



Financial Statements
June 30, 2021

El Monte Union High School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	21
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	63
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	64
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	65
Schedule of the District’s Proportionate Share of the Net Pension Liability	66
Schedule of the District Contributions.....	67
Notes to Required Supplementary Information	68
Supplementary Information	
Schedule of Expenditures of Federal Awards	70
Local Education Agency Organization Structure.....	72
Schedule of Instructional Time	73
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	74
Schedule of Financial Trends and Analysis	75
Combining Balance Sheet – Non-Major Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds.....	77
Notes to Supplementary Information.....	79
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	83
Independent Auditor’s Report on State Compliance.....	85

Schedule of Findings and Questioned Costs

Summary of Auditor's Results.....	88
Financial Statement Findings	89
Federal Awards Findings and Questioned Costs.....	91
State Compliance Findings and Questioned Costs.....	92
Summary Schedule of Prior Audit Findings.....	94



Independent Auditor's Report

To the Governing Board
El Monte Union High School District
El Monte, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte Union High School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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 El Monte Union High School District, as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 18 to the financial statements, El Monte Union High School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 63, schedule of changes in the District's total OPEB liability and related ratios on page 64, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 65, schedule of the District's proportionate share of the net pension liability on page 66, and the schedule of District contributions on page 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Monte Union High School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2022 on our consideration of El Monte Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 El Monte Union High School 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 El Monte Union High School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022

This section of El Monte Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it 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 and business-type activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements from a single category of activity activities: governmental.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified 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 El Monte Union High School District.

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, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the 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 in them. 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 likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of grade nine through twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

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.

FINANCIAL HIGHLIGHTS

The total regular operating *expenditures* of the El Monte Union High School District, including capital outlay, other outgo, and transfer of indirect costs (object codes 6000-7399), when expressed in dollars per student, exceeded that of the average California High School District in fiscal year 2018-2019. ⁽¹⁾ Measured by *Education Code* Section 41372, better known as the Current Expense of Education, the district expended over \$1,000 more per ADA when compared to high school districts statewide during the same period.

The district can commit additional resources based on the fact that in the five years leading into the 2020-2021 school year, the El Monte Union High School District per-student General Fund revenues consistently exceeded the average for all districts in the State of California and the average for High School District statewide by over \$1,250.⁽²⁾

In 2020-2021 the Board-approved and district moved forward with a number of Measure HS projects (Series A) including:

- Community Education Center at District Office (*completion date: fall 2020*)
- Over 250 HVAC Replacement at all sites (*completion date: fall 2020*)
- Roof Replacement at various sites (*completion date: fall 2020*)
- Multipurpose building and gymnasium at Fernando R. Ledesma High School (*completion date: summer 2021*)
- New synthetic track and field and concessions buildings at Rosemead High School (*completion date: summer 2021*)
- South El Monte High School quad upgrade (*completion date: summer 2021*)
- New artificial track and field and concession buildings at Arroyo High School (*planning & design phase*)
- New concessions buildings, restrooms and bleachers Mountain View High School (*planning & design phase*)
- Full modernization at Mountain View and South El Monte high schools (*planning & design phase*)
- New campus at Granada Transition Center (*Sites assessment phase*)
- Artificial track and field replacement at El Monte and South El Monte high schools (*planning phase*)
- Solar-equipped parking covers at El Monte High, Ledesma and other campuses (*planning phase*)

In January 2021 the district was one of three across the state awarded \$9.8 million in grant funding by the California Air Resources Board for the Clean Mobility in Schools project promoting zero-emission transportation. The scope includes purchasing 11 electric buses, 10 electric utility vehicles and building the infrastructure for electric charging buses, electric battery storages at every district school site

Sources:

1. California Department of Education, School Fiscal Services Division: SACS Unaudited Actual Data.
2. *Ibid.*

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$43,062,864 for the fiscal year ended June 30, 2021. Of this amount, \$(94,381,391) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. 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	
	2021	2020 as restated
Assets		
Current and other assets	\$ 199,930,945	\$ 163,863,360
Capital assets	226,168,677	223,005,499
Total assets	<u>426,099,622</u>	<u>386,868,859</u>
Deferred outflows of resources	<u>46,030,680</u>	<u>44,902,621</u>
Liabilities		
Current liabilities	34,954,504	18,595,205
Long-term liabilities	<u>383,834,265</u>	<u>376,210,024</u>
Total liabilities	<u>418,788,769</u>	<u>394,805,229</u>
Deferred inflows of resources	<u>10,278,669</u>	<u>16,427,297</u>
Net Position		
Net investment in capital assets	110,651,984	123,471,396
Restricted	26,792,271	19,198,745
Unrestricted (deficit)	<u>(94,381,391)</u>	<u>(122,131,187)</u>
Total net position	<u>\$ 43,062,864</u>	<u>\$ 20,538,954</u>

The \$(94,381,391) in unrestricted (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – 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 – decreased by 22.7 percent (\$(94,381,391) compared to \$(122,131,187)).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 156,532	\$ 204,165
Operating grants and contributions	59,748,931	36,068,962
General revenues		
Federal and State aid not restricted	84,494,609	87,646,034
Property taxes	39,582,655	39,145,122
Other general revenues	6,450,060	7,258,064
Total revenues	190,432,787	170,322,347
Expenses		
Instruction-related	108,177,681	108,452,590
Pupil services	20,350,252	23,375,863
Administration	9,828,449	9,181,009
Plant services	18,199,344	18,293,248
All other services	11,353,151	12,862,245
Total expenses	167,908,877	172,164,955
Change in net position	\$ 22,523,910	\$ (1,842,608)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$167,908,877. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$39,582,655 because the cost was paid by those who benefited from the programs (\$156,532) or by other governments and organizations who subsidized certain programs with grants and contributions (\$59,748,931). We paid for the remaining "public benefit" portion of our governmental activities with \$90,944,669 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 108,177,681	\$ 108,452,590	\$ 65,590,816	\$ 82,363,471
Pupil services	20,350,252	23,375,863	10,454,254	15,955,608
Administration	9,828,449	9,181,009	8,364,140	8,164,476
Plant services	18,199,344	18,293,248	13,223,948	16,978,852
All other services	11,353,151	12,862,245	10,370,256	12,429,421
Total	<u>\$ 167,908,877</u>	<u>\$ 172,164,955</u>	<u>\$ 108,003,414</u>	<u>\$ 135,891,828</u>

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$165,672,822 which is an increase of \$19,663,284 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	\$ 44,410,894	\$ 145,141,779	\$ 123,135,867	\$ 66,416,806
Student Activity Fund	182,440	748,351	144,910	785,881
Adult Education Fund	10,017,154	12,252,313	11,240,307	11,029,160
Cafeteria Fund	721,412	4,733,261	4,385,791	1,068,882
Deferred Maintenance Fund	5,062,541	313,253	1,599,298	3,776,496
Building Fund	72,763,683	1,105,240	9,537,706	64,331,217
Capital Facilities Fund	1,198,256	504,085	687,169	1,015,172
Special Reserve Fund for Capital Outlay Projects	5,226,225	9,412,113	1,053,774	13,584,564
Bond Interest and Redemption Fund	6,426,933	16,020,780	18,783,069	3,664,644
Total	<u>\$ 146,009,538</u>	<u>\$ 190,231,175</u>	<u>\$ 170,567,891</u>	<u>\$ 165,672,822</u>

The primary reasons for these increases are:

1. Coronavirus Aid, Relief, and Economic Security (CARES) Act allocations
2. Decreased student activity for pandemic reduced pupil undertakings
3. Decreased pupil transportation expenses for pandemic induced virtual learning
4. Bond construction projects and facilities improvement delays attributed to the COVID-19 pandemic

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the 2020-2021 budget was made to the unaudited actuals adopted on September 15, 2021. (A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 63).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$226,168,677 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$3,163,178, or 1.4 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 36,853,770	\$ 45,255,344
Buildings and improvements	183,890,199	172,296,483
Equipment	5,424,708	5,453,672
Total	\$ 226,168,677	\$ 223,005,499

This year’s additions of \$11,769,218 included several vehicles, cafeteria equipment and classroom equipment such as computers. Proceeds from prior year’s issuance of general obligation bonds will be used for modernization, renovation, and construction of various school facilities in accordance with voter approved measures. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$383,834,265 in long-term liabilities outstanding versus \$376,210,024 last year, an increase of 2.0 percent. We present more detailed information about our long-term obligation in Notes 9, 10, and 14 to the financial statements. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 178,785,630	\$ 188,629,328
Unamortized premiums/(discounts)	14,830,959	16,347,282
Lease purchase agreements	10,350,000	10,545,000
Compensated absences	1,946,534	1,312,475
Supplemental early retirement incentive	-	281,957
Net OPEB liability	31,843,638	29,146,625
Aggregate net pension liability	146,077,504	129,947,357
Total	\$ 383,834,265	\$ 376,210,024

The District's general obligation bond rating continues to be "Aa3." The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below the statutorily-imposed limit.

At year-end, the District has a net pension liability of \$146,077,504 versus \$129,947,357 last year, an increase of \$16,130,147, or 12.4 percent.

Other liabilities include compensated absences payable, net other postemployment benefits (OPEB) liability (not including health benefits) and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Assumptions for the 2021-2022 Proposed Budget include:

- Funding for the LCAP projected at \$29,060,391.
- Funding to address the needs of unduplicated counts of pupils which include English Learners, Free and Reduced-Price Eligible Students, and Foster Youth via the proportionality calculation.
- Step and column increase for employees effective July 1, 2021.
- An increase in the employer contribution rate from 16.15% to 16.92% for CalSTRS, and an increase in the employer contribution rate from 20.70% to 22.91% for CalPERS.
- Contributions to restricted maintenance equivalent to 3% of general fund expenditures.
- Mandated Block Grant funding at \$63.17/ADA

Multi-year projections for the two subsequent years, FY 2021-2022 and FY 2022-2023, include:

- Continued 100% implementation of the LCFF funding model.
- Funding for unduplicated counts of pupils based on the proportionality calculation.
- Increased contributions to restricted maintenance at the minimum 3% equivalent of general fund expenditures in the prior fiscal period.
- Additional 5% increase through multi-years for all utilities, Property & Liability, and 5% for Health & Welfare benefits.
- The sum of inter-fund transfers to Funds 14 and 21 in FY 2021-2021 is projected at \$1,089,700, in FY 2021-2022 projected at \$1,114,288, and in FY 2022-2023 projected at \$1,129,298.

Enrollment, ADA, and Staff planning factors by fiscal year are available online on the District's website.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 the Assistant Superintendent, Business Services, at El Monte Union High School District, located at 3537 Johnson Ave., El Monte, California, 91731, or e-mail at wael.elatar@emuhsd.org.

El Monte Union High School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 170,750,608
Receivables	26,708,227
Prepaid items	2,275
Stores inventories	1,851,041
Other current assets	618,794
Capital assets not depreciated	36,853,770
Capital assets, net of accumulated depreciation	189,314,907
Total assets	426,099,622
Deferred Outflows of Resources	
Deferred amount on refunding	5,858,604
Deferred outflows of resources related to OPEB	3,512,685
Deferred outflows of resources related to pensions	36,659,391
Total deferred outflows of resources	46,030,680
Liabilities	
Accounts payable	17,779,447
Interest payable	696,381
Unearned revenue	4,478,676
Current loans	12,000,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	8,430,000
Long-term liabilities other than OPEB and pensions due in more than one year	197,483,123
Other postemployment benefits (OPEB) liability	31,843,638
Aggregate net pension liability	146,077,504
Total liabilities	418,788,769
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	10,278,669
Net Position	
Net investment in capital assets	110,651,984
Restricted for	
Debt service	2,968,263
Capital projects	1,015,172
Educational programs	10,074,197
Adult education	10,920,733
Other restrictions	1,813,906
Unrestricted (deficit)	(94,381,391)
Total net position	\$ 43,062,864

El Monte Union High School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 90,648,284	\$ 90,700	\$ 35,652,432	\$ (54,905,152)
Instruction-related activities				
Supervision of instruction	6,086,579	6,897	2,921,741	(3,157,941)
Instructional library, media, and technology	1,562,299	171	220,171	(1,341,957)
School site administration	9,880,519	7,093	3,687,660	(6,185,766)
Pupil services				
Home-to-school transportation	1,270,785	-	3,517	(1,267,268)
Food services	4,732,956	2,321	5,003,839	273,204
All other pupil services	14,346,511	8,167	4,878,154	(9,460,190)
Administration				
Data processing	2,415,835	933	423,991	(1,990,911)
All other administration	7,412,614	1,505	1,037,880	(6,373,229)
Plant services	18,199,344	4,377	4,971,019	(13,223,948)
Ancillary services	2,687,304	1,531	214,219	(2,471,554)
Community services	26,700	1,161	21,375	(4,164)
Interest on long-term liabilities	8,403,177	-	-	(8,403,177)
Other outgo	235,970	31,676	712,933	508,639
Total governmental activities	<u>\$ 167,908,877</u>	<u>\$ 156,532</u>	<u>\$ 59,748,931</u>	<u>(108,003,414)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				22,735,158
Property taxes, levied for debt service				15,896,812
Taxes levied for other specific purposes				950,685
Federal and State aid not restricted to specific purposes				84,494,609
Interest and investment earnings				2,066,352
Miscellaneous				4,383,708
Subtotal, general revenues and subvention				<u>130,527,324</u>
Change in Net Position				22,523,910
Net Position - Beginning, as restated				<u>20,538,954</u>
Net Position - Ending				<u>\$ 43,062,864</u>

El Monte Union High School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 70,659,389	\$ 65,673,274	\$ 3,664,644	\$ 30,753,301	\$ 170,750,608
Receivables	24,769,907	377,606	-	1,560,714	26,708,227
Prepaid expenditures	2,275	-	-	-	2,275
Stores inventories	1,707,057	-	-	143,984	1,851,041
Other current assets	618,794	-	-	-	618,794
Total assets	\$ 97,757,422	\$ 66,050,880	\$ 3,664,644	\$ 32,457,999	\$ 199,930,945
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 14,861,940	\$ 1,719,663	\$ -	\$ 1,197,844	\$ 17,779,447
Current loans	12,000,000	-	-	-	12,000,000
Unearned revenue	4,478,676	-	-	-	4,478,676
Total liabilities	31,340,616	1,719,663	-	1,197,844	34,258,123
Fund Balances					
Nonspendable	1,739,332	-	-	149,284	1,888,616
Restricted	10,074,197	64,331,217	3,664,644	13,749,811	91,819,869
Committed	-	-	-	3,776,496	3,776,496
Assigned	50,910,248	-	-	13,584,564	64,494,812
Unassigned	3,693,029	-	-	-	3,693,029
Total fund balances	66,416,806	64,331,217	3,664,644	31,260,155	165,672,822
Total liabilities and fund balances	\$ 97,757,422	\$ 66,050,880	\$ 3,664,644	\$ 32,457,999	\$ 199,930,945

El Monte Union High School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds \$ 165,672,822

Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because

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

The cost of capital assets is	\$ 361,380,962
Accumulated depreciation is	<u>(135,212,285)</u>

Net capital assets	226,168,677
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In governmental funds, unmatured interest on long-term
 liabilities is recognized in the period when it is due. On the
 government-wide financial statements, unmatured interest on
 long-term liabilities is recognized when it is incurred. (696,381)

Deferred outflows of resources represent a consumption of net
 position in a future period and is not reported in the governmental
 funds. Deferred outflows of resources amounted to and related to

Deferred amount on refunding	5,858,604
Other postemployment benefits (OPEB) liability	3,512,685
Aggregate net pension liability	<u>36,659,391</u>

Total deferred outflows of resources	46,030,680
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Deferred inflows of resources represent an acquisition of net position
 that applies to a future period and is not reported in the governmental
 funds. Deferred inflows of resources amount to and related to
 Aggregate net pension liability (10,278,669)

Aggregate net pension liability is not due and payable in the current period,
 and is not reported as a liability in the funds. (146,077,504)

The District's OPEB liability is not due and payable in the current period,
 and is not reported as a liability in the funds. (31,843,638)

El Monte Union High School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

General obligation bonds	\$ (160,525,555)
Unamortized premium on issuance	(14,934,509)
Unamortized discount on issuance	103,550
Lease purchase agreement	(10,350,000)
Compensated absences (vacations)	(1,946,534)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(18,260,075)

Total long-term liabilities (205,913,123)

Total net position - governmental activities \$ 43,062,864

El Monte Union High School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 105,281,582	\$ -	\$ -	\$ -	\$ 105,281,582
Federal sources	14,392,495	-	-	5,641,478	20,033,973
Other State sources	17,480,096	-	94,173	19,773,896	37,348,165
Other local sources	7,987,606	297,113	15,926,607	2,248,002	26,459,328
Total revenues	<u>145,141,779</u>	<u>297,113</u>	<u>16,020,780</u>	<u>27,663,376</u>	<u>189,123,048</u>
Expenditures					
Current					
Instruction	70,061,334	-	-	5,661,768	75,723,102
Instruction-related activities					
Supervision of instruction	4,479,865	-	-	1,008,488	5,488,353
Instructional library, media, and technology	1,414,200	-	-	-	1,414,200
School site administration	6,353,896	-	-	2,382,693	8,736,589
Pupil services					
Home-to-school transportation	1,160,283	-	-	-	1,160,283
Food services	200,786	-	-	4,330,412	4,531,198
All other pupil services	12,362,316	-	-	455,465	12,817,781
Administration					
Data processing	2,247,644	-	-	-	2,247,644
All other administration	6,043,978	-	-	499,755	6,543,733
Plant services	14,712,290	-	-	1,517,146	16,229,436
Ancillary services	2,364,195	-	-	144,910	2,509,105
Community services	26,700	-	-	-	26,700
Other outgo	235,970	-	-	-	235,970
Facility acquisition and construction	414,401	8,828,328	-	3,011,863	12,254,592
Debt service					
Principal	7,610	195,000	12,470,000	-	12,672,610
Interest and other	41,021	514,378	6,313,069	-	6,868,468
Total expenditures	<u>122,126,489</u>	<u>9,537,706</u>	<u>18,783,069</u>	<u>19,012,500</u>	<u>169,459,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>23,015,290</u>	<u>(9,240,593)</u>	<u>(2,762,289)</u>	<u>8,650,876</u>	<u>19,663,284</u>
Other Financing Sources (Uses)					
Transfers in	-	808,127	-	300,000	1,108,127
Transfers out	(1,009,378)	-	-	(98,749)	(1,108,127)
Net Financing Sources (Uses)	<u>(1,009,378)</u>	<u>808,127</u>	<u>-</u>	<u>201,251</u>	<u>-</u>
Net Change in Fund Balances	22,005,912	(8,432,466)	(2,762,289)	8,852,127	19,663,284
Fund Balance - Beginning, as restated	44,410,894	72,763,683	6,426,933	22,408,028	146,009,538
Fund Balance - Ending	<u>\$ 66,416,806</u>	<u>\$ 64,331,217</u>	<u>\$ 3,664,644</u>	<u>\$ 31,260,155</u>	<u>\$ 165,672,822</u>

El Monte Union High School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 19,663,284

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation expense in the period.

Capital outlays	\$ 11,769,218
Depreciation expense	<u>(8,606,040)</u>

Net expense adjustment	3,163,178
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In the Statement of Activities, certain operating expenses, such as special termination benefits (SERP) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between SERP earned and used. 281,957

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. (634,059)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (9,218,745)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (1,869,606)

El Monte Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	\$ 1,521,030
Discount amortization	(4,707)
Deferred amount on refunding amortization	(462,122)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	12,470,000
Lease purchase agreement	195,000

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(2,581,300)

Change in net position of governmental activities

\$ 22,523,910

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The El Monte Union High School District (the District) was organized in 1901 under the laws of the State of California. 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 five high schools, a continuation high school, an independent study program, a community day school, and an adult education program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For El Monte Union High School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit(s) described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it was part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The District has a financial and operational relationship with the Public Property Financing Corporation of California, as presented by the lease purchase agreement liability. The financial activity with respect to the lease purchase agreement liability is presented in the financial statements within the Building Fund. The lease purchase agreement liability is included as a long-term obligation in the government-wide financial statements.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into a single fund category: governmental.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$7,306,591.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a local educational agency (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between both direct and indirect expenses and program revenues for each segment of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

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.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the Los Angeles County Treasury Investment Pool is determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. 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, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred amount on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

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. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of 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 improvement of those assets. The District has related debt outstanding as of June 30, 2021. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$26,792,271 of restricted net position, which is restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental column of the Statement of Activities.

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.

Property Tax

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 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 18.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	<u>\$ 170,750,608</u>
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Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 785,881
Cash in revolving	35,300
Investments	<u>169,929,427</u>
Total deposits and investments	<u>\$ 170,750,608</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the net asset value basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool. The Pool purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

The District maintains an investment of \$169,929,427 with the Los Angeles County Treasury Investment Pool which has an average weighted maturity of 1,045 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balances of \$492,356 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 222,381	\$ -	\$ 654,692	\$ 877,073
State Government				
LCFF apportionment	18,572,252	-	-	18,572,252
Categorical aid	4,170,217	-	831,663	5,001,880
Lottery	564,154	-	-	564,154
Local Government				
Interest	124,497	377,606	34,767	536,870
SELPA	948,249	-	-	948,249
Other local sources	168,157	-	39,592	207,749
	<u>\$ 24,769,907</u>	<u>\$ 377,606</u>	<u>\$ 1,560,714</u>	<u>\$ 26,708,227</u>
Total				

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,439,111	\$ -	\$ -	\$ 9,439,111
Construction in progress	35,816,233	10,686,052	(19,087,626)	27,414,659
Total capital assets not being depreciated	45,255,344	10,686,052	(19,087,626)	36,853,770
Capital assets being depreciated				
Land improvements	5,971,385	11,197,616	-	17,169,001
Buildings and improvements	273,264,519	7,890,011	-	281,154,530
Furniture and equipment	25,120,496	1,083,165	-	26,203,661
Total capital assets being depreciated	304,356,400	20,170,792	-	324,527,192
Total capital assets	349,611,744	30,856,844	(19,087,626)	361,380,962
Accumulated depreciation				
Land improvements	(4,742,514)	(686,077)	-	(5,428,591)
Buildings and improvements	(102,196,907)	(6,807,834)	-	(109,004,741)
Furniture and equipment	(19,666,824)	(1,112,129)	-	(20,778,953)
Total accumulated depreciation	(126,606,245)	(8,606,040)	-	(135,212,285)
Governmental activities capital assets, net	\$ 223,005,499	\$ 22,250,804	\$ (19,087,626)	\$ 226,168,677

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 7,315,134
School site administration	215,151
All other pupil services	215,151
All other administration	430,302
Plant services	430,302
Total depreciation expenses governmental activities	\$ 8,606,040

Note 5 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Non-Major Governmental Funds	
Building Fund	\$ 709,378	\$ 98,749	\$ 808,127
Non-Major Governmental Funds	300,000	-	300,000
Total	\$ 1,009,378	\$ 98,749	\$ 1,108,127

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to set aside money for future maintenance projects. \$ 300,000

The General Fund transferred to the Building Fund for qualifying capital outlay costs. 709,378

The Adult Education Non-Major Governmental Fund transferred to the Building Fund for qualifying capital outlay costs. 98,749

Total **\$ 1,108,127**

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 4,588,938	\$ 4,739	\$ 397,485	\$ 4,991,162
LCFF apportionment	5,277,910	-	-	5,277,910
Materials and supplies	536,483	13,024	488,670	1,038,177
Services	474,614	426,031	97,847	998,492
Capital outlay	-	1,275,869	-	1,275,869
Due to other LEAs	8,699	-	176,402	185,101
Due to CDE	2,745,618	-	-	2,745,618
Other vendor payables	1,229,678	-	37,440	1,267,118
Total	\$ 14,861,940	\$ 1,719,663	\$ 1,197,844	\$ 17,779,447

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund
Federal financial assistance	\$ 2,249,400
State categorical aid	2,229,275
	2,229,275

Note 8 - Tax Revenue Anticipation Notes

The District issued \$12,000,000 of Series C-2 Tax Revenue Anticipation Notes, dated March 31, 2021, through the Los Angeles County Schools Pooled Financing Program. The notes mature on December 30, 2021, and yield 2.00 percent interest. The notes were sold to provide operating cash prior to the District's receipt of anticipated tax payments and other revenues. Repayment requirements state that principal and interest will be payable on the maturity date.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
3/31/2021	2.00%	12/30/2021	\$ -	\$ 12,000,000	\$ -	\$ 12,000,000

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 188,629,328	\$ 2,626,302	\$ (12,470,000)	\$ 178,785,630	\$ 8,225,000
Premium on issuance	16,455,539	-	(1,521,030)	14,934,509	-
Discount on issuance	(108,257)	-	4,707	(103,550)	-
Lease purchase agreement	10,545,000	-	(195,000)	10,350,000	205,000
Compensated absences	1,312,475	634,059	-	1,946,534	-
Supplemental early retirement incentive	281,957	-	(281,957)	-	-
Total	\$ 217,116,042	\$ 3,260,361	\$ (14,463,280)	\$ 205,913,123	\$ 8,430,000

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. Payments on the lease purchase agreement and supplemental early retirement incentive are made by the General Fund. The compensated absences will be paid by the General Fund, Building Fund, Adult Education Fund, and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
8/9/2012	6/1/2042	1.68 - 7.00%	\$ 30,337,787	\$ 45,418,820	\$ -	\$ 2,562,513	\$ (425,000)	\$ 47,556,333
9/2/2015	6/1/2032	2.00 - 5.25%	27,195,000	25,460,000	-	-	(1,620,000)	23,840,000
3/4/2016	6/1/2021	3.00 - 5.00%	28,755,000	3,880,000	-	-	(3,880,000)	-
3/16/2016	6/1/2022	2.00 - 4.00%	5,260,000	2,550,000	-	-	(1,320,000)	1,230,000
3/16/2016	6/1/2034	2.00 - 5.00%	49,545,000	48,425,000	-	-	(500,000)	47,925,000
11/2/2017	6/1/2043	3.00 - 4.16%	10,895,098	10,650,508	-	63,789	(225,000)	10,489,297
5/7/2019	6/1/2049	4.00 - 5.00%	56,430,000	52,245,000	-	-	(4,500,000)	47,745,000
				<u>\$ 188,629,328</u>	<u>\$ -</u>	<u>\$ 2,626,302</u>	<u>\$ (12,470,000)</u>	<u>\$ 178,785,630</u>

2008, General Obligation Bonds, Series B

On August 9, 2012, El Monte Union High School District issued the 2008 General Obligation Bonds, Series B in the amount of \$30,337,787. The Series B bonds were issued as both capital appreciation and current interest bonds. The capital appreciation bonds were issued in the amount of \$28,572,787 with an accretion value of \$90,962,213 and an aggregate principal debt service balance of \$121,300,000. The bonds were issued at an aggregate price of \$31,435,668 (representing the principal amount of \$30,337,787 plus an original issuance premium of \$1,789,819, less cost of issuance of \$691,938). The bonds have a final maturity to occur on June 1, 2042 and interest rates of 1.68 to 7.00 percent. Proceeds from the sale of bonds were used to advance refund the District's 2011 Bond Anticipation Notes. At June 30, 2021, the principal outstanding, including accreted interest, was \$47,556,333. Unamortized premium on issuance amounted to \$1,252,869.

2015 General Obligation Refunding Bonds

On September 2, 2015, El Monte Union High School District issued the 2015 General Obligation Refunding Bonds in the amount of \$27,195,000. The Refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$30,469,235 (representing the principal amount of \$27,195,000 plus an original issuance premium of \$3,504,885, less cost of issuance of \$230,650). The bonds have a final maturity to occur on June 1, 2032 and interest rates of 2.00 to 5.25 percent. Proceeds from the sale of bonds were used to provide current refunding of the District's outstanding 2002 General Obligation Bonds, Series A and advance refund the District's outstanding 2002 General obligation Bonds, Series C. The refunding resulted in a cumulative cash flow saving of \$3,395,588 over the life of the new debt and an economic gain of \$2,461,338 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2021, the principal outstanding was \$23,840,000. Unamortized premium on issuance and deferred amount on refunding amounted to \$2,267,865 and \$819,449, respectively.

2016 General Obligation Refunding Bonds (Delayed Delivery)

On March 4, 2016, El Monte Union High School District issued the 2016 General Obligation Refunding Bonds (Delayed Deliver) in the amount of \$28,755,000. The Refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$31,148,844 (representing the principal amount of \$28,755,000 plus an original issuance premium of \$2,633,265, less cost of issuance of \$239,421). The bonds have a final maturity to occur on June 1, 2021 and interest rates of 3.00 to 5.00 percent. Proceeds from the sale of bonds were used to provide current refunding of the District's outstanding 2006 General Obligation Refunding Bonds. The refunding resulted in a cumulative cash flow saving of \$3,322,181 over the life of the new debt and an economic gain of \$2,970,446 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2021, there was no remaining principal outstanding.

2008 General Obligation Bonds, Series C

On March 16, 2016, El Monte Union High School District issued the 2008 General Obligation Bonds, Series C in the amount of \$5,260,000. The Series C bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$5,774,110 (representing the principal amount of \$5,260,000 plus an original issuance premium of \$574,591, less cost of issuance of \$60,481). The bonds have a final maturity to occur on June 1, 2022 and interest rates of 2.00 to 4.00 percent. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2021, the principal outstanding was \$1,230,000. Unamortized premium on issuance amounted to \$95,766.

2016 General Obligation Refunding Bonds

On March 16, 2016, El Monte Union High School District issued the 2016 General Obligation Refunding Bonds in the amount of \$49,545,000. The Refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$56,854,917 (representing the principal amount of \$49,545,000 plus an original issuance premium of \$7,679,825, less cost of issuance of \$369,908). The bonds have a final maturity to occur on June 1, 2034 and interest rates of 2.00 to 5.00 percent. Proceeds from the sale of bonds were used to provide advance refunding of the District's outstanding 2008 General Obligation Bonds, Series A. The refunding resulted in a cumulative cash flow saving of \$9,812,075 over the life of the new debt and an economic gain of \$6,527,937 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2021, the principal outstanding was \$47,925,000. Unamortized premium on issuance and deferred amount on refunding amounted to \$5,546,540 and \$5,039,155, respectively.

2008 General Obligation Bonds, Series D

On November 2, 2017, El Monte Union High School District issued the 2008 General Obligation Bonds, Series D in the amount of \$10,895,098. The Series D bonds were issued as both current interest bonds and capital appreciation bonds. The capital appreciation bonds were issued in the amount of \$1,430,098 with an accretion value of \$1,754,902 and an aggregate principal debt balance of \$3,185,000. The bonds were issued at an aggregate price of \$10,527,797 (representing the principal amount of \$10,895,095 less an original issuance discount of \$122,378 and cost of issuance of \$244,923). The bonds have a final maturity to occur on June 1, 2043 and interest rates of 3.00 to 4.16 percent. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2021, the principal outstanding, including accreted interest, was \$10,489,297. Unamortized discount on issuance amounted to \$103,550.

2018 General Obligation Bonds, Series A

On May 7, 2019, El Monte Union High School District issued the 2018 General Obligation Bonds, Series A in the amount of \$56,430,000. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$62,022,997 (representing the principal amount of \$56,430,000 plus an original issuance premium of \$6,183,717, less cost of issuance of \$590,720). The bonds have a final maturity to occur on June 1, 2049 and interest rates of 4.00 to 5.00 percent. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2021, the principal outstanding was \$47,745,000. Unamortized premium on issuance amounted to \$5,771,469.

Debt Service Requirements to Maturity

The bonds mature through 2049 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Interest to Maturity	Total
2022	\$ 8,203,672	\$ 21,328	\$ 5,820,819	\$ 14,045,819
2023	4,818,206	56,794	5,541,219	10,416,219
2024	5,260,594	109,406	5,334,719	10,704,719
2025	5,685,772	179,228	5,110,719	10,975,719
2026	6,131,259	268,741	4,870,719	11,270,719
2027-2031	40,261,516	3,348,484	19,918,506	63,528,506
2032-2036	37,222,714	15,997,286	12,068,463	65,288,463
2037-2041	13,470,733	7,934,267	9,244,250	30,649,250
2042-2046	44,636,164	48,088,836	6,082,450	98,807,450
2047-2049	13,095,000	-	1,349,000	14,444,000
	\$ 178,785,630	\$ 76,004,370	\$ 75,340,864	\$ 330,130,864

Lease Purchase Agreement

On December 1, 2017, El Monte Union High School District entered into a lease purchase agreement with the Public Property Financing Corporation of California in order to finance the acquisition, construction, and installation of solar photovoltaic systems at Arroyo High School, Mountain View High School, Rosemead High School, South El Monte High School, and Rosemead Adult School. Under the agreement, semi-annual debt services payment will commence beginning August 1, 2018 and end on August 1, 2042. At June 30, 2021, the principal outstanding was \$10,350,000.

Future lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 205,000	\$ 504,700	\$ 709,700
2023	240,000	494,288	734,288
2024	260,000	482,283	742,283
2025	280,000	469,298	749,298
2026	310,000	455,210	765,210
2027-2031	1,915,000	2,021,495	3,936,495
2032-2036	2,660,000	1,472,573	4,132,573
2037-2041	3,395,000	733,530	4,128,530
2041-2043	1,085,000	53,655	1,138,655
	\$ 10,350,000	\$ 6,687,032	\$ 17,037,032

Supplemental Early Retirement Incentive

During 2016-2017 fiscal year, the District adopted a supplemental early retirement plan whereby certain eligible employees were provided annuities to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California State Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities were purchased for 21 employees who retired during the 2016-2017 school year. As of June 30, 2021, the balance was full paid.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$1,946,534.

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	\$ 31,119,200	\$ 3,512,685	\$ 2,630,170
Medicare Premium Payment (MPP) Program	724,438	-	109,841
Total	<u>\$ 31,843,638</u>	<u>\$ 3,512,685</u>	<u>\$ 2,740,011</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	68
Active employees	885
Total	953

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the El monte Union Educators Association (EMUEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, EMUEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$870,405 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of \$31,119,200 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent for 2021
Salary increases	3.00	percent, average, including inflation
Discount rate	1.92	percent for 2021
Healthcare cost trend rates	4.00	percent for 2021

The discount rate was based on the Fidelity 20 Years General Obligation Municipal Index.

Mortality rates were based on the RP-2014 employee mortality table. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actual experience study through June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	<u>\$ 28,532,028</u>
Service cost	1,337,075
Interest	723,428
Differences between expected and actual experience	519,189
Changes of assumptions or other inputs	877,885
Benefit payments	<u>(870,405)</u>
Net change in total OPEB liability	<u>2,587,172</u>
Balance, June 30, 2021	<u><u>\$ 31,119,200</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45 percent in 2020 to 1.92 percent in 2021, change in inflation rate from 3.00 percent in 2020 to 2.75 percent in 2021, and change in health care trend rate of 5.25 percent in 2020 to 4.00 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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>Total OPEB Liability</u>
1% decrease (0.92%)	\$ 33,678,917
Current discount rate (1.92%)	31,119,200
1% increase (2.92%)	28,688,619

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3.00%)	\$ 27,386,837
Current healthcare cost trend rate (4.00%)	31,119,200
1% increase (5.00%)	35,508,940

OPEB Expense and Deferred Outflows of Resources

For the year ended June 30,2021, the District recognized OPEB expense of \$2,630,170. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 455,873
Changes of assumptions	3,056,812
Total	<u>\$ 3,512,685</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2022	\$ 569,667
2023	569,667
2024	569,667
2025	569,667
2026	569,667
Thereafter	664,350
Total	<u>\$ 3,512,685</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program 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 payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

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.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. 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.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$724,438 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1709 percent, and 0.1650 percent, resulting in a net increase in the proportionate share of 0.0059 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$109,841.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	July 1, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, 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.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability calculated 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 higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 801,068
Current discount rate (2.21%)	724,438
1% increase (3.21%)	659,231

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability calculated using the 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 or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 656,872
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	724,438
1% increase (5.50% Part A and 6.40% Part B)	802,218

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 30,000	\$ -	\$ -	\$ 5,300	\$ 35,300
Stores inventories	1,707,057	-	-	143,984	1,851,041
Prepaid expenditures	2,275	-	-	-	2,275
Total nonspendable	1,739,332	-	-	149,284	1,888,616
Restricted					
Legally restricted programs	10,074,197	-	-	-	10,074,197
Student activity	-	-	-	785,881	785,881
Adult education	-	-	-	10,920,733	10,920,733
Food service	-	-	-	1,028,025	1,028,025
Capital projects	-	64,331,217	-	1,015,172	65,346,389
Debt services	-	-	3,664,644	-	3,664,644
Total restricted	10,074,197	64,331,217	3,664,644	13,749,811	91,819,869
Committed					
Deferred maintenance program	-	-	-	3,776,496	3,776,496
Assigned					
Other	50,910,248	-	-	-	50,910,248
Capital outlay	-	-	-	13,584,564	13,584,564
Total assigned	50,910,248	-	-	13,584,564	64,494,812
Unassigned					
Reserve for economic uncertainties	3,693,029	-	-	-	3,693,029
Total	\$ 66,416,806	\$ 64,331,217	\$ 3,664,644	\$ 31,260,155	\$165,672,822

Note 12 - Lease Revenues

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	\$ 1,071,325
2023	1,052,549
2024	320,281
2025	320,281
2026	214,542
Thereafter	<u>338,741</u>
Total	<u>\$ 3,317,719</u>

Note 13 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPA's) for its health and welfare benefits, and property/liability insurance. Refer to Note 16 for additional information regarding the JPA's.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District participated in Merge Risk Management Joint Powers Authority (MERGE), public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in Merge Risk Management Joint Powers Authority (MERGE), a public entity risk pool for workers' compensation insurance coverage. The intent of the MERGE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the MERGE. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in MERGE. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with various commercial insurance carriers and participated in Southern California Schools Voluntary Employee Benefits Association (SCSVEBA), a public entity risk pool, to provide employee health benefits, including health, dental, vision, and other miscellaneous insurance. The District pays a monthly premium based on the number of employees enrolled using pre-negotiated premium for each of the commercial insurance carriers and rates established by SCSVEBA.

Note 14 - Employee Retirement Systems

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).

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 95,073,106	\$ 26,992,363	\$ 8,674,747	\$ 12,618,023
CalPERS	51,004,398	9,667,028	1,603,922	9,772,924
Total	<u>\$ 146,077,504</u>	<u>\$ 36,659,391</u>	<u>\$ 10,278,669</u>	<u>\$ 22,390,947</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.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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 percent 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 exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions 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. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District’s total contributions were \$8,386,341.

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

At June 30, 2021, 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:

Total Net Pension Liability, including State Share

District's proportionate share of net pension liability	\$ 95,073,106
State's proportionate share of the net pension liability	<u>49,010,197</u>
Total	<u>\$ 144,083,303</u>

The net pension liability was measured as of June 30, 2020. 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. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0981 percent and 0.0933 percent, resulting in a net increase in the proportionate share of 0.0048 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$12,618,023. In addition, the District recognized pension expense and revenue of \$6,856,239 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 8,386,341	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,908,898	5,993,522
Differences between projected and actual earnings on pension plan investments	2,258,390	-
Differences between expected and actual experience in the measurement of the total pension liability	167,760	2,681,225
Changes of assumptions	<u>9,270,974</u>	<u>-</u>
Total	<u>\$ 26,992,363</u>	<u>\$ 8,674,747</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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (1,378,055)
2023	769,475
2024	1,535,188
2025	1,331,782
Total	<u>\$ 2,258,390</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,281,312
2023	2,265,701
2024	2,492,523
2025	469,537
2026	(384,785)
Thereafter	548,597
Total	<u>\$ 7,672,885</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 percent 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 general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine 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 Liability</u>
1% decrease (6.10%)	\$ 143,642,220
Current discount rate (7.10%)	95,073,106
1% increase (8.10%)	54,972,463

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

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 five 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 five 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, 2021, are summarized as follows:

	School Employer Pool (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	20.70%	20.70%

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 calculated 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, 2021, are presented above and the total District contributions were \$4,785,861.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$51,004,398. The net pension liability was measured as of June 30, 2020. 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. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1662 percent and 0.1568 percent, resulting in a net increase in the proportionate share of 0.0094 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$9,772,924. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 4,785,861	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,102,721	1,603,922
Differences between projected and actual earnings on pension plan investments	1,061,750	-
Differences between expected and actual experience in the measurement of the total pension liability	2,529,661	-
Changes of assumptions	187,035	-
	<u> </u>	<u> </u>
Total	<u>\$ 9,667,028</u>	<u>\$ 1,603,922</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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (397,328)
2023	354,403
2024	616,010
2025	<u>488,665</u>
Total	<u>\$ 1,061,750</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 1,554,962
2023	220,898
2024	397,881
2025	<u>41,754</u>
Total	<u>\$ 2,215,495</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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 rounded 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 73,328,123
Current discount rate (7.15%)	51,004,398
1% increase (8.15%)	32,476,827

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,546,500 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
All Weather Track & Field, Snack Bar, Restroom & Bleachers - Various Sites	\$ 1,049,298	6/30/2022
District-Wide HVAC Controls Modernization	10,448	6/30/2022
FRLHS - Multipurpose Room	695,396	12/31/2021
FRLHS - Multipurpose Room	8,243,708	12/31/2021
MVHS - Cafetorium	1,347,252	6/30/2022
MVHS - CTE Zoo Crew	205,285	6/30/2022
MVHS- Modernization	1,257,156	6/30/2022
SEMHS- Modernization	1,509,228	6/30/2022
RHS - Snack Bar	1,963,622	12/31/2021
RHS - Track & Field Project	2,549,762	11/30/2021
SEMHS - Main Quad	7,904	6/30/2022
Adult Regional Education Complex Project	1,427,872	6/30/2022
Total	<u>\$ 20,266,931</u>	

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Southern California Schools Voluntary Employee Benefits Association (SCSVEBA) and Merage Risk Management Public Entity Risk Pool (MERGE), public entity risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2021, the District made payments of \$1,174,798 and \$12,800,645 to MERGE and SCSVEBA, respectively.

Note 17 - Subsequent Events

On September 8, 2021, the District issued 2021 General Obligation Refunding Bonds in the amount of \$14,360,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity to occur on June 1, 2031 with interest rates ranging from 0.214 to 1.876%. Proceeds from the sale of the bonds were used to provide advance refunding of a portion of certain 2008 General Obligation Bonds, Series E and portion of certain 2018 General Obligation Bonds, Series B and to pay costs of issuance refunding bonds.

Note 18 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the El Monte Union High School District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 22,225,588	\$ 145,827,098
Reclassification of student activity funds from agency funds to a special revenue fund	182,440	182,440
Fund Balance - Beginning as Restated at July 1, 2020	\$ 22,408,028	\$ 146,009,538
Governmental Activities		
Beginning Net Position as previously reported at June 30, 2020		\$ 20,356,514
Reclassification of student activity funds from agency funds to a special revenue fund		182,440
Net Position - Beginning as Restated, at July 1, 2020		\$ 20,538,954



Required Supplementary Information
June 30, 2021

El Monte Union High School District

El Monte Union High School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 93,651,278	\$ 106,936,841	\$ 105,281,582	\$ (1,655,259)
Federal sources	5,656,642	20,002,945	14,392,495	(5,610,450)
Other State sources	9,707,473	20,750,490	17,480,096	(3,270,394)
Other local sources	7,054,330	7,852,170	7,987,606	135,436
Total revenues ¹	<u>116,069,723</u>	<u>155,542,446</u>	<u>145,141,779</u>	<u>(10,400,667)</u>
Expenditures				
Current				
Certificated salaries	50,726,505	54,832,093	49,838,835	4,993,258
Classified salaries	20,866,609	19,981,476	19,724,391	257,085
Employee benefits	33,732,534	35,456,710	32,222,539	3,234,171
Books and supplies	6,475,254	15,323,554	8,400,938	6,922,616
Services and operating expenditures	16,105,042	21,425,264	11,508,288	9,916,976
Capital outlay	1,273,945	1,088,012	681,742	406,270
Other outgo	11,170	(79,929)	(298,875)	218,946
Debt service				
Debt service - principal	-	-	7,610	(7,610)
Debt service - interest and other	-	-	41,021	(41,021)
Total expenditures ¹	<u>129,191,059</u>	<u>148,027,180</u>	<u>122,126,489</u>	<u>25,900,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,121,336)</u>	<u>7,515,266</u>	<u>23,015,290</u>	<u>15,500,024</u>
Other Financing Uses				
Transfers out	<u>(1,209,378)</u>	<u>(2,515,378)</u>	<u>(1,009,378)</u>	<u>1,506,000</u>
Net Change in Fund Balances	(14,330,714)	4,999,888	22,005,912	17,006,024
Fund Balance - Beginning	<u>44,410,894</u>	<u>44,410,894</u>	<u>44,410,894</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 30,080,180</u>	<u>\$ 49,410,782</u>	<u>\$ 66,416,806</u>	<u>\$ 17,006,024</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets

El Monte Union High School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 1,337,075	\$ 1,264,218	\$ 1,095,821	\$ 1,095,821
Interest	723,428	830,247	891,978	894,069
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	519,189	-	-	-
Changes of assumptions	877,885	1,502,011	1,796,418	(1,363,348)
Benefit payments	(870,405)	(646,386)	(993,692)	(888,085)
Net change in total OPEB liability	2,587,172	2,950,090	2,790,525	(261,543)
Total OPEB Liability - Beginning	28,532,028	25,581,938	22,791,413	23,052,956
Total OPEB Liability - Ending	\$ 31,119,200	\$ 28,532,028	\$ 25,581,938	\$ 22,791,413
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

El Monte Union High School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1709%	0.1650%	0.1785%	0.1661%
Proportionate share of the net OPEB liability	\$ 724,438	\$ 614,597	\$ 683,182	\$ 698,886
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

El Monte Union High School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0981%	0.0933%	0.0994%	0.0918%	0.0994%	0.1000%	0.0980%
Proportionate share of the net pension liability	\$ 95,073,106	\$ 84,259,301	\$ 91,392,124	\$ 84,857,991	\$ 80,399,644	\$ 67,293,511	\$ 57,275,854
State's proportionate share of the net pension liability	49,010,197	45,969,074	52,326,522	50,201,679	45,776,821	35,590,753	34,585,634
Total	<u>\$ 144,083,303</u>	<u>\$ 130,228,375</u>	<u>\$ 143,718,646</u>	<u>\$ 135,059,670</u>	<u>\$ 126,176,465</u>	<u>\$ 102,884,264</u>	<u>\$ 91,861,488</u>
Covered payroll	<u>\$ 54,408,058</u>	<u>\$ 52,179,232</u>	<u>\$ 52,316,674</u>	<u>\$ 50,394,706</u>	<u>\$ 50,182,852</u>	<u>\$ 47,319,685</u>	<u>\$ 43,655,261</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	174.74%	161.48%	174.69%	168.39%	160.21%	142.21%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.1662%	0.1568%	0.1710%	0.1742%	0.1742%	0.1732%	0.1627%
Proportionate share of the net pension liability	\$ 51,004,398	\$ 45,688,056	\$ 45,597,609	\$ 38,929,238	\$ 34,412,310	\$ 25,529,882	\$ 1,845,072
Covered payroll	<u>\$ 23,996,714</u>	<u>\$ 21,758,211</u>	<u>\$ 23,074,258</u>	<u>\$ 20,904,738</u>	<u>\$ 20,857,052</u>	<u>\$ 19,234,593</u>	<u>\$ 17,083,753</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	212.55%	209.98%	197.61%	186.22%	164.99%	132.73%	10.80%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

El Monte Union High School District
Schedule of the District Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS							
Contractually required contribution	\$ 8,386,341	\$ 9,303,778	\$ 8,494,779	\$ 7,549,296	\$ 6,339,654	\$ 5,384,620	\$ 4,201,988
Less contributions in relation to the contractually required contribution	<u>8,386,341</u>	<u>9,303,778</u>	<u>8,494,779</u>	<u>7,549,296</u>	<u>6,339,654</u>	<u>5,384,620</u>	<u>4,201,988</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	<u>\$ 51,927,808</u>	<u>\$ 54,408,058</u>	<u>\$ 52,179,232</u>	<u>\$ 52,316,674</u>	<u>\$ 50,394,706</u>	<u>\$ 50,182,852</u>	<u>\$ 47,319,685</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 4,785,861	\$ 4,732,392	\$ 3,929,968	\$ 3,583,663	\$ 2,903,250	\$ 2,470,935	\$ 2,264,104
Less contributions in relation to the contractually required contribution	<u>4,785,861</u>	<u>4,732,392</u>	<u>3,929,968</u>	<u>3,583,663</u>	<u>2,903,250</u>	<u>2,470,935</u>	<u>2,264,104</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	<u>\$ 23,120,101</u>	<u>\$ 23,996,714</u>	<u>\$ 21,758,211</u>	<u>\$ 23,074,258</u>	<u>\$ 20,904,738</u>	<u>\$ 20,857,052</u>	<u>\$ 19,234,593</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the discount rate from 2.45 percent in 2020 to 1.92 percent in 2021, change in inflation rate from 3.00 percent in 2020 to 2.75 percent in 2021, and change in health care trend rate of 5.25 percent in 2020 to 4.00 percent in 2021.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This 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, ten years of information will be presented.



Supplementary Information
June 30, 2021

El Monte Union High School District

El Monte Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed Through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>\$10,539,992</u>
Total U.S. Department of Treasury			<u>10,539,992</u>
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Education - Basic Grants to States (Basic Education& ELA)	84.002	14508	920,944
Adult Education - Basic Grants to States (Secondary Education)	84.002	14109	96,302
Adult Education - Basic Grants to States	84.002	13978	<u>248,987</u>
Subtotal			<u>1,266,233</u>
Career and Technical Education - Basic Grants to States (Secondary Education)	84.048	14894	300,890
Career and Technical Education - Basic Grants to States (Vocational Education)	84.048	14893	<u>54,923</u>
Subtotal			<u>355,813</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	852,093
COVID-19 Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425D	15535	297,560
COVID-19 Governor's Emergency Education Relief (GEER) Fund Learning Loss Mitigation	84.425C	15517	<u>53,547</u>
Subtotal			<u>1,203,200</u>
Title I Grants to Local Educational Agencies (Basic Grants)	84.010	14329	1,783,647
Migrant Education State Grant Program (Regular & Summer)	84.011	14326	39,554
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	476,132
English Language Acquisition State Grants - LEP	84.365	14346	113,027
Student Support and Academic Enrichment Program	84.424	15396	<u>230,951</u>
Total U.S. Department of Education			<u>5,468,557</u>

El Monte Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor			
Passed Through California Department of Rehabilitation			
WIOA Cluster			
WIOA Youth Activities	17.259	10055	\$ 2,662
Total WIOA Cluster			<u>2,662</u>
Total U.S. Department of Labor			<u>2,662</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	2,171,585
National School Lunch Program - Meal Supplements	10.555	13396	43,063
School Breakfast Program - Especially Needy Breakfast	10.553	13526	1,385,491
National School Lunch Program - Commodity	10.555	13391	422,623
Total Child Nutrition Cluster			<u>4,022,762</u>
Total U.S. Department of Agriculture			<u>4,022,762</u>
Total Federal Financial Assistance			<u>\$20,033,973</u>

ORGANIZATION

The El Monte Union High School District (the District) was organized in 1901 under the laws of the State of California. 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 five high schools, a continuation high school, an independent study program, a community day school, and an adult education program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Carlos G. Salcedo	President	2024
David Diaz	Vice President	2022
Esthela Torres de Siegrist	Clerk	2024
Florencio F. Briones	Member	2022
Ricardo Padilla	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Edward A. Zuniga	Superintendent
Wael H. Elatar	Chief Business Official
Larry Cecil	Assistant Superintendent of Educational Services
Robin Torres	Assistant Superintendent of Human Resources

El Monte Union High School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

El Monte Union High School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2021

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>Student Activity Fund</u>	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>
Fund Balance			
Balance, June 30, 2021, Unaudited Actuals	\$ 112,187	\$ 11,089,808	\$ 1,071,366
Increase in			
Cash in bank	673,694	-	-
Decrease in			
Cash in county treasury (FMV)	-	(60,648)	(2,484)
	<u>\$ 785,881</u>	<u>\$ 11,029,160</u>	<u>\$ 1,068,882</u>
Balance, June 30, 2021, Audited Financial Statements			
	<u>Deferred Maintenance Fund</u>	<u>Capital Facilities Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>
Fund Balance			
Balance, June 30, 2021, Unaudited Actuals	\$ 3,797,769	\$ 1,021,813	\$ 13,662,572
Decrease in			
Cash in county treasury (FMV)	(21,273)	(6,641)	(78,008)
	<u>\$ 3,776,496</u>	<u>\$ 1,015,172</u>	<u>\$ 13,584,564</u>
Balance, June 30, 2021, Audited Financial Statements			
			<u>Building Fund</u>
Fund Balance			
Balance, June 30, 2021, Unaudited Actuals			\$ 64,701,762
Decrease in			
Cash in county treasury (FMV)			(370,545)
			<u>\$ 64,331,217</u>
Balance, June 30, 2021, Audited Financial Statements			

El Monte Union High School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 133,765,401	\$ 145,102,048	\$ 129,409,888	\$ 131,172,043
Expenditures	138,006,028	122,126,487	129,172,197	123,676,902
Other uses and transfers out	1,009,700	1,009,378	1,223,688	5,610,412
Total Expenditures and Other Uses	139,015,728	123,135,865	130,395,885	129,287,314
Increase/(Decrease) in Fund Balance	(5,250,327)	21,966,183	(985,997)	1,884,729
Ending Fund Balance	\$ 53,859,888	\$ 59,110,215	\$ 37,144,032	\$ 38,130,029
Available Reserves ²	\$ 4,170,474	\$ 3,693,029	\$ 29,434,162	\$ 21,978,843
Available Reserves as a Percentage of Total Outgo	3.00%	3.00%	22.57%	17.00%
Long-Term Liabilities	N/A	\$ 383,834,265	\$ 376,210,024	\$ 393,690,789
K-12 Average Daily Attendance at P-2	7,744	8,159	8,159	8,191

The General Fund balance has increased by \$20,980,186 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$5,250,327 (8.9 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have decreased by \$9,856,524 over the past two years.

Average daily attendance has decreased by 32 over the past two years. Additional decline of 415 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

El Monte Union High School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Assets							
Deposits and investments	\$ 785,881	\$ 10,748,855	\$ 445,563	\$ 3,770,331	\$ 1,176,953	\$ 13,825,718	\$ 30,753,301
Receivables	-	680,158	835,881	11,803	14,126	18,746	1,560,714
Stores inventories	-	108,427	35,557	-	-	-	143,984
Total assets	\$ 785,881	\$ 11,537,440	\$ 1,317,001	\$ 3,782,134	\$ 1,191,079	\$ 13,844,464	\$ 32,457,999
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 508,280	\$ 248,119	\$ 5,638	\$ 175,907	\$ 259,900	\$ 1,197,844
Fund Balances							
Nonspendable	-	108,427	40,857	-	-	-	149,284
Restricted	785,881	10,920,733	1,028,025	-	1,015,172	-	13,749,811
Committed	-	-	-	3,776,496	-	-	3,776,496
Assigned	-	-	-	-	-	13,584,564	13,584,564
Total fund balances	785,881	11,029,160	1,068,882	3,776,496	1,015,172	13,584,564	31,260,155
Total liabilities and fund balances	\$ 785,881	\$ 11,537,440	\$ 1,317,001	\$ 3,782,134	\$ 1,191,079	\$ 13,844,464	\$ 32,457,999

El Monte Union High School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues				
Federal sources	\$ -	\$ 1,321,156	\$ 4,320,322	\$ -
Other State sources	-	10,888,502	351,018	-
Other local sources	748,351	42,655	61,921	13,253
Total revenues	748,351	12,252,313	4,733,261	13,253
Expenditures				
Current				
Instruction	-	5,661,768	-	-
Instruction-related activities				
Supervision of instruction	-	1,008,488	-	-
School site administration	-	2,382,693	-	-
Pupil services				
Food services	-	-	4,330,412	-
All other pupil services	-	455,465	-	-
Administration				
All other administration	-	441,226	55,379	-
Plant services	-	1,103,873	-	394,474
Ancillary services	144,910	-	-	-
Facility acquisition and construction	-	88,045	-	1,204,824
Total expenditures	144,910	11,141,558	4,385,791	1,599,298
Excess (Deficiency) of Revenues Over Expenditures	603,441	1,110,755	347,470	(1,586,045)
Other Financing Sources (Uses)				
Transfers in	-	-	-	300,000
Transfers out	-	(98,749)	-	-
Net Financing Sources (Uses)	-	(98,749)	-	300,000
Net Change in Fund Balances	603,441	1,012,006	347,470	(1,286,045)
Fund Balance - Beginning, as restated	182,440	10,017,154	721,412	5,062,541
Fund Balance - Ending	\$ 785,881	\$ 11,029,160	\$ 1,068,882	\$ 3,776,496

El Monte Union High School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2021

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 5,641,478
Other State sources	-	8,534,376	19,773,896
Other local sources	504,085	877,737	2,248,002
Total revenues	<u>504,085</u>	<u>9,412,113</u>	<u>27,663,376</u>
Expenditures			
Current			
Instruction	-	-	5,661,768
Instruction-related activities			
Supervision of instruction	-	-	1,008,488
School site administration	-	-	2,382,693
Pupil services			
Food services	-	-	4,330,412
All other pupil services	-	-	455,465
Administration			
All other administration	3,150	-	499,755
Plant services	-	18,799	1,517,146
Ancillary services	-	-	144,910
Facility acquisition and construction	684,019	1,034,975	3,011,863
Total expenditures	<u>687,169</u>	<u>1,053,774</u>	<u>19,012,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(183,084)</u>	<u>8,358,339</u>	<u>8,650,876</u>
Other Financing Sources			
Transfers in	-	-	300,000
Transfers out	-	-	(98,749)
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>201,251</u>
Net Change in Fund Balances	(183,084)	8,358,339	8,852,127
Fund Balance - Beginning, as restated	<u>1,198,256</u>	<u>5,226,225</u>	<u>22,408,028</u>
Fund Balance - Ending	<u>\$ 1,015,172</u>	<u>\$ 13,584,564</u>	<u>\$ 31,260,155</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the El Monte Union High School District (the District) under programs of the federal government for the year ended June 30, 2021. The information 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 the operations of the El Monte Union High School District, it is not intended to and does not present the financial position and change in fund balance of El Monte School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not report any inventory associated with commodities.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

El Monte Union High School District



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
El Monte Union High School District
El Monte, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte Union High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise El Monte Union High School District’s basic financial statements and have issued our report thereon dated January 26, 2022.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 18 to the financial statements, El Monte Union High School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Monte Union High School 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 El Monte Union High School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of El Monte Union High School 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Monte Union High School 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*.

El Monte Union High School District's Response to Findings

El Monte Union High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. El Monte Union School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
El Monte Union High School District
El Monte, California

Report on Compliance for Each Major Federal Program

We have audited El Monte Union High School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Monte Union High School District’s major federal programs for the year ended June 30, 2021. El Monte Union High School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of El Monte Union High School District’s compliance.

Opinion on Each Major Federal Program

In our opinion, El Monte Union High School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Eide Sallly LLP

Rancho Cucamonga, California
January 26, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
El Monte Union High School District
El Monte, California

Report on State Compliance

We have audited El Monte Union High School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not provide classes for grades K-3; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, as items 2021-002, El Monte Union High School District did not comply with requirements regarding *Unduplicated Local Control Funding Formula Pupil Counts*. Compliance with such requirements is necessary, in our opinion, for El Monte Union High School District to comply with the requirements referred to above.

Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, El Monte Union High School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

El Monte Union High School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. El Monte Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion

In our opinion, El Monte Union High School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

El Monte Union High School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Coronavirus Relief Fund: Learning Loss Mitigation	21.019
Education Stabilization Fund	84.424C & 84.424D
Adult Education - Basic Grants to States	84.002
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*
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* Unmodified for all programs except for the following programs which were qualified

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

	<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
	30000	Internal Controls
2021-001	30000 (Material Weakness)	
	Criteria or Specific Requirements	
	<p>Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District’s financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.</p>	
	Condition	
	<p>During the course of our engagement, we identified a material misstatement of balances presented within the District’s Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund, and the Student Activity Non-Major Governmental Fund (Fund 8), as reported on the 2020-2021 unaudited financial statements. The description of the misstatement is as follows:</p>	
	<ul style="list-style-type: none"> • The District did not recognize a net decrease in fair market value of Cash in County Treasury in the Building Fund, Adult Education Non-Major Governmental Fund, Cafeteria Non-Major Governmental Fund, Deferred Maintenance Non-Major Governmental Fund, Capital Facilities Non-Major Governmental Fund, and Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund. This resulted in the overstatement of the ending fund balance reported in the Building Fund by \$370,545, Adult Education Non-Major Governmental Fund by \$60,648, Cafeteria Non-Major Governmental Fund by \$2,484, Deferred Maintenance Non-Major Governmental Fund by \$21,273, Capital Facilities Non-Major Governmental Fund by \$6,641, and Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund by \$78,008. • The District did not recognize the correct amount of ending cash balance in the Student Activity Non-Major Governmental Fund. This resulted in the understatement of the ending fund balance reported in the Student Activity Non-Major Governmental Fund by \$673,694. 	

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2020-2021 unaudited financial statements.

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. As reported on the 2020-2021 unaudited financial statements, the District's Building Fund's ending fund balance was overstated by \$370,545, Adult Education Non-Major Governmental Fund's ending fund balance was overstated by \$60,648, Cafeteria Non-Major Governmental Fund's ending fund balance was overstated by \$2,484, Deferred Maintenance Non-Major Governmental Fund's ending fund balance was overstated by \$21,273, Capital Facilities Non-Major Governmental Fund's ending fund balance was overstated by \$6,641, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund's ending fund balance was overstated by \$78,008, and the District's Student Activity Non-Major Governmental Fund (Fund 8) was understated by \$673,694 as of June 30, 2021.

Cause

The condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of all relevant transactions to determine their proper reporting amounts and period.

Repeat Finding

Yes.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

Corrective Action Plan and Views of Responsible Officials

Moving forward, we will review and strengthen our closing procedures to ensure that all year-end balances are posted accurately. We will also work with the auditors and auditor concurrence on closing items such as the fair market value change with respect to Cash in County Treasury.

None reported.

The following finding represents instances of noncompliance and/or questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

	<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
	40000	State Compliance
2021-002	40000	
	Criteria or Specific Requirements	
	California <i>Education Code</i> Sections 42238.02(b)(4) states school districts should revise their submitted data on English learners, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).	
	Condition	
	The Unduplicated Local Control Funding Formula (LCFF) Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported two students as having designation of free or reduced on the "1.18 – FRPM/English Learner/Foster Youth Count -Student List" report.	
	Questioned Costs	
	The questioned costs associated with this condition resulted in a decrease of \$5,388 in Local Control Formula Funding using CDE’s fiscal penalty calculator.	
	Context	
	The condition was identified as a result of selecting a sample of students from the "1.18 - FRPM/English Learner/Foster Youth – Student List" CALPADS report in accordance to the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Report, Section 19489(a)(1). The initial sample was selected from one school site, which resulted in exceptions noted. For 60 students selected, one student had their status changed from free to paid and the other student had their status changed from reduced to paid, but both students are still reported as free or reduced in the 1.18 report. The District’s review of all remaining students resulted in those two students, which were the two students identified in the original sample, that were incorrectly designated as having free or reduced status on the "1.18 – FRPM/English Learner/Foster Youth – Student List" report.	

Effect

As a result of our testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report to align the reporting with the most current free and reduced eligibility information from the District’s Nutrition Services Department. The following schedule identifies the District-Wide exceptions:

	Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Unduplicated Pupil Count Adjustment (FRPM)	Adjusted Total Unduplicated Pupil Count
Total District-Wide	8358	7671	(2)	7669

Cause

It appears that the enrollment information was not adequately updated for CALPADS reporting purposes.

Repeat Finding

Yes.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on information received. If necessary, updated information should be submitted and recertified within the amendment window.

Corrective Action Plan and Views of Responsible Officials

This was an isolated instance. We will examine our underlying data and ensure future instances of misclassification are avoided.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year’s Schedule of Findings and Questioned Costs.

	<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
	30000	Internal Controls
2020-001	30000 (Material Weakness)	
	<p>Criteria or Specific Requirements</p> <p>Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District’s financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.</p> <p>Condition</p> <p>During the course of our engagement, we identified a material misstatement of balances presented within the District’s Building Fund and the Deferred Maintenance Non-Major Governmental Fund (Fund 14), as reported on the 2019-2020 unaudited financial statements.</p> <p>The description of the misstatement is as follows:</p> <ul style="list-style-type: none"> • The District did not recognize a liability of \$734,976 for construction services rendered as of June 30, 2020. This resulted in an understatement of expenditures reported in the Building Fund and the Deferred Maintenance Non-Major Governmental Fund (Fund 14) by \$367,488 and \$367,488, respectively. <p>Questioned Costs</p> <p>There were no questioned costs associated with the condition identified.</p> <p>Context</p> <p>The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District’s 2019-2020 unaudited financial statements.</p>	

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. As reported on the 2019-2020 unaudited financial statements, the District's Building Fund and Deferred Maintenance Non-Major Governmental Fund (Fund 14) ending fund balances were each overstated by \$367,488 as of June 30, 2020.

Cause

The cause of the condition identified appears to be due to timing difference of vendor invoices are received and closing deadline imposed by the Los Angeles County Office of Education. In conjunction, the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of expenditures and accounts payable to determine their proper reporting period.

Repeat Finding

No.

Recommendation

As part of the District's closing process, management should develop a structured method of identify all services provided and goods delivered as of June 30, 2020. Once identified, all corresponding vendors should be contacted in a timely manner to ensure that the District has the available information to recognize accurate amount of expenditures/liabilities prior to closing out the fiscal year. If services have been rendered or goods have been delivered as of June 30, 2020 and the vendor cannot be reached, management should estimate the liability.

Current Status

Partially implemented. See Finding 2021-001.

2020-002 30000 (Significant Deficiency)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a significant misstatement of balances presented within the District's Statement of Net Position (Government-Wide Financial Statements), as reported on the 2018-2019 audited financial statements. Specifically, the following misstatements were identified:

- Understatement Net Position due to pension related items: \$1,125,397
- Overstatement of Net Position due to OPEB related items: \$1,164,229
- Understatement of Net Position due of bond premiums: \$790,427

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2018-2019 financial statements.

Effect

While the aggregate amount of misstatement was not material to the financial statements, the effect of this error was not detected or prevented by the District's internal control.

Cause

The cause of the condition identified appears to be due to inadequate review process related to the District's financial reporting related items.

Repeat Finding

No.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Implemented.

2020-003 10000

Criteria or Specific Requirements

Pursuant to California *Education Code* Section 42238.02, the Second Principal (P2) and Annual attendance reports submitted to the California Department of Education must reconcile back to supporting documents that the Local Educational Agency (LEA) has prepared in connection with the calculation of its Average Daily Attendance (ADA) reported on each of the reporting line items.

Condition

The District’s reported erroneous ADA numbers on its Second Period and Annual attendance reports. The following errors were made:

	<u>ADA Reported</u>	<u>ADA Audited</u>	<u>ADA Difference</u>
Line A-1	8,049.79	7,921.09	128.70
Line A-5	24.43	25.72	(1.29)

Questioned Costs

The District has been experiencing declining enrollment and as a result, the District’s Local Control Funding Formula revenues were funded based on 2018-2019’s ADA. There was no questioned cost identified.

Context

The condition was identified during our review of the District’s P2 and Annual attendance reports. Cumulative attendance summary reports supporting each of the reported line items were generated from the District’s attendance system and the reports were compared with spreadsheets used by the District to prepare its P2 and Annual attendance reports.

Effect

The following summary of overstatement and understatement were noted on the District’s P2 and Annual attendance reports:

- Line A-1 Regular: Overstatement of 128.70 ADA
- Line A-5 Community Day School: Understatement of 1.29 ADA

Cause

The cause appears to be attributed to several factors as follows:

- The District has been using an antiquated attendance system where report querying is limited. As a result of the limited query capability of the system, the employee designated to prepare the attendance reports is required to prepare multiple spreadsheets to arrive at the ADA. The process is prone to clerical errors.
- While the employee designated by the District to prepare the attendance reports has the knowledge to generate spreadsheets that are necessary to prepare the attendance report, this employee appears to lack general knowledge of attendance accounting.
- The primary cause of the error in the current year appears to have resulted from the District failing to adjust the attendance reporting cutoff date which was modified to the last attendance month before February 28, 2020, as stipulated by Senate Bill 98 that was passed by California legislature in response to the pandemic.

Repeat Finding

No.

Recommendation

We recommend the District to expedite the transition of the District's attendance system to a more modern system. Additionally, the District should consider engaging a third party to receive an in-depth for attendance reporting. The training should include learning about the different attendance programs and how they are calculated as well as calculating ADA in accordance with the attendance calendar. We also recommend the District consider training a secondary/alternate employee to ensure the continuity of attendance reporting in situations where the primary employee cannot perform the task.

Current Status

Implemented.

2020-004 40000

Criteria or Specific Requirements

In accordance with *Education Code* sections 42238.02(b)(4), the Districts should revise their submitted data on English learners, foster youth, and free or reduced-priced meal eligible pupil counts to ensure the accuracy of data reflected on the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula (LCFF) Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District understated the total enrollment by 151 students on the "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report. The unduplicated pupil counts on the "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report was understated by 144 students.

Questioned Costs

There were no questioned costs associated with this condition. However, the condition identified resulted in an increase of \$21,910 in the Local Control Funding Formula revenues, as determined by utilizing the audit finding calculator found on the California Department of Education's website.

Context

The condition was identified as a result of selecting a sample of students from the "1.18 - FRPM/English Learner/Foster Youth – Student List" CALPADS report in accordance to the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Report. Auditor noted that the total enrollment on "1.18 FRPM/English Learner/Foster Youth – Student List" obtained from the district was not agreeing to the total from "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report. Through the inquiry with the District personnel, auditor noted that the "1.18 FRPM/English Learner/Foster Youth – Student List" CALPADS report was updated due to the system glitch incurred in the beginning of the fiscal year. Auditor requested the District to review the student listing and determine how many students had been enrolled to the District before the census date but were not included in the CALPADS. The District's review resulted in total of 151 students who were not properly included in the "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report. Of the 151 students, 144 students should be included in the unduplicated LCFF pupil counts.

Effect

As a result of our testing, it appears that the District did not update the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report for pupils that enrolled to the district by the census date. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Enrollment Adjustment by Auditor	Unduplicated Pupil Count Adjustment by Auditor	Adjusted Total Unduplicated Pupil Count	Total Adjusted Enrollment
8,299	7,472	151	144	7,616	8,450

Cause

It appears that the enrollment information was not adequately updated for CALPADS reporting purposes.

Repeat Finding

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on information received. If necessary, updated information should be submitted and recertified within the amendment window.

Current Status

Not implemented. See current year finding 2021-002.