,067</u>                 | <u>\$ 55,694,873</u>                |

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, 2023. 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 (EARSLS) of the plan participants. The EARSLS for the STRP for the June 30, 2021 measurement date is seven years.

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

| Year Ending June 30, | Amortization           |
|----------------------|------------------------|
| 2023                 | \$ (8,845,694)         |
| 2024                 | (7,580,866)            |
| 2025                 | (11,513,441)           |
| 2026                 | (13,300,512)           |
| 2027                 | 487,424                |
| 2028                 | 111,703                |
| Total                | <u>\$ (40,641,386)</u> |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

**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, 2020, and rolling forward the total pension liability to June 30, 2021. 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, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation Date            | June 30, 2020                      |
| Measurement Date          | June 30, 2021                      |
| Experience Study          | July 1, 2015 through June 30, 2018 |
| 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-2019) table, issued by the Society of Actuaries.

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 investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked 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<br>Asset Allocation | Long-Term Expected<br>Real Rate of Return |
|----------------------------|-----------------------------|---|
| Public Equity              | 42 %                        | 4.80 %                                    |
| Real Estate                | 15                          | 3.60                                      |
| Private Equity             | 13                          | 6.30                                      |
| Fixed Income               | 12                          | 1.30                                      |
| Risk Mitigating Strategies | 10                          | 1.80                                      |
| Inflation Sensitive        | 6                           | 3.30                                      |
| Cash/Liquidity             | 2                           | (0.40)                                    |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. 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 of 7.10% and assume that contributions, benefit payments, and administrative expense occur 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:

| <u>Discount Rate</u>          | <u>Net Pension<br/>Liability</u> |
|-------------------------------|----------------------------------|
| 1% Decrease (6.10%)           | \$ 123,208,540                   |
| Current Discount Rate (7.10%) | 60,525,640                       |
| 1% Increase (8.10%)           | 8,500,030                        |

**Plan Fiduciary Net Position**

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

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

**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.

The CalPERS provisions and benefits in effect at June 30, 2022 are summarized as follows:

| Provisions and Benefits                                   | Schools Pool Plan (CalPERS)    |                             |
|---|--------------------------------|-----------------------------|
|   | On or Before December 31, 2012 | On or After January 1, 2013 |
| Hire Date   |                                |                             |
| 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                       | 22.91%                         | 22.91%                      |

**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, 2022 are as presented above and the total District contributions were \$5,007,751.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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**

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$29,911,950. The net pension liability was measured as of June 30, 2021. 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, 2021, the District's proportion was 0.1471% which is an increase of 0.0026% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$3,138,089. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Pension Contributions Subsequent to Measurement Date                                 | \$ 5,007,751                         | \$ -                                |
| Differences Between Expected and Actual Experience                                   | 892,948                              | 70,515                              |
| Changes in Proportion  | 739,790                              | 313,317                             |
| Net Differences Between Projected and Actual Earnings<br>on Pension Plan Investments | -                                    | 11,479,316                          |
| Total  | <u>\$ 6,640,489</u>                  | <u>\$ 11,863,148</u>                |

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, 2023. 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 (EARS�) of the plan participants. The EARS� for the CalPERS Schools Pool Plan for the June 30, 2021 measurement date is four years.

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

| Year Ending June 30, | Amortization           |
|----------------------|------------------------|
| 2023                 | \$ (2,250,008)         |
| 2024                 | (2,213,829)            |
| 2025                 | (2,573,952)            |
| 2026                 | (3,192,621)            |
| Total                | <u>\$ (10,230,410)</u> |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2020, and rolling forward the total pension liability to June 30, 2021. 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, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation Date            | June 30, 2020                      |
| Measurement Date          | June 30, 2021                      |
| 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 rates include 15 years of projected ongoing 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 and forecasted information of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 equal 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<br>Asset Allocation | Long-Term Expected<br>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, 2022**

**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 expected rate of return on Plan investments 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:

| <u>Discount Rate</u>          | <u>Net Pension<br/>Liability</u> |
|-------------------------------|----------------------------------|
| 1% Decrease (6.15%)           | \$ 50,435,747                    |
| Current Discount Rate (7.15%) | 29,911,950                       |
| 1% Increase (8.15%)           | 12,872,794                       |

**Plan Fiduciary Net Position**

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

**NOTE 15 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<br>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             |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 15 INTERNAL SERVICE FUND (CONTINUED)**

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 2022 which exceeded the excess insurance amount. Changes in the claims liability for workers' compensation in fiscal years 2021-22 were as follows:

| Reported Liability    | Beginning<br>Fiscal Year<br>Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments   | Ending<br>Fiscal Year<br>Liability |
|-----------------------|---------------------------------------|---|---------------------|------------------------------------|
| Worker's Compensation | \$ 3,520,548                          | \$ 1,615,930  | \$ 791,855          | \$ 4,344,623                       |
| Dental Program        | 105,479                               | 456,567   | 473,462             | 88,584                             |
| Total                 | <u>\$ 3,626,027</u>                   | <u>\$ 2,072,497</u>                                   | <u>\$ 1,265,317</u> | <u>\$ 4,433,207</u>                |

**NOTE 16 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.



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 16 JOINT POWERS AGREEMENTS (CONTINUED)**

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 is as follows

|  | ASCIP<br>6/30/2021<br>(Audited) | SELF<br>6/30/2021<br>(Audited) | SISC III<br>9/30/2021<br>(Audited) | NOCROP<br>6/30/2021<br>(Audited) |
|--|---------------------------------|--------------------------------|------------------------------------|----------------------------------|
| JPA Condensed Financial Information    |                                 |                                |                                    |                                  |
| Total Assets and Deferred Outflows     | \$ 530,515,094                  | \$ 193,883,576                 | \$ 1,021,448,838                   | \$ 30,010,412                    |
| Total Liabilities and Deferred Inflows | 303,794,649                     | 153,714,754                    | 231,863,981                        | 21,783,472                       |
| Net Position                           | <u>\$ 226,720,445</u>           | <u>\$ 40,168,822</u>           | <u>\$ 789,584,857</u>              | <u>\$ 8,226,940</u>              |
| Total Revenues                         | \$ 282,912,785                  | \$ 44,573,829                  | \$ 2,725,489,512                   | \$ 17,356,775                    |
| Total Expenses                         | 280,558,053                     | 38,080,919                     | 2,620,106,815                      | 17,400,205                       |
| Change in Net Position                 | <u>\$ 2,354,732</u>             | <u>\$ 6,492,910</u>            | <u>\$ 105,382,697</u>              | <u>\$ (43,430)</u>               |

**NOTE 17 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, 2022, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$2.9 million. Projects will be funded through Bond Proceeds and redevelopment pass-through distributions.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

|   | Budgetary Amounts -<br>General Fund |                     | Actual<br>Amounts<br>General Fund | (a) Fund Basis<br>to GAAP | Actual<br>Amounts<br>GAAP Basis |
|---|-------------------------------------|---------------------|-----------------------------------|---------------------------|---------------------------------|
|   | Original                            | Final               |                                   |                           |                                 |
| <b>REVENUES</b>                                 |                                     |                     |                                   |                           |                                 |
| Local Control Funding Formula (LCFF):           |                                     |                     |                                   |                           |                                 |
| State Apportionments                            | \$ 67,033,198                       | \$ 69,532,503       | \$ 63,452,505                     | \$ -                      | \$ 63,452,505                   |
| Local Sources                                   | 78,236,734                          | 83,857,978          | 83,870,429                        | -                         | 83,870,429                      |
| Total LCFF Sources                              | 145,269,932                         | 153,390,481         | 147,322,934                       | -                         | 147,322,934                     |
| Federal Sources                                 | 6,914,568                           | 20,104,765          | 14,176,118                        | -                         | 14,176,118                      |
| Other State Sources                             | 18,080,953                          | 28,483,599          | 23,686,484                        | -                         | 23,686,484                      |
| Other Local Sources                             | 10,321,938                          | 13,150,027          | 14,448,116                        | 63,872                    | 14,511,988                      |
| Total Revenues                                  | 180,587,391                         | 215,128,872         | 199,633,652                       | 63,872                    | 199,697,524                     |
| <b>EXPENDITURES</b>                             |                                     |                     |                                   |                           |                                 |
| Certificated salaries                           | 73,954,734                          | 79,734,720          | 78,210,351                        | -                         | 78,210,351                      |
| Classified Salaries                             | 22,894,739                          | 24,523,536          | 24,350,563                        | -                         | 24,350,563                      |
| Employee Benefits                               | 49,371,490                          | 52,050,755          | 52,050,755                        | -                         | 52,050,755                      |
| Books and Supplies                              | 12,914,003                          | 16,024,734          | 11,666,074                        | -                         | 11,666,074                      |
| Services and Other Operating Expenditures       | 19,983,837                          | 23,277,740          | 20,935,930                        | 1,893,001                 | 22,828,931                      |
| Capital Outlay                                  | 2,111,683                           | 5,833,469           | 4,152,968                         | 7,550                     | 4,160,518                       |
| Other Outgo and Indirect Costs                  | 5,035,752                           | 5,074,091           | 5,074,091                         | -                         | 5,074,091                       |
| Total Expenditures                              | 186,266,238                         | 206,519,045         | 196,440,732                       | 1,900,551                 | 198,341,283                     |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | (5,678,847)                         | 8,609,827           | 3,192,920                         | (1,836,679)               | 1,356,241                       |
| <b>OTHER FUNDING SOURCES (USES)</b>             |                                     |                     |                                   |                           |                                 |
| Interfund Transfers In (b)                      | 805,177                             | 1,060,293           | 1,060,293                         | (1,060,293)               | -                               |
| Interfund Transfers Out (b)                     | (3,750,000)                         | (3,505,116)         | (3,505,116)                       | 2,855,116                 | (650,000)                       |
| Total Other Financing Sources (Uses)            | (2,944,823)                         | (2,444,823)         | (2,444,823)                       | 1,794,823                 | (650,000)                       |
| <b>NET CHANGE IN FUND BALANCES</b>              | <u>\$ (8,623,670)</u>               | <u>\$ 6,165,004</u> | 748,097                           | (41,856)                  | 706,241                         |
| Fund Balance - Beginning of Year                |                                     |                     | 59,283,865                        | 11,238,045                | 70,521,910                      |
| <b>FUND BALANCE - END OF YEAR</b>               |                                     |                     | <u>\$ 60,031,962</u>              | <u>\$ 11,196,189</u>      | <u>\$ 71,228,151</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, Deferred Maintenance Fund, and the Special Reserve Fund for Other than Capital Outlay is eliminated.

See accompanying Notes to Required Supplementary Information.

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

| Retiree Benefits Plan                                      | 2022                | 2021                | 2020                | 2019                | 2018                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability:                                      |                     |                     |                     |                     |                     |
| Service Cost   | \$ 3,956,732        | \$ 3,776,278        | \$ 2,851,179        | \$ 2,868,535        | \$ 2,928,786        |
| Interest Cost  | 1,580,781           | 1,774,569           | 1,621,841           | 1,646,958           | 1,637,733           |
| Differences Between Expected<br>and Actual Experience      | (5,864,067)         | -                   | (7,911,225)         | -                   | -                   |
| Changes in Assumptions                                     | (8,614,809)         | 2,547,275           | 13,586,439          | 815,295             | 622,561             |
| Expected Benefit Payments                                  | (2,503,268)         | (2,451,697)         | (2,528,465)         | (2,371,439)         | (2,001,577)         |
| Net Change in Total OPEB Liability                         | (11,444,631)        | 5,646,425           | 7,619,769           | 2,959,349           | 3,187,503           |
| Total OPEB Liability - Beginning Balance                   | 69,801,054          | 64,154,629          | 56,534,860          | 53,575,511          | 50,388,008          |
| Total OPEB Liability - Ending Balance                      | <u>\$58,356,423</u> | <u>\$69,801,054</u> | <u>\$64,154,629</u> | <u>\$56,534,860</u> | <u>\$53,575,511</u> |
| District's Covered Payroll                                 | \$89,350,272        | \$82,271,341        | \$85,176,500        | \$77,229,402        | \$80,637,172        |
| Total OPEB Liability as a Percentage<br>of Covered Payroll | 65%                 | 85%                 | 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  
YEARS ENDED JUNE 30,**

| Medicare Premium Payment Program   | 2022       | 2021       | 2020       | 2019       | 2018       |
|--|------------|------------|------------|------------|------------|
| Measurement Date   | 6/30/2021  | 6/30/2020  | 6/30/2019  | 6/30/2018  | 6/30/2017  |
| District's Proportion of the<br>Net OPEB Liability                         | 0.2332%    | 0.1930%    | 0.1910%    | 0.1980%    | 0.1980%    |
| District's Proportionate Share of the<br>Net OPEB Liability                | \$ 930,057 | \$ 817,905 | \$ 711,278 | \$ 757,883 | \$ 833,002 |
| District's Covered Payroll *   | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Net OPEB liability as a Percentage<br>of Covered Payroll *                 | N/A        | N/A        | N/A        | N/A        | N/A        |
| Plan Fiduciary Net Position as a<br>Percentage of the Total OPEB Liability | -0.80%     | -0.71%     | -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.

\* 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  
YEARS ENDED JUNE 30,**

| CalSTRS - STRP  | 2022                 | 2021                 | 2020                 | 2019                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Measurement Date  | 6/30/2021            | 6/30/2020            | 6/30/2019            | 6/30/2018            |
| District's Proportion of the Net Pension Liability  | 0.1330%              | 0.1270%              | 0.1240%              | 0.1260%              |
| District's Proportionate Share of the Net Pension Liability   | \$ 60,525,640        | \$123,074,430        | \$111,991,840        | \$115,802,820        |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the District              | 30,454,789           | 63,444,370           | 61,099,519           | 66,302,855           |
| Total   | <u>\$ 90,980,429</u> | <u>\$186,518,800</u> | <u>\$173,091,359</u> | <u>\$182,105,675</u> |
| District's Covered Payroll  | \$ 73,800,000        | \$ 70,000,000        | \$ 67,100,000        | \$ 68,600,000        |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 82%                  | 176%                 | 167%                 | 169%                 |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                         | 87%                  | 72%                  | 73%                  | 71%                  |
|   | 2018                 | 2017                 | 2016                 | 2015                 |
| Measurement Date  | 6/30/2017            | 6/30/2016            | 6/30/2015            | 6/30/2014            |
| District's Proportion of the Net Pension Liability  | 0.1260%              | 0.1280%              | 0.1280%              | 0.1450%              |
| District's Proportionate Share of the Net Pension Liability   | \$116,524,800        | \$103,527,680        | \$ 86,174,720        | \$ 84,733,650        |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the District              | 68,935,649           | 58,945,139           | 45,576,805           | 51,166,350           |
| Total   | <u>\$185,460,449</u> | <u>\$162,472,819</u> | <u>\$131,751,525</u> | <u>\$135,900,000</u> |
| District's Covered Payroll  | \$ 67,800,000        | \$ 65,500,000        | \$ 61,700,000        | \$ 61,200,000        |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 172%                 | 158%                 | 140%                 | 138%                 |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                         | 69%                  | 70%                  | 74%                  | 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  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
YEARS ENDED JUNE 30,**

| CalPERS - Schools Pool Plan   | 2022          | 2021          | 2020          | 2019          |
|---|---------------|---------------|---------------|---------------|
| Measurement Date  | 6/30/2021     | 6/30/2020     | 6/30/2019     | 6/30/2018     |
| District's Proportion of the Net Pension Liability  | 0.1471%       | 0.1445%       | 0.1431%       | 0.1484%       |
| District's Proportionate Share of the Net Pension Liability   | \$ 29,911,950 | \$ 44,337,045 | \$ 41,705,424 | \$ 39,568,112 |
| District's Covered Payroll  | \$ 20,300,000 | \$ 21,100,000 | \$ 19,100,000 | \$ 19,100,000 |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 147%          | 210%          | 218%          | 207%          |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability                         | 81%           | 70%           | 70%           | 71%           |
|   | 2018          | 2017          | 2016          | 2015          |
| Measurement Date  | 6/30/2017     | 6/30/2016     | 6/30/2015     | 6/30/2014     |
| District's Proportion of the Net Pension Liability  | 0.1491%       | 0.1477%       | 0.1576%       | 0.1665%       |
| District's Proportionate Share of the Net Pension Liability   | \$ 35,586,943 | \$ 29,170,841 | \$ 23,230,396 | \$ 18,901,804 |
| District's Covered Payroll  | \$ 18,800,000 | \$ 17,200,000 | \$ 17,500,000 | \$ 17,400,000 |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Payroll | 189%          | 170%          | 133%          | 109%          |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability                         | 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.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTION  
YEARS ENDED JUNE 30,**

| CalSTRS - STRP  | 2022          | 2021          | 2020          | 2019          |
|---|---------------|---------------|---------------|---------------|
| Contractually Required Contribution                                     | \$ 12,821,580 | \$ 11,912,650 | \$ 11,969,223 | \$ 10,931,159 |
| Contributions in Relation to the Contractually<br>Required Contribution | 12,821,580    | 11,912,650    | 11,969,223    | 10,931,159    |
| Contribution Deficiency (Excess)  | \$ -          | \$ -          | \$ -          | \$ -          |
| District's Covered Payroll  | \$ 75,800,000 | \$ 73,800,000 | \$ 70,000,000 | \$ 67,100,000 |
| Contributions as a Percentage of Covered Payroll                        | 16.92%        | 16.15%        | 17.10%        | 16.28%        |
|   | 2018          | 2017          | 2016          | 2015          |
| Contractually Required Contribution                                     | \$ 9,905,356  | \$ 8,530,519  | \$ 7,032,883  | \$ 5,489,463  |
| Contributions in Relation to the Contractually<br>Required Contribution | 9,905,356     | 8,530,519     | 7,032,883     | 5,489,463     |
| Contribution Deficiency (Excess)  | \$ -          | \$ -          | \$ -          | \$ -          |
| District's Covered Payroll  | \$ 68,600,000 | \$ 67,800,000 | \$ 65,500,000 | \$ 61,700,000 |
| Contributions as a Percentage of Covered Payroll                        | 14.43%        | 12.58%        | 10.73%        | 8.88%         |
| CalPERS - Schools Pool Plan   | 2022          | 2021          | 2020          | 2019          |
| Contractually Required Contribution                                     | \$ 5,007,751  | \$ 4,203,740  | \$ 4,161,123  | \$ 3,451,521  |
| Contributions in Relation to the Contractually<br>Required Contribution | 5,007,751     | 4,203,740     | 4,161,123     | 3,451,521     |
| Contribution Deficiency (Excess)  | \$ -          | \$ -          | \$ -          | \$ -          |
| District's Covered Payroll  | \$ 21,850,000 | \$ 20,300,000 | \$ 21,100,000 | \$ 19,100,000 |
| Contributions as a Percentage of Covered Payroll                        | 22.91%        | 20.70%        | 19.72%        | 18.06%        |
|   | 2018          | 2017          | 2016          | 2015          |
| Contractually Required Contribution                                     | \$ 2,958,788  | \$ 2,621,751  | \$ 2,032,987  | \$ 2,062,164  |
| Contributions in Relation to the Contractually<br>Required Contribution | 2,958,788     | 2,621,751     | 2,032,987     | 2,062,164     |
| Contribution Deficiency (Excess)  | \$ -          | \$ -          | \$ -          | \$ -          |
| District's Covered Payroll  | \$ 19,100,000 | \$ 18,800,000 | \$ 17,200,000 | \$ 17,500,000 |
| Contributions as a Percentage of Covered Payroll                        | 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, 2022**

**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 accounting principles generally accepted in the United States of America.

**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:

2021-22

The District applied a new discount rate decreasing the rate from 2.18% to 4.09%.

2020-21

The District applied a new discount rate decreasing the rate from 2.66% to 2.18%.

2019-20

The District applied a new discount rate decreasing the rate from 2.79% to 2.66%.

2018-19

The District applied a new discount rate decreasing the rate from 2.98% to 2.79%.

**Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for 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:

2021-22

CalSTRS applied a new discount rate decreasing the rate from 2.21% to 2.16%.

2020-21

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates. CalSTRS also applied a new discount rate decreasing the rate from 3.50% to 2.21%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan (Continued)**

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%.

**Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool 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:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

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 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%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool 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**

There were no excesses of expenditures over appropriations in the General Fund.

## **SUPPLEMENTARY INFORMATION**

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
HISTORY AND ORGANIZATION  
YEAR ENDED JUNE 30, 2022**

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. There were no changes in the boundaries of the District during the current year. 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, 2022 were as follows:

**BOARD OF TRUSTEES**

| <b><u>Member</u></b> | <b><u>Office</u></b> | <b><u>Term Expires</u></b> |
|----------------------|----------------------|----------------------------|
| Lauren Klatzker      | President            | November 30, 2022          |
| Joanne Fawley        | Clerk                | November 30, 2024          |
| Marilyn Buchi        | Member               | November 30, 2022          |
| Vicki Calhoun        | Member               | November 30, 2024          |
| Chester Jeng         | Member               | November 30, 2022          |

**DISTRICT ADMINISTRATORS**

|                        |  |
|------------------------|--|
| Steve McLaughlin, Ed.D | Superintendent   |
| Ed Atkinson            | Assistant Superintendent – Human Services                    |
| Ruben Hernandez        | 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, 2022**

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, 2022 are as follows:

|   | Revised<br>Second Period<br>Certificate #<br>8FA58CC0 | Revised<br>Annual<br>Certificate #<br>84D8CC8B |
|---|---|--|
| Grades Nine through Twelve:                                       |   |  |
| Regular ADA   | 12,463.67   | 12,410.56                                      |
| Extended Year Special Education                                   | 22.34   | 22.34  |
| Special Education - Nonpublic, Nonsectarian Schools               | 8.05  | 14.12  |
| Extended Year Special Education - Nonpublic, Nonsectarian Schools | 2.43  | 2.43   |
| Total Grades Nine through Twelve ADA                              | 12,496.49   | 12,449.45                                      |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2022**

| <u>Grade Level</u> | <u>Minutes<br/>Requirements</u> | <u>Minutes<br/>Offered</u> | <u>Days Offered<br/>Traditional</u> | <u>Status</u> |
|--------------------|---------------------------------|----------------------------|-------------------------------------|---------------|
| Grade 9            | 64,800                          | 65,358                     | 180                                 | In Compliance |
| Grade 10           | 64,800                          | 65,358                     | 180                                 | In Compliance |
| Grade 11           | 64,800                          | 65,358                     | 180                                 | In Compliance |
| Grade 12           | 64,800                          | 65,358                     | 180                                 | In Compliance |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

| Program Name   | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Total<br>Federal<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|--|---|----------------------------------|---------------------------------------|
| <b>United States Department of Agriculture</b>                                   |  |   |                                  |                                       |
| Pass-Through Program From California Department of Education (CDE):              |  |   |                                  |                                       |
| Child Nutrition Cluster:   |  |   |                                  |                                       |
| Summer Food Service Program  | 10.559                                     | 13004   | \$ 2,610,552                     | \$ -                                  |
| National School Lunch Program - Commodities                                      | 10.555                                     | 13396   | 216,437                          | -                                     |
| Subtotal: Child Nutrition Cluster  |  |   | 2,826,989                        | -                                     |
| Child Nutrition Program-Child and Adult Care Food Program                        | 10.558                                     | 13666   | 624,356                          | -                                     |
| Total: United States Department of Agriculture                                   |  |   | 3,451,345                        | -                                     |
| <b>United States Department of Education</b>                                     |  |   |                                  |                                       |
| Pass-Through Program From North Orange County SELPA:                             |  |   |                                  |                                       |
| Special Education Cluster:   |  |   |                                  |                                       |
| Basic Local Assistance Entitlement, Part B, Section 611                          | 84.027                                     | 13379   | 1,787,894                        | -                                     |
| Mental Health Services, Part B   | 84.027                                     | 15197   | 505,318                          | -                                     |
| Subtotal: Special Education (IDEA) Cluster                                       |  |   | 2,293,212                        | -                                     |
| Total: Pass-Through Program From North Orange County SELPA                       |  |   | 2,293,212                        | -                                     |
| Pass-Through Program From CDE:   |  |   |                                  |                                       |
| Title I:   |  |   |                                  |                                       |
| Title I, Part A - Low Income and Neglected                                       | 84.010                                     | 14329   | 2,205,382                        | -                                     |
| School Improvement Funding for LEAs  | 84.010                                     | 15438   | 343,931                          | -                                     |
| Subtotal: Title I  |  |   | 2,549,313                        | -                                     |
| Education Stabilization Fund (ESF):  |  |   |                                  |                                       |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I)            | 84.425D                                    | 15536   | 187                              | -                                     |
| COVID-19 - ESSER II  | 84.425D                                    | 15547   | 4,605,807                        | -                                     |
| COVID-19 - ESSER III   | 84.425D                                    | 15559   | 3,006,887                        | -                                     |
| Subtotal: Education Stabilization Fund   |  |   | 7,612,881                        | -                                     |
| Other Programs:  |  |   |                                  |                                       |
| Title II, Part A - Improving Teacher Quality                                     | 84.367                                     | 14341   | 344,957                          | -                                     |
| Title III - English Learner Student Program                                      | 84.365                                     | 14346   | 106,229                          | -                                     |
| Title IV, Part A - Student Support and Academic Enrichment Grant                 | 84.424                                     | 15396   | 294,998                          | -                                     |
| Career and Technical Education - Secondary                                       | 84.048                                     | 14894   | 290,977                          | -                                     |
| Total: Pass-Through Program From CDE   |  |   | 11,199,355                       | -                                     |
| Total: United States Department of Education                                     |  |   | 13,492,567                       | -                                     |
| <b>Total Federal Programs</b>  |  |   | <b>\$ 16,943,912</b>             |                                       |
| <b>Reconciliation to Federal Revenue</b>   |  |   |                                  |                                       |
| Total Federal Program Expenditures   |  |   |                                  | \$ 16,943,912                         |
| Revenues in Excess (Deficiency) of Expenditures Related to Federal Entitlements: |  |   |                                  |                                       |
| Junior Reserve Officer Training Corp (JROTC)                                     |  |   |                                  | 669,657                               |
| Special Education Cluster  |  |   |                                  | 13,893                                |
| Child Nutrition Cluster  |  |   |                                  | 835,630                               |
| Child Nutrition: Child and Adult Care Food Program                               |  |   |                                  | 477,935                               |
| COVID-19 - Child Nutrition: SNP Emergency Operational Costs Reimbursement (ECR)  |  |   |                                  | 108,019                               |
| COVID-19 - Child Nutrition Program-Child and Adult Care Food Program ECR         |  |   |                                  | 57,862                                |
| Total Federal Program Revenue  |  |   |                                  | <b>\$ 19,106,908</b>                  |

The District is the recipient of a federal award program that does not result in cash receipts or disbursements.

The District was granted \$216,437 of commodities under the National School Lunch Program (Assistance Listing Number 10.555).



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

|                                   | 2023 (Budgeted) | 2022           | 2021           | 2020           |
|-----------------------------------|-----------------|----------------|----------------|----------------|
| Revenue                           | \$ 201,616,077  | \$ 199,633,652 | \$ 192,731,658 | \$ 176,028,174 |
| Other Sources and Transfers In    | 805,177         | 1,060,293      | 805,177        | -              |
| Total Revenue and Other Sources   | 202,421,254     | 200,693,945    | 193,536,835    | 176,028,174    |
| Expenditures                      | 207,841,895     | 196,440,732    | 185,206,713    | 175,948,663    |
| Other Uses and Transfers Out      | 3,250,000       | 3,505,116      | 3,250,000      | 1,650,000      |
| Total Expenditures and Other Uses | 211,091,895     | 199,945,848    | 188,456,713    | 177,598,663    |
| Change in Fund Balance            | (8,670,641)     | 748,097        | 5,080,122      | (1,570,489)    |
| Ending Fund Balance               | \$ 51,361,321   | \$ 60,031,962  | \$ 59,283,865  | \$ 54,203,743  |
| Available Reserve                 | \$ 18,409,900   | \$ 48,192,659  | \$ 47,048,223  | \$ 48,896,911  |
| Available Reserve %               | 8.9%            | 24.5%          | 25.4%          | 27.8%          |
| ADA                               | 12,558          | 12,970         | 13,004         | 13,004         |
| Total Long-Term Debt              | \$ 361,680,533  | \$ 368,761,120 | \$ 464,893,166 | \$ 454,879,598 |

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 2023 budget is the original budget adopted on June 21, 2022.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2022**

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, 2022**

Differences between the fund balances reported on the June 30, 2022 *Annual Financial and Budget Report* for the governmental funds and the audited financial statements occurred in the following fund:

|   | Building<br>Fund           |
|---|----------------------------|
|   | <hr/>                      |
| June 30, 2022 Annual Financial and Budget Report Fund Balance | \$ 35,412,837              |
| Adjustments and Reclassifications:                            |                            |
| Adjustment to Accounts Payable                                | <hr/> (338,337)            |
| June 30, 2022 Audited Fund Balance                            | <hr/> <u>\$ 35,074,500</u> |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**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.

**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 government for the year ended June 30, 2022. 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 position, 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 for all awards. Under these principles, 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.

**Indirect Cost Rate**

The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Schedule of Financial Trends and Analysis**

The *2021-22 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 they have met the recommended available reserve percentages.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedule of Charter Schools**

The *2021-22 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, 2022**

|                                      | Student<br>Activity<br>Fund | Cafeteria<br>Fund   | Capital<br>Facilities<br>Fund | County Schools<br>Facilities<br>Fund |
|--------------------------------------|-----------------------------|---------------------|-------------------------------|--------------------------------------|
| <b>ASSETS</b>                        |                             |                     |                               |                                      |
| Cash in County Treasury              | \$ -                        | \$ 2,546,552        | \$ 3,917,410                  | \$ 1,243,657                         |
| Cash in Banks                        | 2,402,017                   | -                   | -                             | -                                    |
| Cash in Revolving Fund               | -                           | 10,112              | -                             | -                                    |
| Cash Awaiting Deposit                | -                           | 81                  | 2,424                         | -                                    |
| Accounts Receivable                  | -                           | 635,818             | 9,619                         | 538                                  |
| Due from Other Funds                 | -                           | 1,507               | -                             | -                                    |
| Stores                               | 1,480                       | 41,491              | -                             | -                                    |
| Total Assets                         | <u>\$ 2,403,497</u>         | <u>\$ 3,235,561</u> | <u>\$ 3,929,453</u>           | <u>\$ 1,244,195</u>                  |
| <b>LIABILITIES AND FUND BALANCES</b> |                             |                     |                               |                                      |
| <b>LIABILITIES</b>                   |                             |                     |                               |                                      |
| Accounts Payable                     | \$ -                        | \$ 139,709          | \$ 420,617                    | \$ 18                                |
| Due to Other Funds                   | -                           | 113,420             | -                             | 1,053,411                            |
| Unearned Revenue                     | -                           | 73,096              | -                             | -                                    |
| Total Liabilities                    | <u>-</u>                    | <u>326,225</u>      | <u>420,617</u>                | <u>1,053,429</u>                     |
| <b>FUND BALANCES</b>                 |                             |                     |                               |                                      |
| Nonspendable                         | 1,480                       | 51,603              | -                             | -                                    |
| Restricted                           | 2,402,017                   | 2,857,733           | 3,508,836                     | 190,766                              |
| Committed                            | -                           | -                   | -                             | -                                    |
| Total Fund Balances                  | <u>2,403,497</u>            | <u>2,909,336</u>    | <u>3,508,836</u>              | <u>190,766</u>                       |
| Total Liabilities and Fund Balances  | <u>\$ 2,403,497</u>         | <u>\$ 3,235,561</u> | <u>\$ 3,929,453</u>           | <u>\$ 1,244,195</u>                  |

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

|                                      | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component Units | Bond Interest<br>and Redemption<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--------------------------------------|--|---|---|---|
| <b>ASSETS</b>                        |  |   |   |   |
| Cash in County Treasury              | \$ 3,350,976   | \$ 17,226   | \$ 8,859,343                            | \$ 19,935,164                           |
| Cash in Banks                        | -  | -   | -                                       | 2,402,017                               |
| Cash in Revolving Fund               | -  | -   | -                                       | 10,112                                  |
| Cash Awaiting Deposit                | -  | -   | -                                       | 2,505                                   |
| Accounts Receivable                  | 1,875  | 10  | 6,544                                   | 654,404                                 |
| Due from Other Funds                 | 650,000  | -   | -                                       | 651,507                                 |
| Stores                               | -  | -   | -                                       | 42,971                                  |
| Total Assets                         | <u>\$ 4,002,851</u>                                    | <u>\$ 17,236</u>  | <u>\$ 8,865,887</u>                     | <u>\$ 23,698,680</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b> |  |   |   |   |
| <b>LIABILITIES</b>                   |  |   |   |   |
| Accounts Payable                     | \$ 64  | \$ 16,870   | \$ -                                    | \$ 577,278                              |
| Due to Other Funds                   | -  | -   | -                                       | 1,166,831                               |
| Unearned Revenue                     | -  | -   | -                                       | 73,096                                  |
| Total Liabilities                    | <u>64</u>  | <u>16,870</u>   | <u>-</u>                                | <u>1,817,205</u>                        |
| <b>FUND BALANCES</b>                 |  |   |   |   |
| Nonspendable                         | -  | -   | -                                       | 53,083                                  |
| Restricted                           | -  | 366   | 8,865,887                               | 17,825,605                              |
| Committed                            | 4,002,787  | -   | -                                       | 4,002,787                               |
| Total Fund Balances                  | <u>4,002,787</u>                                       | <u>366</u>  | <u>8,865,887</u>                        | <u>21,881,475</u>                       |
| Total Liabilities and Fund Balances  | <u>\$ 4,002,851</u>                                    | <u>\$ 17,236</u>  | <u>\$ 8,865,887</u>                     | <u>\$ 23,698,680</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, 2022**

|  | Student<br>Activity<br>Fund | Cafeteria<br>Fund   | Capital<br>Facilities<br>Fund | County Schools<br>Facilities<br>Fund |
|--|-----------------------------|---------------------|-------------------------------|--------------------------------------|
| <b>REVENUES</b>  |                             |                     |                               |                                      |
| Federal Sources  | \$ -                        | \$ 4,930,790        | \$ -                          | \$ -                                 |
| Other State Sources  | -                           | 295,031             | -                             | 4,511,814                            |
| Other Local Sources  | 4,477,052                   | 127,676             | 2,710,987                     | 9,782                                |
| Total Revenues   | 4,477,052                   | 5,353,497           | 2,710,987                     | 4,521,596                            |
| <b>EXPENDITURES</b>  |                             |                     |                               |                                      |
| Pupil Services   | -                           | 3,311,902           | -                             | -                                    |
| Ancillary Services   | 3,772,128                   | -                   | -                             | -                                    |
| General Administration                                       | -                           | 92,987              | 24,986                        | -                                    |
| Plant Services   | -                           | 46,456              | 4,541                         | 64,551                               |
| Other Outgo  | -                           | -                   | 1,746,309                     | -                                    |
| Debt Service   | -                           | -                   | -                             | -                                    |
| Total Expenditures   | 3,772,128                   | 3,451,345           | 1,775,836                     | 64,551                               |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | 704,924                     | 1,902,152           | 935,151                       | 4,457,045                            |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |                     |                               |                                      |
| Interfund Transfers In                                       | -                           | -                   | -                             | -                                    |
| Interfund Transfers Out                                      | -                           | -                   | -                             | (4,511,814)                          |
| Total Other Financing Sources (Uses)                         | -                           | -                   | -                             | (4,511,814)                          |
| <b>NET CHANGES IN FUND BALANCE</b>                           | 704,924                     | 1,902,152           | 935,151                       | (54,769)                             |
| Fund Balances - Beginning of Year                            | 1,698,573                   | 1,007,184           | 2,573,685                     | 245,535                              |
| <b>FUND BALANCES - END OF YEAR</b>                           | <u>\$ 2,403,497</u>         | <u>\$ 2,909,336</u> | <u>\$ 3,508,836</u>           | <u>\$ 190,766</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, 2022**

|  | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component Units | Bond Interest<br>and Redemption<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|--|---|---|---|
| <b>REVENUES</b>  |  |   |   |   |
| Federal Sources  | \$ -   | \$ -  | \$ -                                    | \$ 4,930,790                            |
| Other State Sources  | -  | -   | 55,663                                  | 4,862,508                               |
| Other Local Sources  | 16,773   | 92  | 11,194,966                              | 18,537,328                              |
| Total Revenues   | 16,773   | 92  | 11,250,629                              | 28,330,626                              |
| <b>EXPENDITURES</b>  |  |   |   |   |
| Pupil Services   | -  | -   | -                                       | 3,311,902                               |
| Ancillary Services   | -  | -   | -                                       | 3,772,128                               |
| General Administration                                       | -  | -   | -                                       | 117,973                                 |
| Plant Services   | 1,775  | 32,395  | -                                       | 149,718                                 |
| Other Outgo  | -  | -   | -                                       | 1,746,309                               |
| Debt Service   | -  | -   | 12,867,714                              | 12,867,714                              |
| Total Expenditures   | 1,775  | 32,395  | 12,867,714                              | 21,965,744                              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | 14,998   | (32,303)  | (1,617,085)                             | 6,364,882                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |  |   |   |   |
| Interfund Transfers In                                       | 650,000  | 20,000  | -                                       | 670,000                                 |
| Interfund Transfers Out                                      | -  | -   | -                                       | (4,511,814)                             |
| Total Other Financing Sources (Uses)                         | 650,000  | 20,000  | -                                       | (3,841,814)                             |
| <b>NET CHANGES IN FUND BALANCE</b>                           | 664,998  | (12,303)  | (1,617,085)                             | 2,523,068                               |
| Fund Balances - Beginning of Year                            | 3,337,789  | 12,669  | 10,482,972                              | 19,358,407                              |
| <b>FUND BALANCES - END OF YEAR</b>                           | <u>\$ 4,002,787</u>                                    | <u>\$ 366</u>   | <u>\$ 8,865,887</u>                     | <u>\$ 21,881,475</u>                    |

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022**

**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 nonmajor 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 AUDITORS' REPORT**



**INDEPENDENT AUDITORS' 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 the 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 Fullerton Joint Union High School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 15, 2023.

***Report on 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) as a basis for designing 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 entity's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

***Report on 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 financial statements. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***District's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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  
March 15, 2023



**INDEPENDENT AUDITORS' 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**

***Opinion on Each Major Federal Program***

We have audited Fullerton Joint Union High School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



### **Report on 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 a 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 in internal control over compliance, 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Glendora, California  
March 15, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

### **Report on State Compliance**

#### ***Opinion on State Compliance***

We have audited the Fullerton Joint Union High School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

#### ***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state compliance requirements as identified in the table provided below. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for State Compliance***

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, no such opinion is expressed; and

Board of Trustees  
Fullerton Joint Union High School District

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| <u>Description</u>  | <u>Procedures Performed</u> |
|---|-----------------------------|
| Attendance  | Yes                         |
| Teacher Certification and Misassignments                    | Yes                         |
| Kindergarten Continuance                                    | Not Applicable              |
| Independent Study   | No <sup>1</sup>             |
| Continuation Education                                      | Not Applicable              |
| 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              |
| Immunizations   | Yes                         |
| Educator Effectiveness                                      | Yes                         |
| Expanded Learning Opportunities Grant (ELO-G)               | Yes                         |
| Career Technical Education Incentive Grant                  | Yes                         |
| In Person Instruction Grant                                 | Yes                         |
| Charter Schools:  |                             |
| Attendance  | Not Applicable              |
| Mode of Instruction   | Not Applicable              |
| Nonclassroom-Based Instruction/Independent Study            | Not Applicable              |
| Determination of Funding for Nonclassroom-Based Instruction | Not Applicable              |
| Annual Instructional Minutes - Classroom Based              | Not Applicable              |
| Charter School Facility Grant Program                       | Not Applicable              |

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

### **Report on 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirements 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
March 15, 2023

## **FINDINGS AND QUESTIONED COSTS**

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF AUDITOR RESULTS  
JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
  - Material weakness(es) identified?       x       yes                      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?                      yes       x       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)?                      yes       x       no

***Identification of Major Federal Programs***

**Assistance Listing Number(s)**

84.027  
84.425D

**Name of Federal Program or Cluster**

Special Education Cluster  
Education Stabilization Fund

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, 2022**

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                    |

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***Section II – Financial Statement Findings***

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**2022-001      Internal Control – Construction Year-End Accruals      30000**

**Material Weakness in Internal Control over Financial Reporting**

**Criteria:** Expenditures should be recognized in the accounting period in which the liability is incurred. This includes construction amounts that have been incurred but are being held as retention pending completion of the project.

**Condition:** Two construction projects did not record the five percent retention amounts that have been incurred but are being held pending completion of the projects. This appears to be isolated to only these specific types of expenditures.

**Effect:** Expenditures and liabilities were not recognized in the appropriate fiscal year end period.

**Cause:** New management, staff turnover, and an extended period with key vacancies in both the facilities and fiscal services departments were the primary reasons for this error in estimating and recording the construction retention amounts.

**Repeat Finding:** No

**Recommendation:** We recommend that the District implement a final review procedure that includes the accrual of construction project amounts that have been incurred but are being held as retention pending completion of the projects as part of the closing process.



**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

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***Section II – Financial Statement Findings (Continued)***

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**2022-001      Internal Control – Construction Year-End Accruals (Continued)      30000**

**Views of Responsible Officials and Corrective Action Plan:** The District will immediately implement the following procedures:

Facilities procedures:

Facilities department will work with construction vendors to hold them accountable for work completed to be billed in the appropriate fiscal year.

Fiscal year-end closing procedures:

Facilities and fiscal services departments will work together during year-end closing to review construction in progress worksheets, estimate accrual amounts for construction project costs that have been incurred but are being had as retention pending completion of the projects, and record those accruals into the financial system.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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***Section IV – Findings and Questioned Costs – State Compliance***

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Our audit did not disclose any matters required to be reported in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2022**

There were no prior year findings and questioned costs related to the basic financial statements, federal awards, or state awards for the prior year.

## **CONTINUING DISCLOSURE INFORMATION**

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT  
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)  
JUNE 30, 2022**

|   |                   |
|---|-------------------|
| Assessed valuation for fiscal year 2021-22        | \$ 39,135,306,636 |
| Secured tax levies for fiscal year 2021-22        | \$ 58,235,397     |
| Secured tax delinquencies for fiscal year 2021-22 | \$ 407,921        |
| Secured tax collections for fiscal year 2021-22   | \$ 57,827,476     |

**LARGEST LOCAL SECURED TAXPAYERS  
Fullerton Joint Union High School District  
Fiscal Year 2021-22**

|     | Property Owner                         | Primary Land Use | 2021-22<br>Assessed Valuation | % of<br>Total <sup>(1)</sup> |
|-----|--|------------------|-------------------------------|------------------------------|
| 1.  | The Source at Beach LLC                | Commercial       | \$ 173,138,226                | 0.44 %                       |
| 2.  | Comref So Ca Industrial Sub A & P LLC  | Industrial       | 161,296,005                   | 0.41                         |
| 3.  | Centerpointe Properties Trust          | Commercial       | 139,968,551                   | 0.36                         |
| 4.  | Aspect Acquisition LLC                 | Apartments       | 137,704,389                   | 0.35                         |
| 5.  | Prologis USLV Subreit 3 LLC            | Commercial       | 128,404,631                   | 0.33                         |
| 6.  | Alticor Inc.                           | Industrial       | 126,199,170                   | 0.32                         |
| 7.  | FHF I Amerige Pointe LLC               | Apartments       | 123,303,243                   | 0.32                         |
| 8.  | 3503 RP Fullerton Metrocenter Land LLC | Commercial       | 118,954,414                   | 0.30                         |
| 9.  | CVS Pharmacy Inc.                      | Industrial       | 109,714,458                   | 0.28                         |
| 10. | Advanced Group 16-114                  | Apartments       | 106,148,009                   | 0.27                         |
| 11. | La Habra Association LLC               | Commercial       | 103,696,170                   | 0.26                         |
| 12. | Corecare III                           | Apartments       | 94,655,331                    | 0.24                         |
| 13. | Rreef America REIT II Corp.            | Industrial       | 93,238,264                    | 0.24                         |
| 14. | Realty Income Properties 14 LLC        | Commercial       | 86,000,000                    | 0.22                         |
| 15. | Fairfield 951 Beach LLC                | Apartments       | 85,639,997                    | 0.22                         |
| 16. | Fullerton Luxury Rentals LLC           | Apartments       | 83,405,899                    | 0.21                         |
| 17. | PRI Buena Park Industrial CA LLC       | Industrial       | 81,067,057                    | 0.21                         |
| 18. | GLC Fullerton LLC                      | Industrial       | 73,472,227                    | 0.19                         |
| 19. | 6300 Regio LLC                         | Industrial       | 68,903,794                    | 0.18                         |
| 20. | PK I Fullerton Town Center LP          | Commercial       | 64,763,348                    | 0.17                         |
|     | Total Top 20                           |                  | <u>\$ 2,159,673,183</u>       | <u>5.52 %</u>                |

(1) FY2021-22 Local secured assessed valuation: \$39,135,306,636



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