El Monte Union High School District

AUDIT REPORT
June 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Monte Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the El Monte Union High School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the El Monte Union High School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the El Monte Union High School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Monte Union High School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios for the District Plan, schedule of changes in net OPEB liability and related ratios for the MPP Program, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Monte Union High School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 our report dated December 14, 2023 on our consideration of the 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Christy White, Inc

San Diego, California
December 14, 2023

INTRODUCTION

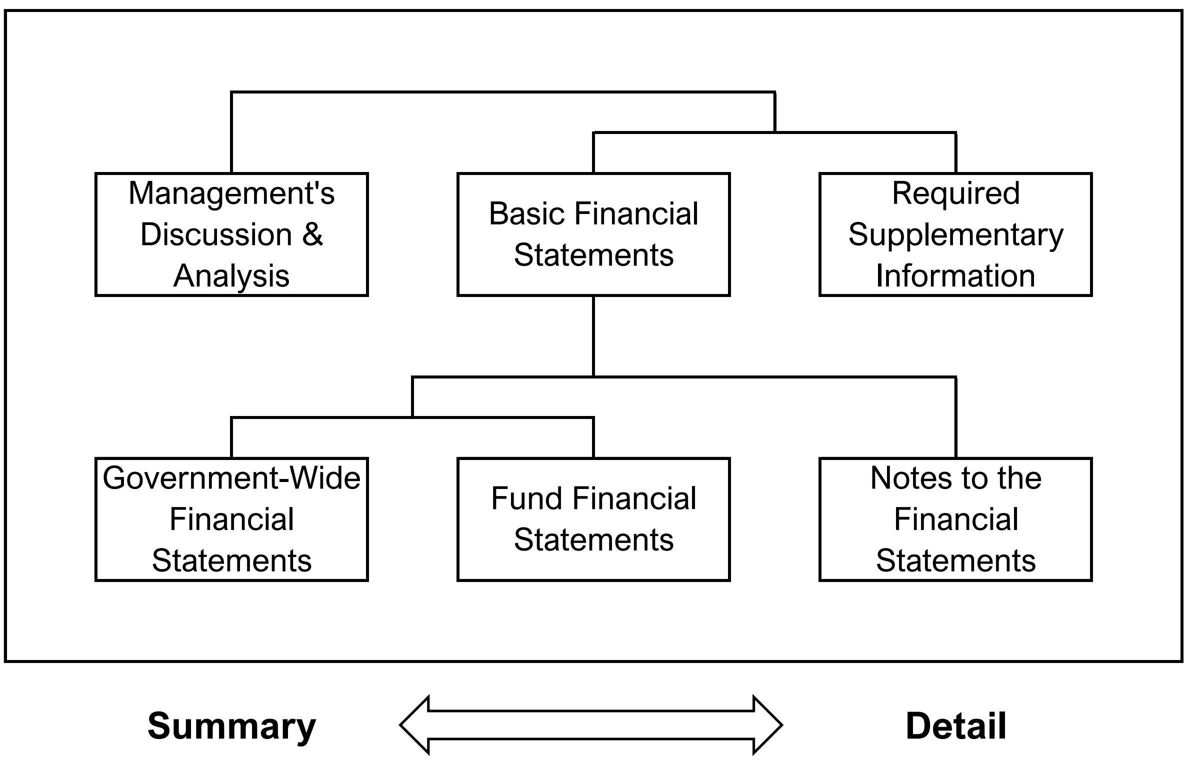
Our discussion and analysis of El Monte Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $97,855,725 at June 30, 2023. This was an increase of $48,187,821 from the prior year.
- Overall revenues were $223,460,353, which exceeded expenses of $175,272,532.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $97,855,725 at June 30, 2023, as reflected in the table below. Of this amount, $(81,859,652) was unrestricted. 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 that net position for day-to-day operations.

	Governmental Activities		
	2023	**2022**	**Net Change**
ASSETS			
Current and other assets	$ 270,019,523	$ 256,183,831	$ 13,835,692
Capital assets	262,666,751	239,417,672	23,249,079
Total Assets	532,686,274	495,601,503	37,084,771
DEFERRED OUTFLOWS OF RESOURCES	56,127,482	37,831,876	18,295,606
LIABILITIES			
Current liabilities	38,696,302	18,501,720	20,194,582
Long-term liabilities	431,820,579	398,801,342	33,019,237
Total Liabilities	470,516,881	417,303,062	53,213,819
DEFERRED INFLOWS OF RESOURCES	21,295,853	66,462,413	(45,166,560)
NET POSITION			
Net investment in capital assets	122,213,303	109,155,181	13,058,122
Restricted	57,502,074	30,894,909	26,607,165
Unrestricted	(81,859,652)	(90,382,186)	8,522,534
Total Net Position	$ 97,855,725	$ 49,667,904	$ 48,187,821

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	$ 82,839	$ 72,036	$ 10,803
Operating grants and contributions	51,130,886	55,825,136	(4,694,250)
Capital grants and contributions	-	1,402,674	(1,402,674)
General revenues			
Property taxes	40,074,778	37,248,929	2,825,849
Unrestricted federal and state aid	105,662,845	94,022,406	11,640,439
Other	26,509,005	(5,427,852)	31,936,857
Total Revenues	223,460,353	183,143,329	40,317,024
EXPENSES			
Instruction	78,088,949	86,250,145	(8,161,196)
Instruction-related services	17,197,841	16,223,434	974,407
Pupil services	27,542,960	24,281,488	3,261,472
General administration	9,756,576	9,506,365	250,211
Plant services	24,085,046	18,790,793	5,294,253
Ancillary and community services	7,768,501	6,555,294	1,213,207
Debt service	10,625,128	11,048,135	(423,007)
Other outgo	206,221	362,744	(156,523)
Enterprise activities	1,310	42	1,268
Total Expenses	175,272,532	173,018,440	2,254,092
Change in net position	48,187,821	10,124,889	38,062,932
Net Position - Beginning	49,667,904	39,543,015	10,124,889
Net Position - Ending	$ 97,855,725	$ 49,667,904	$ 48,187,821

The cost of all our governmental activities this year was $175,272,532 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $40,074,778 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

	Net Cost of Services	
	2023	2022
Instruction	$ 54,373,613	$ 57,466,283
Instruction-related services	10,884,080	8,998,144
Pupil services	13,982,927	11,926,988
General administration	8,275,600	7,228,487
Plant services	20,974,641	15,722,599
Ancillary and community services	4,755,346	3,164,776
Debt service	10,625,128	11,048,135
Other outgo	186,162	163,140
Enterprise activities	1,310	42
Total	$ 124,058,807	$ 115,718,594

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $242,099,503, which is more than last year's ending fund balance of $236,611,273. The District's General Fund had $29,202,681 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Building Fund had $19,508,998 less in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested $262,666,751 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	$ 9,439,111	$ 9,439,111	$ -
Construction in progress	49,312,925	41,311,766	8,001,159
Land improvements	29,133,476	17,169,001	11,964,475
Buildings & improvements	296,229,436	285,146,052	11,083,384
Furniture & equipment	32,676,893	30,486,954	2,189,939
Less: Accumulated depreciation	(154,263,362)	(144,384,103)	(9,879,259)
Lease assets - furniture & equipment	359,510	359,510	-
Less: Accumulated amortization (lease assets)	(221,238)	(110,619)	(110,619)
Total Capital Assets	$ 262,666,751	$ 239,417,672	$ 23,249,079

Long-Term Liabilities

At year-end, the District had $431,820,579 in long-term liabilities, an increase of 10.65% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 275,107,659	$ 280,722,171	$ (5,614,512)
Financed purchases	9,905,000	10,145,000	(240,000)
Leases	137,312	250,019	(112,707)
Compensated absences	1,695,226	2,311,398	(616,172)
Total OPEB liability	32,912,066	30,242,069	2,669,997
Net pension liability	122,063,199	75,130,685	46,932,514
Less: current portion of long-term liabilities	(9,999,883)	(8,537,707)	(1,462,176)
Total Long-term Liabilities	$ 431,820,579	$ 390,263,635	$ 41,556,944

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of $106.8 billion ($77.4 billion General Fund and $29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of $108.8 billion ($79.6 billion General Fund and $29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of $1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a $2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year.

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, 2023

	Governmental Activities
ASSETS	
Cash and investments	$ 252,523,716
Accounts receivable	16,892,068
Inventory	603,739
Lease receivable	854,703
Capital assets, not depreciated	58,752,036
Capital assets, net of accumulated depreciation	203,776,443
Lease assets, net of accumulated amortization	138,272
Total Assets	533,540,977
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	46,771,637
Deferred outflows related to OPEB	3,546,873
Deferred amount on refunding	5,808,972
Total Deferred Outflows of Resources	56,127,482
LIABILITIES	
Accrued liabilities	26,759,726
Unearned revenue	1,936,693
Long-term liabilities, current portion	9,999,883
Long-term liabilities, non-current portion	431,820,579
Total Liabilities	470,516,881
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	17,847,355
Deferred inflows related to OPEB	2,593,795
Deferred inflows related to leases	854,703
Total Deferred Inflows of Resources	21,295,853
NET POSITION	
Net investment in capital assets	122,213,303
Restricted:	
Capital projects	9,941,701
Debt service	4,470,972
Educational programs	39,223,702
Food service	2,711,431
Associated student body	1,154,268
Unrestricted	(81,859,652)
Total Net Position	$ 97,855,725

The accompanying notes are an integral part of these financial statements.

EL MONTE UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 78,088,949	$ 17,825	$ 23,697,511	$ (54,373,613)
Instruction-related services				
Instructional supervision and administration	6,697,745	1,705	2,892,061	(3,803,979)
Instructional library, media, and technology	721,722	24	20,008	(701,690)
School site administration	9,778,374	5,295	3,394,668	(6,378,411)
Pupil services				
Home-to-school transportation	2,169,277	-	17,089	(2,152,188)
Food services	6,237,672	6,582	6,820,869	589,779
All other pupil services	19,136,011	3,090	6,712,403	(12,420,518)
General administration				
Centralized data processing	2,527,401	765	-	(2,526,636)
All other general administration	7,229,175	12,780	1,467,431	(5,748,964)
Plant services	24,085,046	13,086	3,097,319	(20,974,641)
Ancillary services	7,726,801	498	3,011,527	(4,714,776)
Community services	41,700	1,130	-	(40,570)
Enterprise activities	1,310	-	-	(1,310)
Interest on long-term debt	10,625,128	-	-	(10,625,128)
Other outgo	206,221	20,059	-	(186,162)
Total Governmental Activities	$ 175,272,532	$ 82,839	$ 51,130,886	(124,058,807)
	General revenues			
	Taxes and subventions			
	Property taxes, levied for general purposes			26,004,799
	Property taxes, levied for debt service			13,002,098
	Property taxes, levied for other specific purposes			1,067,881
	Federal and state aid not restricted for specific purposes			105,662,845
	Interest and investment earnings			786,590
	Miscellaneous			25,722,415
	Subtotal, General Revenue			172,246,628
	CHANGE IN NET POSITION			48,187,821
	Net Position - Beginning			49,667,904
	Net Position - Ending			$ 97,855,725

The accompanying notes are an integral part of these financial statements.

EL MONTE UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 101,625,140	$ 119,274,334	$ 31,624,242	$ 252,523,716
Accounts receivable	13,478,008	1,285,637	2,128,423	16,892,068
Stores inventory	483,817	-	119,922	603,739
Lease receivable	854,703	-	-	854,703
Total Assets	$ 116,441,668	$ 120,559,971	$ 33,872,587	$ 270,874,226
LIABILITIES				
Accrued liabilities	$ 17,956,944	$ 6,602,108	$ 1,424,275	$ 25,983,327
Unearned revenue	1,936,693	-	-	1,936,693
Total Liabilities	19,893,637	6,602,108	1,424,275	27,920,020
DEFERRED INFLOWS				
Deferred inflows related to leases	854,703	-	-	854,703
Total Deferred Inflows	854,703	-	-	854,703
FUND BALANCES				
Nonspendable	513,817	-	125,222	639,039
Restricted	28,803,345	113,957,863	29,475,128	172,236,336
Committed	47,591,736	-	2,847,962	50,439,698
Assigned	9,812,960	-	-	9,812,960
Unassigned	8,971,470	-	-	8,971,470
Total Fund Balances	95,693,328	113,957,863	32,448,312	242,099,503
Total Liabilities, Deferred Inflows and Fund Balances	$ 116,441,668	$ 120,559,971	$ 33,872,587	$ 270,874,226

The accompanying notes are an integral part of these financial statements.

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds		$ 242,099,503
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation and accumulated amortization:		
Capital assets	$ 416,791,841	
Lease assets	359,510	
Accumulated depreciation	(154,263,362)	
Accumulated amortization (lease assets)	(221,238)	262,666,751
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		5,808,972
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(776,399)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 275,107,659	
Financed purchases	9,905,000	
Leases	137,312	
Compensated absences	1,695,226	
Total OPEB liability	32,912,066	
Net pension liability	122,063,199	(441,820,462)

(continued on the next page)

Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 46,771,637	
Deferred inflows of resources related to pensions	(17,847,355)	28,924,282
Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 3,546,873	
Deferred inflows of resources related to OPEB	(2,593,795)	953,078
Total Net Position - Governmental Activities		$ 97,855,725

EL MONTE UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 125,305,357	$ -	$ 3,134,288	$ 128,439,645
Federal sources	21,663,908	-	7,293,741	28,957,649
Other state sources	29,563,581	-	13,888,715	43,452,296
Other local sources	7,779,672	3,865,014	18,940,245	30,584,931
Total Revenues	184,312,518	3,865,014	43,256,989	231,434,521
EXPENDITURES				
Current				
Instruction	80,586,344	-	7,015,400	87,601,744
Instruction-related services				
Instructional supervision and administration	6,797,501	-	768,134	7,565,635
Instructional library, media, and technology	703,087	-	-	703,087
School site administration	7,932,683	-	2,928,094	10,860,777
Pupil services				
Home-to-school transportation	2,173,677	-	-	2,173,677
Food services	317,320	-	5,961,447	6,278,767
All other pupil services	19,451,551	-	542,704	19,994,255
General administration				
Centralized data processing	2,568,394	-	-	2,568,394
All other general administration	6,875,690	-	713,017	7,588,707
Plant services	16,460,975	-	7,007,853	23,468,828
Facilities acquisition and construction	5,861,495	22,639,724	4,456,583	32,957,802
Ancillary services	5,012,542	-	2,875,193	7,887,735
Community services	41,700	-	-	41,700
Enterprise activities	-	-	1,310	1,310
Transfers to other agencies	206,221	-	-	206,221
Debt service				
Principal	112,707	240,000	7,926,433	8,279,140
Interest and other	7,950	494,288	7,266,274	7,768,512
Total Expenditures	155,109,837	23,374,012	47,462,442	225,946,291
Excess (Deficiency) of Revenues Over Expenditures	29,202,681	(19,508,998)	(4,205,453)	5,488,230
Other Financing Sources (Uses)				
Transfers in	-	462,085	-	462,085
Transfers out	(400,000)	-	(62,085)	(462,085)
Net Financing Sources (Uses)	(400,000)	462,085	(62,085)	-
NET CHANGE IN FUND BALANCE	28,802,681	(19,046,913)	(4,267,538)	5,488,230
Fund Balance - Beginning	66,890,647	133,004,776	36,715,850	236,611,273
Fund Balance - Ending	$ 95,693,328	$ 113,957,863	$ 32,448,312	$ 242,099,503

The accompanying notes are an integral part of these financial statements.

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds		$	5,488,230

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

Capital outlay:

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay:	$ 33,247,617	
Depreciation expense:	(9,887,919)	
Amortization expense:	(110,619)	23,249,079

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 8,537,707

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was: (569,454)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 24,759

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (3,716,757)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 616,172

(continued on the next page)

The accompanying notes are an integral part of these financial statements.

Postemployment benefits other than pensions (OPEB):	
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	(2,026,802)
Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	15,438,618
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	1,146,269
Change in Net Position of Governmental Activities	$ 48,187,821

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The El Monte Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. 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. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. 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 of 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 is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Fund shall be 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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

County School Facilities Fund: This fund is established pursuant to *Education Code Section* 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section* 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use 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 results from special revenue funds and the restrictions on their use.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use 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 under 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 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. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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 county and State investment pools are determined by the program sponsor.

Lease Receivables
Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectable amounts. An associated deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable, plus any prepayments at the beginning of the lease. The deferred inflow is amortized on a straight-line basis over the term of the lease.

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	20-50 Years
Improvements/Infrastructure	5-50 Years
Equipment	2 to 15 Years

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds.” These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. 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 resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations 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 obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 – June 30, 2023

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

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

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. 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 activities columns of the statement of activities.

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	$ 263,823,369
Fair value adjustment	(12,489,221)
Cash on hand and in banks	1,154,268
Cash in revolving fund	35,300
Total	$ 252,523,716

B. 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; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Los Angeles County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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 amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $251,334,148. The average weighted maturity for this pool is 753 days.

E. 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 investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. 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. 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 agencies. 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, 2023, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2023 were as follows:

	Uncategorized
Investment in county treasury	$ 251,334,148
Total	$ 251,334,148

NOTE 3 – RECEIVABLES

A. Accounts Receivable

Accounts receivable at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	$ 8,706,559	$ -	$ 1,616,983	$ 10,323,542
State Government				
Apportionment	112,009	-	-	112,009
Categorical aid	2,988,954	-	237,638	3,226,592
Lottery	459,292	-	-	459,292
Local Government				
Other local sources	1,211,194	1,285,637	273,802	2,770,633
Total	$ 13,478,008	$ 1,285,637	$ 2,128,423	$ 16,892,068

B. Leases Receivable

General Fund	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
El Monte High Cell Tower	$ 70,508	$ -	$ 29,659	$ 40,849
Arroyo High Cell Tower	115,038	-	25,206	89,832
Rosemead High Cell Tower	76,278	-	15,736	60,542
El Monte High Auditorium Cell Tower	78,442	-	31,522	46,920
South El Monte High Auditorium Cell Tower	132,344	-	14,830	117,514
Arroyo High Cell Phone Light Pole	106,156	-	27,140	79,016
Rosemead Adult Center	674,884	-	674,884	-
South El Monte High Billboard	618,346	-	203,897	414,449
Mountain View High Empty Lot	-	71,366	65,785	5,581
Total	$ 1,871,996	$ 71,366	$ 1,088,659	$ 854,703

El Monte High Cell Tower
The District leases a portion of its facilities for a cellular tower. The original lease was for a term of 5 years. The agreement allows for 3% annual increases to the lease payments. During the fiscal year, the District recognized $29,659 in lease revenues and $2,041 in interest revenue related to this agreement. At June 30, 2023, the District recorded $40,849 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Arroyo High Cell Tower
The District leases a portion of its facilities for a cellular tower. The original lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized $25,206 in lease revenues and $3,752 in interest revenue related to this agreement. At June 30, 2023, the District recorded $89,832 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivable (continued)

Rosemead High Cell Tower
The District leases a portion of its facilities for a cellular tower. The original lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$15,736 in lease revenues and \$2,506 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$60,542 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

El Monte High Auditorium Cell Tower
The District leases a portion of its facilities for a cellular tower. The original lease is for a term of 10 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$31,522 in lease revenues and \$2,298 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$46,920 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

South El Monte High Auditorium Cell Tower
The District leases a portion of its facilities for a cellular tower. The original lease is for a term of 20 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$14,830 in lease revenues and \$4,575 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$1117,514 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Arroyo High Cellular Phone Light Pole
The District leases a portion of its facilities for a cellular phone light pole. The original lease is for a term of 5 years. The agreement allows for 4% annual increases to the lease payments. During the fiscal year, the District recognized \$27,140 in lease revenues and \$3,392 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$79,016 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

Rosemead Adult Center
The District leases a portion of its facilities. The original lease is for a term of 2 years. During the fiscal year, the District recognized \$674,884 in lease revenues and \$74,976 in interest revenue related to this agreement. At June 30, 2023, the District did not have a lease receivable or deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

South El Monte High Billboard
The District leases a portion of its facilities for a billboard. The original lease is for a term of 5 years. The agreement allows for 3% annual increases to the lease payments. During the fiscal year, the District recognized \$203,896 in lease revenues and \$18,924 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$414,449 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivable (continued)

Mountain View High Empty Lot

The District leases a portion of its school property. The original lease is for a term of 2 years. The agreement allows for 3% annual increases to the lease payments. During the fiscal year, the District recognized $65,785 in lease revenues and $1,415 in interest revenue related to this agreement. At June 30, 2023, the District recorded $5,581 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 4.0%, based on the rates available to finance real estate over the same time periods.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,439,111	$ -	$ -	$ 9,439,111
Construction in progress	41,311,766	31,049,019	23,047,860	49,312,925
Total capital assets not being depreciated	50,750,877	31,049,019	23,047,860	58,752,036
Capital assets being depreciated				
Land improvements	17,169,001	11,964,475	-	29,133,476
Buildings & improvements	285,146,052	11,083,384	-	296,229,436
Furniture & equipment	30,486,954	2,198,599	8,660	32,676,893
Total capital assets being depreciated	332,802,007	25,246,458	8,660	358,039,805
Less: Accumulated depreciation				
Land improvements	6,108,036	1,272,561	-	7,380,597
Buildings & improvements	115,877,476	7,079,465	-	122,956,941
Furniture & equipment	22,398,591	1,535,893	8,660	23,925,824
Total accumulated depreciation	144,384,103	9,887,919	8,660	154,263,362
Total capital assets being depreciated, net	188,417,904	15,358,539	-	203,776,443
Lease assets being amortized				
Furniture & equipment	359,510	-	-	359,510
Total lease assets being amortized	359,510	-	-	359,510
Less: Accumulated amortization for lease assets				
Furniture & equipment	110,619	110,619	-	221,238
Total accumulated amortization for lease assets	110,619	110,619	-	221,238
Total lease assets being amortized, net	248,891	(110,619)	-	138,272
Governmental Activities Capital Assets, net	$ 239,417,672	$ 46,296,939	$ 23,047,860	$ 262,666,751

Depreciation and amortization expense were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 8,517,708
Instructional supervision and administration	2,593
School site administration	246,372
Home-to-school transportation	589
All other pupil services	246,726
Centralized data processing	471
All other general administration	490,861
Plant services	493,218
Total	$ 9,998,538

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Interfund Transfers In	
Interfund Transfers Out	**Building Fund**	**Total**
General Fund	$ 400,000	$ 400,000
Non-Major Governmental Funds	62,085	62,085
Total	$ 462,085	$ 462,085

The General Fund transferred to the Building Fund for the CREBS solar payment.	$ 400,000
The Non-Major Adult Education Fund transferred to the Building Fund for expenditures incurred.	62,085
Total	$ 462,085

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	$ 1,562,765	$ 11,009	$ 428,035	$ -	$ 2,001,809
Construction	-	6,591,099	433,548	-	7,024,647
Vendors payable	16,394,179	-	562,692	-	16,956,871
Unmatured interest	-	-	-	776,399	776,399
Total	$ 17,956,944	$ 6,602,108	$ 1,424,275	$ 776,399	$ 26,759,726

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following:

	General Fund
Federal sources	$ 551,713
State categorical sources	1,384,980
Total	$ 1,936,693

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 262,700,646	$ 3,716,757	$ 8,185,000	$ 258,232,403	$ 8,330,135
Unamortized premium	18,120,368	-	1,152,105	16,968,263	1,297,343
Unamortized discount	(98,843)	-	(5,836)	(93,007)	(4,895)
Total general obligation bonds	280,722,171	3,716,757	9,331,269	275,107,659	9,622,583
Financed purchases	10,145,000	-	240,000	9,905,000	260,000
Leases	250,019	-	112,707	137,312	117,300
Compensated absences	2,311,398	-	616,172	1,695,226	-
Total OPEB liability	30,242,069	2,669,997	-	32,912,066	-
Net pension liability	75,130,685	46,932,514	-	122,063,199	-
Total	$ 398,801,342	$ 53,319,268	$ 10,300,148	$ 441,820,462	$ 9,999,883

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for financed purchases are made in the Building Fund.
- Payments for leases are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

The outstanding general obligation bonds debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
Election 2008, Series B	August 9, 2012	June 1, 2042	1.68% - 7.00%	$ 30,337,787	$ 49,686,868	$ 2,839,767	$ 725,000	$ 51,801,635
2015 Refunding	September 2, 2015	June 1, 2032	2.00% - 5.25%	27,195,000	10,200,000	-	1,710,000	8,490,000
2016 Refunding	March 16, 2016	June 1, 2034	2.00% - 5.00%	49,545,000	47,225,000	-	2,340,000	44,885,000
Election 2008, Series D	November 2, 2017	June 1, 2043	3.00% - 4.16%	10,895,098	10,250,666	69,053	100,000	10,219,719
Election 2018, Series A	May 7, 2019	June 1, 2049	4.00% - 5.00%	56,430,000	44,005,000	-	-	44,005,000
Election 2008, Series E	August 18, 2021	June 1, 2046	0.39% - 2.45%	33,496,221	34,118,112	807,937	110,000	34,816,049
Election 2018, Series B	August 18, 2021	June 1, 2050	4.00%	53,310,000	53,310,000	-	2,900,000	50,410,000
2021 Refunding	August 18, 2021	June 1, 2030	0.12% - 1.88%	14,360,000	13,905,000	-	300,000	13,605,000
					$ 262,700,646	$ 3,716,757	$ 8,185,000	$ 258,232,403

2008, General Obligation Bonds, Series B

On November 2, 2017, 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%. Proceeds from the sale of bonds were used to advance refund the District's 2011 Bond Anticipation Notes. At June 30, 2023, the principal outstanding, including accreted interest, was $51,801,635.

NOTE 8 – LONG-TERM LIABILITIES

A. General Obligation Bonds (continued)

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%. 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, 2023, the principal outstanding was $8,490,000.

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%. 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, 2023, the principal outstanding was $44,885,000.

2008 General Obligation Bonds, Series D

On August 18, 2021, 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%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was $10,219,719.

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%. Proceeds from the sale of bonds were used to modernize, repair, and construct school facilities. At June 30, 2023, the principal outstanding was $44,005,000.

NOTE 8 – LONG-TERM LIABILITIES

A. General Obligation Bonds (continued)

2008 General Obligation Bonds, Series E
On August 18, 2021, El Monte Union High School District issued the 2008 General Obligation Bonds, Series E in the amount of $33,496,221. The Series E bonds were issued as capital appreciation bonds with an accretion value of $24,053,779 and an aggregate principal debt balance of $57,550,000. The bonds were issued at an aggregate price of $33,202,935 (representing the principal amount of $33,496,221 less cost of issuance of $293,286). The bonds have a final maturity to occur on June 1, 2046 and interest rates of 0.39 to 2.45%. Proceeds from the sale of bonds will be used to modernize, repair, and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was $34,816,049.

2018 General Obligation Bonds, Series B
On August 18, 2021, El Monte Union High School District issued the 2018 General Obligation Bonds, Series B in the amount of $53,310,000. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $58,347,191 (representing the principal amount of $53,310,000 plus an original issuance premium of $5,503,962, less cost of issuance of $466,771). The bonds have a final maturity to occur on June 1, 2050 with an interest rate of 4.00%. Proceeds from the sale of bonds will be used to modernize, repair, and construct school facilities. At June 30, 2023, the principal outstanding was $50,410,000.

2021 General Obligation Refunding Bonds
On August 18, 2021, El Monte Union High School District issued the 2021 General Obligation Refunding Bonds in the amount of $14,360,000. The Refunding Bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $14,230,507 (representing the principal amount of $14,360,000 less cost of issuance of $129,493). The bonds have a final maturity to occur on June 1, 2030 and interest rates of 0.12 to 1.88%. Proceeds from the sale of bonds were used to provide advance refunding of the District’s outstanding 2015 General Obligation Refunding Bonds. The refunding resulted in a cumulative cash flow saving of $988,350 over the life of the new debt and an economic gain of $891,784 based on the difference between the present value of the existing debt service requirements and new debt service requirements. At June 30, 2023, the principal outstanding was $13,605,000.

Debt Service Requirements to Maturity

Year Ended June 30,	Principal	Interest	Total
2024	$ 8,330,135	$ 7,044,130	$ 15,374,265
2025	5,832,384	6,820,124	12,652,508
2026	6,249,700	6,715,115	12,964,815
2027	6,958,796	6,610,216	13,569,012
2028	7,430,863	6,564,815	13,995,678
2029 - 2033	43,533,669	31,048,549	74,582,218
2034 - 2038	31,496,846	53,934,619	85,431,465
2039 - 2043	47,340,878	58,145,562	105,486,440
2044 - 2048	64,704,444	27,370,026	92,074,470
2049 - 2050	11,425,000	437,315	11,862,315
Accretion	24,929,688	(24,929,688)	-
Total	$ 258,232,403	$ 179,760,783	$ 437,993,186

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Financed Purchases

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, 2023, the principal outstanding was $9,905,000.

Future payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 260,000	$ 482,283	$ 742,283
2025	280,000	469,298	749,298
2026	310,000	455,210	765,210
2027	330,000	439,898	769,898
2028	355,000	423,360	778,360
2029 - 2033	2,200,000	1,823,290	4,023,290
2034 - 2038	2,990,000	1,199,398	4,189,398
2039 - 2043	3,180,000	395,308	3,575,308
Total	$ 9,905,000	$ 5,688,045	$ 15,593,045

C. Leases

The District entered an agreement to lease copiers for 57 months, beginning December 1, 2019 and ending September 30, 2024. Under the terms of the lease, the District paid the monthly payments of $10,055, which amounted to total principal and interest costs of $120,660. The annual interest rate charged on the lease is 4.0%. At June 30, 2023, the District has recognized a right-to-use asset of $248,891 and a lease liability of $137,312 related to this agreement. During the fiscal year, the District recorded $110,619 in amortization expense and $7,950 in interest expense for the right-to-use of the copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ended June 30,	Lease Payment
2024	$ 120,659
2025	20,112
Total minimum lease payments	140,771
Less amount representing interest	(3,459)
Present value of minimum lease payments	$ 137,312

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $1,695,226. This amount is included as part of long-term liabilities in the government-wide financial statements.

NOTE 8 – LONG-TERM LIABILITIES (continued)

E. Other Postemployment Benefits

The District's beginning total OPEB liability was $30,242,069 and increased by $2,669,997 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was $32,912,066. See Note 10 for additional information regarding the total OPEB liability.

F. Net Pension Liability

The District's beginning net pension liability was $75,130,685 and increased by $46,932,514 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $122,063,199. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 30,000	$ -	$ 5,300	$ 35,300
Stores inventory	483,817	-	119,922	603,739
Total non-spendable	513,817	-	125,222	639,039
Restricted				
Educational programs	28,803,345	-	10,420,357	39,223,702
Food service	-	-	2,711,431	2,711,431
Associated student body	-	-	1,154,268	1,154,268
Capital projects	-	113,957,863	9,941,701	123,899,564
Debt service	-	-	5,247,371	5,247,371
Total restricted	28,803,345	113,957,863	29,475,128	172,236,336
Committed				
Deferred maintenance	-	-	2,847,962	2,847,962
Other commitments	47,591,736	-	-	47,591,736
Total committed	47,591,736	-	2,847,962	50,439,698
Assigned				
Postemployment benefits	2,991,263	-	-	2,991,263
Other assignments	6,821,697	-	-	6,821,697
Total assigned	9,812,960	-	-	9,812,960
Unassigned	8,971,470	-	-	8,971,470
Total Fund Balance	$ 95,693,328	$ 113,957,863	$ 32,448,312	$ 242,099,503

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance 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.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The El Monte Union High School District provides a single employer defined benefit other postemployment benefit (OPEB) plan as described below. Additionally, the California State Teachers' Retirement System (CalSTRS) administers a cost-sharing multiple-employer OPEB plan, the Medicare Premium Payment (MPP) Program, as described below. The District reported its total OPEB liability and its' proportionate share of the total OPEB liabilities related to the MPP Program, OPEB expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Total OPEB liability	Deferred outflows related to OPEB	Deferred inflows related to OPEB	OPEB expense
District OPEB Plan	$ 32,627,760	$ 3,546,873	$ 2,409,674	$ 3,112,471
MPP Program	284,306	-	184,121	(90,624)
Total	$ 32,912,066	$ 3,546,873	$ 2,593,795	$ 3,021,847

1. District OPEB Plan

A. Plan Description and Benefits Provided

The El Monte Union High School District administers a single employer defined benefit OPEB plan. The El Monte Union High School District Retiree Benefit Plan (the Plan) provides retiree medical and prescription drug coverage as described below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Upon attainment of age 55 and completion of at least 15 years of continuous District service, all employees including Classified, Certificated, Management, or non-represented, may retire and receive a District-paid contribution towards medical/prescription drug coverage, subject to making any required retiree contributions. Classified employees must have regularly worked at least four hours daily to be eligible. CSEA members hired on or after October 1, 1982, who regularly worked between four and five and a half hours per day, will receive 50% of the full District contribution, and those who regularly worked between six and seven and a half hours per day will receive 75% of the full District contribution. Benefits end at age 65. Dental and vision benefits have been extended to all new retirees beginning on July 1, 2009 and are 100% District-paid regardless of tier.

B. Contributions

For the measurement period ending June 30, 2023, the District contributed $995,045 to the Plan, all of which was used for current premiums.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

C. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	40
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	853
Total number of participants**	893

*Information not provided
**As of the July 1, 2022 valuation date

D. Total OPEB Liability

The District's total OPEB liability of $32,627,760 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, was rolled forward to the measurement date of June 30, 2023 and applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	2.50%
Salary increases	3.00%
Discount rates	3.86%
Healthcare cost trend rates	6.00% decreasing to 4.00% for 2070 and later

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

E. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions:

Preretirement Mortality:

Certificated:	Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018).
Classified:	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).

Postretirement Mortality:

Certificated:	Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018).
Classified:	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

F. Changes in Total OPEB Liability

	June 30, 2023
Total OPEB Liability	
Service cost	$ 1,590,705
Interest on total OPEB liability	1,193,690
Difference between expected and actual experience	316,707
Changes of assumptions	838,685
Benefits payments	(995,045)
Net change in total OPEB liability	2,944,742
Total OPEB liability - beginning	29,683,018
Total OPEB liability - ending	$ 32,627,760
Covered-employee payroll	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*

*The OPEB Plan is not administered through a trust and contributions are not based on measure of pay, covered-employee payroll is not presented.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

G. 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 percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.86%)	Valuation Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	$ 35,093,256	$ 32,627,760	$ 30,256,878

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (5.00%)	Valuation Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	$ 28,785,052	$ 32,627,760	$ 37,133,049

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

I. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $3,112,471. At June 30, 2023, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 750,540	$ -
Changes in assumptions	2,796,333	2,409,674
Total	$ 3,546,873	$ 2,409,674

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 710,564	$ 382,488
2025	710,564	382,488
2026	710,564	382,488
2027	582,251	382,488
2028	329,819	382,488
Thereafter	503,111	497,234
Total	$ 3,546,873	$ 2,409,674

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program

A. Plan Description and Contribution Information

The California State Teachers' Retirement System (CalSTRS) administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan and a fund used to account for ancillary activities associated with various deferred compensation plans and programs. The postemployment benefit plan component is the Medicare Premium Payment (MPP) Program. 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). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP 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.

As of June 30, 2022, 4,770 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined. The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with California Education Code section 22950, 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.

The parameters for employer contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established with the enactment of AB 1469 in 2014 (the CalSTRS Funding Plan).

B. Net OPEB Liability

The District's net MPP Program OPEB liability of $284,306 was measured as of June 30, 2022 by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. 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 MPP Program relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.086 percent.

C. Actuarial Assumptions and Other Inputs

The June 30, 2023 net OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022 using the assumptions listed in the following table:

	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Medicare Part A Premium Costs Trend Rate[1]	4.30%
Medicare Part B Premium Costs Trend Rate[1]	5.50%

[1] Trend rates indicate medical inflation in the specific year and therefore affect the premiums for the following year. For example, the projected 2022-2023 premium is the 2021-2022 premium increased by the assumed 2021-2022 trend rate.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program (continued)

C. Actuarial Assumptions and Other Inputs (continued)

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the member's 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.

For the valuation as of June 30, 2021, CalSTRS changed the mortality assumptions based on the July 1, 2015, through June 30, 2018, experience study. CalSTRS now 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 the 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.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (2.54%)	Valuation Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	$ 309,948	$ 284,306	$ 262,103

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program (continued)

E. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease (3.30% Part A and 4.50% Part B)	Valuation Trend Rate (4.30% Part A and 5.50% Part B)	1% Increase (5.30% Part A and 6.50% Part B)
Net OPEB liability	$ 260,861	$ 284,306	$ 310,882

F. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $(90,624). At June 30, 2023, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 151
Changes in proportion and differences between District contributions and proportionate share of contributions	183,970
	$ 184,121

Amounts reported as deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2024	$ 30,729
2025	30,709
2026	30,687
2027	30,674
2028	30,662
Thereafter	30,660
	$ 184,121

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 67,695,775	$ 28,946,873	$ 15,152,345	$ (2,948,210)
PERS Pension	54,367,424	17,824,764	2,695,010	6,028,166
Total	$ 122,063,199	$ 46,771,637	$ 17,847,355	$ 3,079,956

A. <u>California State Teachers' Retirement System (CalSTRS)</u>

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. <u>California State Teachers' Retirement System (CalSTRS) (continued)</u>

Contributions
Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $11,593,398 for the year ended June 30, 2023.

On-Behalf Payments
The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $5,438,550 to CalSTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, 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:

District's proportionate share of the net pension liability	$	67,695,775
State's proportionate share of the net pension liability associated with the District		33,902,243
Total	$	101,598,018

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.097 percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2021.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of $(2,948,210). In addition, the District recognized pension expense and revenue of $(2,535,618) for support provided by the State. At June 30, 2023, 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
Differences between projected and actual earnings on plan investments	$ -	$ 3,309,480
Differences between expected and actual experience	55,531	5,075,771
Changes in assumptions	3,357,218	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,940,726	6,767,094
District contributions subsequent to the measurement date	11,593,398	-
Total	$ 28,946,873	$ 15,152,345

The $11,593,398 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 6,187,274	$ 5,818,413
2025	3,166,761	5,220,961
2026	2,362,637	6,509,090
2027	2,250,319	(4,107,128)
2028	1,694,327	1,478,167
2029	1,692,157	232,842
Total	$ 17,353,475	$ 15,152,345

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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 current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. 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 occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 114,972,535	$ 67,695,775	$ 28,441,851

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description
The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided
The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions
Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were $6,925,176 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the District reported a liability of $54,367,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.158 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2021.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of $6,028,166. At June 30, 2023, 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
Differences between projected and actual earnings on plan investments	$ 6,419,314	$ -
Differences between expected and actual experience	245,709	1,352,731
Changes in assumptions	4,021,793	-
Changes in proportion and differences between District contributions and proportionate share of contributions	212,772	1,342,279
District contributions subsequent to the measurement date	6,925,176	-
Total	$ 17,824,764	$ 2,695,010

The $6,925,176 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 2,898,406	$ 1,099,874
2025	2,353,755	1,052,684
2026	1,733,155	542,452
2027	3,914,272	-
Total	$ 10,899,588	$ 2,695,010

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 78,536,497	$ 54,367,424	$ 34,392,574

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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, 2023.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

C. Construction Commitments

As of June 30, 2023, the District had commitments with respect to unfinished capital projects of $5,013,022.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the California Schools Voluntary Employee Benefits Association (SCSVEBA) and the Merge Risk Management Public Entity Risk Pool (MERGE). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred amount on refunding was $5,808,972.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was $46,771,637 and total deferred inflows related to pensions was $17,847,355.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was $3,546,873 and total deferred inflows related to other postemployment benefits was $2,593,795.

D. Leases

Pursuant to GASB Statement No. 87, *Leases,* the District recognized deferred inflows of resources related to leases in the District-wide financial statements. Further information regarding the deferred inflows of resources can be found at Notes 1 and 3B. At June 30, 2023, total deferred inflows related to leases was $854,703.

REQUIRED SUPPLEMENTARY INFORMATION

EL MONTE UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 124,128,244	$ 126,468,913	$ 128,439,645	$ 1,970,732
Federal sources	30,040,050	37,588,299	21,663,908	(15,924,391)
Other state sources	9,711,410	35,216,195	29,563,581	(5,652,614)
Other local sources	9,971,460	9,358,703	5,055,045	(4,303,658)
Total Revenues	173,851,164	208,632,110	184,722,179	(23,909,931)
EXPENDITURES				
Certificated salaries	62,176,786	78,372,437	59,826,189	18,546,248
Classified salaries	23,824,584	24,566,022	23,067,448	1,498,574
Employee benefits	40,879,960	43,567,958	35,260,963	8,306,995
Books and supplies	8,831,052	17,321,914	9,875,000	7,446,914
Services and other operating expenditures	27,390,433	34,954,950	21,037,643	13,917,307
Capital outlay	14,053,018	20,562,677	6,545,770	14,016,907
Other outgo				
Excluding transfers of indirect costs	459,957	459,957	206,221	253,736
Transfers of indirect costs	(604,080)	(604,080)	(709,397)	105,317
Total Expenditures	177,011,710	219,201,835	155,109,837	64,091,998
Excess (Deficiency) of Revenues Over Expenditures	(3,160,546)	(10,569,725)	29,612,342	40,182,067
Other Financing Sources (Uses)				
Transfers out	(1,034,286)	(1,034,286)	(3,534,288)	(2,500,002)
Net Financing Sources (Uses)	(1,034,286)	(1,034,286)	(3,534,288)	(2,500,002)
NET CHANGE IN FUND BALANCE	(4,194,832)	(11,604,011)	26,078,054	37,682,065
Fund Balance - Beginning	65,828,251	65,828,251	62,411,865	(3,416,386)
Fund Balance - Ending	$ 61,633,419	$ 54,224,240	$ 88,489,919	$ 34,265,679

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because the amounts reported on this schedule do not include the prior year audit adjustment. Additionally, amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – DISTRICT OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	$ 1,590,705	$ 1,655,207	$ 1,337,075	$ 1,264,218	$ 1,095,821	$ 1,095,821
Interest on total OPEB liability	1,193,690	654,751	723,428	830,247	891,978	894,069
Difference between expected and actual experience	316,707	180,812	519,189	-	-	-
Changes of assumptions	838,685	(3,174,650)	877,885	1,502,011	1,796,418	(1,363,348)
Benefits payments	(995,045)	(752,302)	(870,405)	(646,386)	(993,692)	(888,085)
Net change in total OPEB liability	2,944,742	(1,436,182)	2,587,172	2,950,090	2,790,525	(261,543)
Total OPEB liability - beginning	29,683,018	31,119,200	28,532,028	25,581,938	22,791,413	23,052,956
Total OPEB liability - ending	$ 32,627,760	$ 29,683,018	$ 31,119,200	$ 28,532,028	$ 25,581,938	$ 22,791,413
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

*The OPEB Plan is not administered through a trust and contributions are not based on measure of pay, covered-employee payroll is not presented.

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the collective net MPP District OPEB liability	0.086%	0.140%	0.149%	0.165%	0.179%	0.166%
District's proportionate share of the collective net MPP Program OPEB liability	$ 284,306	$ 559,051	$ 724,438	$ 614,597	$ 683,182	$ 698,886
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's proportionate share of the collective net MPP Program OPEB liability as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
MPP Program fiduciary net position as a percentage of the net OPEB liability	(0.940%)	(0.800%)	(0.710%)	(0.810%)	(0.400%)	0.010%

* Not applicable - The MPP Program is closed to new entrants. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.097%	0.093%	0.098%	0.093%	0.099%	0.092%	0.099%	0.100%	0.098%
District's proportionate share of the net pension liability	$ 67,695,775	$ 42,433,497	$ 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 associated with the District	33,902,243	21,350,890	49,101,197	45,969,074	52,326,522	50,201,679	45,776,821	35,590,753	34,585,634
Total	$ 101,598,018	$ 63,784,387	$ 144,174,303	$ 130,228,375	$ 143,718,646	$ 135,059,670	$ 126,176,465	$ 102,884,264	$ 91,861,488
District's covered payroll	$ 57,600,284	$ 51,927,808	$ 54,408,058	$ 52,179,232	$ 52,316,674	$ 50,394,706	$ 50,182,852	$ 47,319,685	$ 43,655,261
District's proportionate share of the net pension liability as a percentage of its covered payroll	117.5%	81.7%	174.7%	161.5%	174.7%	168.4%	160.2%	142.2%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.158%	0.161%	0.166%	0.157%	0.171%	0.174%	0.174%	0.173%	0.163%
District's proportionate share of the net pension liability	$ 54,367,424	$ 32,697,188	$ 51,004,398	$ 45,688,056	$ 45,597,609	$ 38,929,238	$ 34,412,310	$ 25,529,882	$ 1,845,072
District's covered payroll	$ 24,964,029	$ 23,120,101	$ 23,996,714	$ 21,758,211	$ 23,074,258	$ 20,904,738	$ 20,857,052	$ 19,234,593	$ 17,083,753
District's proportionate share of the net pension liability as a percentage of its covered payroll	217.8%	141.4%	212.5%	210.0%	197.6%	186.2%	165.0%	132.7%	10.8%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 11,593,398	$ 9,745,968	$ 8,386,341	$ 9,303,778	$ 8,494,779	$ 7,549,296	$ 6,339,654	$ 5,384,620	$ 4,201,988
Contributions in relation to the contractually required contribution*	(11,593,398)	(9,745,968)	(8,386,341)	(9,303,778)	(8,494,779)	(7,549,296)	(6,339,654)	(5,384,620)	(4,201,988)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 62,242,797	$ 57,600,284	$ 51,927,808	$ 54,408,058	$ 52,179,232	$ 52,316,674	$ 50,394,706	$ 50,182,852	$ 47,319,685
Contributions as a percentage of covered payroll	18.63%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 6,925,176	$ 5,719,259	$ 4,785,861	$ 4,732,392	$ 3,929,968	$ 3,583,663	$ 2,903,250	$ 2,470,935	$ 2,264,104
Contributions in relation to the contractually required contribution*	(6,925,176)	(5,719,259)	(4,785,861)	(4,732,392)	(3,929,968)	(3,583,663)	(2,903,250)	(2,470,935)	(2,264,104)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 27,281,993	$ 24,964,029	$ 23,120,101	$ 23,996,714	$ 21,758,211	$ 23,074,258	$ 20,904,738	$ 20,857,052	$ 19,234,593
Contributions as a percentage of covered payroll	25.38%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total/Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total/net OPEB liability, and the components of the total/net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the total/net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuation.

Changes in Assumptions
The discount rate changed from 3.69% to 3.86% since the previous measurement for the District OPEB Plan. The discount rate changed from 2.16% to 3.54% since the previous valuation for the MPP Program.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions
There were no changes in economic assumptions since the previous valuations for CalSTRS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 2,924,505
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	1,294,037
Adult Education: Adult Secondary Education	84.002	13978	346,514
Adult Education: English Literacy and Civics Education	84.002A	14109	56,179
Subtotal Adult Education			1,696,730
Title I, Migrant Education	84.011	14326	29,469
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	547,948
Title III			
Title III, English Learner Student Program	84.365	14346	274,570
Title III, Immigrant Education Program	84.365	15146	28,313
Subtotal Title III			302,883
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	223,580
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,557,174
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	278,017
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	97,929
Subtotal Special Education Cluster			1,933,120
Strengthening Career and Technical Education for the 21st Century (Perkins V)			
Secondary, Sec. 131	84.048	14894	192,888
Adult, Section 132	84.048	14893	22,470
Subtotal Strengthening Career and Technical Education for the 21st Century (Perkins V)			215,358
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	5,008,614
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	7,463,729
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	1,134,257
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	260,322
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	739,404
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	849,291
Subtotal Education Stabilization Fund Discretionary Grants			15,455,617
Total U. S. Department of Education			23,329,210
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,357,545
National School Lunch Program	10.555	13391	3,514,815
USDA Commodities	10.555	*	422,098
Meal Supplements	10.555	*	93,938
Supply Chain Assistance (SCA) Funds	10.555	15655	186,145
Subtotal Child Nutrition Cluster			5,574,541
Total U. S. Department of Agriculture			5,574,541
U. S. DEPARTMENT OF LABOR:			
Passed through California Department of Rehabilitation:			
WIOA Cluster			
Workforce Innovation and Opportunity Act (WIOA) - Youth Program	17.259	10055	53,898
Total U. S. Department of Labor			53,898
Total Federal Expenditures			$ 28,957,649

***** - Pass-Through Entity Identifying Number not available or not applicable

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023

	Second Period Report	Annual Report
SCHOOL DISTRICT		
Ninth through Twelfth		
Regular ADA	7,196.03	7,177.28
Extended Year Special Education	8.94	-
Special Education - Nonpublic Schools	19.37	21.40
Extended Year Special Education - Nonpublic Schools	2.24	2.24
Community Day School	19.28	18.32
Total Ninth through Twelfth	7,245.86	7,219.24
TOTAL SCHOOL DISTRICT	7,245.86	7,219.24

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Grade 9	64,800	65,020	180	Complied
Grade 10	64,800	65,020	180	Complied
Grade 11	64,800	65,020	180	Complied
Grade 12	64,800	65,020	180	Complied

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 188,685,959	$ 184,722,179	$ 156,951,947	$ 145,102,048
Expenditures And Other Financing Uses	192,168,938	158,644,125	150,233,911	123,135,865
Net change in Fund Balance	$ (3,482,979)	$ 26,078,054	$ 6,718,036	$ 21,966,183
Ending Fund Balance	$ 85,006,940	$ 88,489,919	$ 65,828,251	$ 59,110,215
Available Reserves*	$ 10,027,214	$ 8,971,470	$ 19,362,022	$ 3,693,029
Available Reserves As A Percentage Of Outgo	5.22%	5.66%	12.89%	3.00%
Long-term Liabilities	$ 431,820,579	$ 441,820,462	$ 398,801,342	$ 384,193,775
Average Daily Attendance At P-2***	7,032	7,246	7,427	8,159

The General Fund ending fund balance has increased by $29,379,704 over the past two years. The fiscal year 2023-24 budget projects a decrease of $3,482,979. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by $57,626,687 over the past two years.

Average daily attendance has decreased by 913 ADA over the past two years. An additional decline of 214 ADA is anticipated during the 2023-24 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include prior year audit adjustment. Additionally, amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve for Post-Employment Benefits Fund
June 30, 2023, annual financial and budget report fund balance	$ 88,489,919	$ 4,212,146	$ 2,991,263
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	7,203,409	(4,212,146)	(2,991,263)
Net adjustments and reclassifications	7,203,409	(4,212,146)	(2,991,263)
June 30, 2023, audited financial statement fund balance	$ 95,693,328	$ -	$ -

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS									
Cash and investments	$ 1,154,268	$ 9,908,138	$ 1,901,568	$ 3,143,575	$ 1,067,084	$ 270,218	$ 8,932,020	$ 5,247,371	$ 31,624,242
Accounts receivable	-	972,436	1,008,514	41,546	12,284	4,341	89,302	-	2,128,423
Stores inventory	-	95,037	24,885	-	-	-	-	-	119,922
Total Assets	$ 1,154,268	$ 10,975,611	$ 2,934,967	$ 3,185,121	$ 1,079,368	$ 274,559	$ 9,021,322	$ 5,247,371	$ 33,872,587
LIABILITIES									
Accrued liabilities	$ -	$ 460,217	$ 193,351	$ 337,159	$ 213,543	$ 47,250	$ 172,755	$ -	$ 1,424,275
Total Liabilities	-	460,217	193,351	337,159	213,543	47,250	172,755	-	1,424,275
FUND BALANCES									
Non-spendable	-	95,037	30,185	-	-	-	-	-	125,222
Restricted	1,154,268	10,420,357	2,711,431	-	865,825	227,309	8,848,567	5,247,371	29,475,128
Committed	-	-	-	2,847,962	-	-	-	-	2,847,962
Total Fund Balances	1,154,268	10,515,394	2,741,616	2,847,962	865,825	227,309	8,848,567	5,247,371	32,448,312
Total Liabilities and Fund Balances	$ 1,154,268	$ 10,975,611	$ 2,934,967	$ 3,185,121	$ 1,079,368	$ 274,559	$ 9,021,322	$ 5,247,371	$ 33,872,587

See accompanying notes to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES									
LCFF sources	$ -	$ -	$ -	$ 3,134,288	$ -	$ -	$ -	$ -	$ 3,134,288
Federal sources	-	1,719,200	5,574,541	-	-	-	-	-	7,293,741
Other state sources	-	11,716,201	1,500,747	-	-	-	602,522	69,245	13,888,715
Other local sources	3,026,613	337,859	10,178	198,339	574,002	66,806	1,249,626	13,476,822	18,940,245
Total Revenues	3,026,613	13,773,260	7,085,466	3,332,627	574,002	66,806	1,852,148	13,546,067	43,256,989
EXPENDITURES									
Current									
Instruction	-	7,015,400	-	-	-	-	-	-	7,015,400
Instruction-related services									
Instructional supervision and administration	-	768,134	-	-	-	-	-	-	768,134
School site administration	-	2,928,094	-	-	-	-	-	-	2,928,094
Pupil services									
Food services	-	-	5,961,447	-	-	-	-	-	5,961,447
All other pupil services	-	542,704	-	-	-	-	-	-	542,704
General administration									
All other general administration	-	552,244	157,153	-	3,620	-	-	-	713,017
Plant services	-	1,728,675	-	5,129,646	-	-	149,532	-	7,007,853
Facilities acquisition and construction	-	-	-	376,989	904,810	1,178,013	1,996,771	-	4,456,583
Ancillary services	2,875,193	-	-	-	-	-	-	-	2,875,193
Enterprise activities	-	-	1,310	-	-	-	-	-	1,310
Debt service									
Principal	-	-	-	-	-	-	-	7,926,433	7,926,433
Interest and other	-	-	-	-	-	-	-	7,266,274	7,266,274
Total Expenditures	2,875,193	13,535,251	6,119,910	5,506,635	908,430	1,178,013	2,146,303	15,192,707	47,462,442
Excess (Deficiency) of Revenues Over Expenditures	151,420	238,009	965,556	(2,174,008)	(334,428)	(1,111,207)	(294,155)	(1,646,640)	(4,205,453)
Other Financing Sources (Uses)									
Transfers out	-	(62,085)	-	-	-	-	-	-	(62,085)
Net Financing Sources (Uses)	-	(62,085)	-	-	-	-	-	-	(62,085)
NET CHANGE IN FUND BALANCE	151,420	175,924	965,556	(2,174,008)	(334,428)	(1,111,207)	(294,155)	(1,646,640)	(4,267,538)
Fund Balance - Beginning	1,002,848	10,339,470	1,776,060	5,021,970	1,200,253	1,338,516	9,142,722	6,894,011	36,715,850
Fund Balance - Ending	$ 1,154,268	$ 10,515,394	$ 2,741,616	$ 2,847,962	$ 865,825	$ 227,309	$ 8,848,567	$ 5,247,371	$ 32,448,312

See accompanying notes to supplementary information.

The El Monte Union High School 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
Ricardo Padilla	President	2026
Esthela Torres de Siegrist	Vice President	2024
Qui Nguyen	Clerk	2026
Florencio F. Briones	Member	2026
Carlos G. Salcedo	Member	2024

DISTRICT ADMINISTRATORS

Dr. Edward A. Zuniga
Superintendent

Wael H. Elatar
Chief Business Official

Dr. Laura Rivas
Assistant Superintendent, Educational Services

Robin Torres
Assistant Superintendent, Human Resources

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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.

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

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.

OTHER INDEPENDENT AUDITORS' REPORTS

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

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*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the El Monte Union High School District's basic financial statements, and have issued our report thereon dated December 14, 2023.

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

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Report on 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*.

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.

Christy White, Inc

San Diego, California
December 14, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Monte Union High School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Monte Union High School District's major federal programs for the year ended June 30, 2023. 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.

In our opinion, El Monte Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Monte Union High School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of El Monte Union High School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of El Monte Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (continued)

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

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

Christy White, Inc

San Diego, California
December 14, 2023

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

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

Report on State Compliance

Opinion on State Compliance

We have audited El Monte Union High School District's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to El Monte Union High School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, El Monte Union High School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Monte Union High School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of El Monte Union High School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of El Monte Union High School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine El Monte Union High School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Not Applicable
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2023-001. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on El Monte Union High School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of 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.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc

San Diego, California
December 14, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

EL MONTE UNION HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	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:	

AL Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund Discretionary Grants
84.027, 84.027A	Special Education Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 868,729
Auditee qualified as low-risk auditee?	No
STATE AWARDS	
Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies* ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2023.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2023-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a high school district should expend a minimum of 50% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the current fiscal year, the District did not meet the minimum percentage requirement of 50%. The District only spent 49.76% on classroom teacher salaries in the 2022-23 fiscal year.

Effect: The District's current expense of education for the year ended June 30, 2023 was $142,443,077 and the total salaries and benefits for classroom teachers was $70,880,248. The District was below the minimum required percentage of 50% by 0.24% which calculates out to a deficiency of $341,863.

Cause: The deficiency amount was due to the change in the funding model with implementation of the Local Control Funding Formula.

Questioned Costs: The questioned costs are the deficiency of $341,863.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 50% minimum requirement.

Corrective Action Plan: Due to the ongoing spending of Education Stabilization Fund Discretionary Grants (ESSER) funds, the District has been unable to meet the required percentage. The District has begun to take steps to ensure the required percentage will be met in the future.

EL MONTE UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

FINDING #2022-001: PRIOR PERIOD RESTATEMENT (MATERIAL WEAKNESS) – 30000

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal 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 material misstatement of balances presented within the District's General Fund, as reported on the 2021-2022 unaudited financial statements. The description of the misstatement is as follows:

The District over-reported receivables of $3,519,849 in the General Fund. This resulted in an overstatement of beginning fund balance of $3,519,849 in the General Fund.

Questioned Costs: There were no questioned costs associated with the condition identified.

Context: The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2021-2022 unaudited financial statements.

Cause: The cause of 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 revenues/expenses and assets/liabilities to determine their proper reporting period.

Effect: The effect of this error resulted in a misstatement that was not detected or prevents by the District's internal control. As reported on the 2021-2022 unaudited financial statements, the District's General Fund ending fund balance was overstated by $3,519,849.

Recommendation: In light of 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 yearend closing process to determine the proper cut-off period for revenues and to ensure that all activities are recorded in the financial statements.

District Response: The California Legislature provided $6.6 billion in the Assembly Bill 86 COVID-19 relief package, including $4.6 billion for Expanded Learning Opportunities (ELO) Grant. Governor Newsom signed AB 86 on March 5, 2021, the apportionments to districts made known in April of 2021, allocations began in May, and the fiscal year closed effective June 30. In August 2021, at the time the 2020-2021 Unaudited Actuals report was being prepared, Fiscal Services treated the restricted ELO Grant as an entitlement, accrued it for being accumulated in the current period under Generally Accepted Accounting Principles (GAAP), reported it as unearned revenue in the restricted fund balance, and before CDE guidance following Governor Newsom signature of AB 130 was sent via email in August regarding the accounting for the ELO Grant.

FINDING #2022-001: PRIOR PERIOD RESTATEMENT (MATERIAL WEAKNESS) – 30000 (continued)

This finding occurred as a result of the initial ELO funding coming quickly, in an extraordinary fashion, and Fiscal Services lacking sufficient information to properly report despite auditor's guidance. Responding as best it could under the circumstances, Fiscal Services shall devote more time to reviewing available reporting requirements in extraordinary times. In addition, the district will adjust the restricted unearned revenue identified by the auditor in the current year (2022-2023) restricted fund balance and submit the adjustment to the Los Angeles County Office of Education (LACOE) with an Auditor's Letter.

Current Status: Implemented.

FINDING #2022-002: YEAR-END CLOSING BALANCES (MATERIAL WEAKNESS) – 30000

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal 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 material misstatement of balances presented within the District's General Fund, 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, County School Facilities Non-Major Governmental Fund, Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund, and the Bond Interest and Redemption Non-Major Governmental Fund, as reported on the 2021-2022 unaudited financial statements. The description of the misstatement is as follows:

- The District did not recognize a net decrease in fair market value of Cash in County Treasury in the General Fund, 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, County School Facilities Non-Major Governmental Fund, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects, and Bond Interest and Redemption Non-Major Governmental Fund. This resulted in the overstatement of the ending fund balance reported in the General Fund by $2,872,858, Building Fund by $5,481,292, Adult Education Non-Major Governmental Fund by $393,475, Cafeteria Non-Major Governmental Fund by $49,009, Deferred Maintenance Non-Major Governmental Fund by $202,371, Capital Facilities Non-Major Governmental Fund by $46,913, County School Facilities Non-Major Governmental Fund by $58,060, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects by $336,619, and Bond Interest and Redemption Non-Major Governmental Fund by $297,680.
- The District under reported accounts receivable in the General Fund. This resulted in the understatement of the ending fund balance reported in the General Fund by $103,463.

Questioned Costs: There were no questioned costs associated with the condition identified.

FINDING #2022-002: YEAR-END CLOSING BALANCES (MATERIAL WEAKNESS) – 30000 (continued)

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 2021-2022 unaudited financial statements.

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.

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 2021-2022 unaudited financial statements, the District's General Fund's ending fund balance was overstated by $2,769,395, Building Fund's ending fund balance was overstated by $5,481,292, Adult Education Non-Major Governmental Fund's ending fund balance was overstated by $393,475, Cafeteria Non-Major Governmental Fund's ending fund balance was overstated by $49,009, Deferred Maintenance Non-Major Governmental Fund's ending fund balance was overstated by $202,371, Capital Facilities Non-Major Governmental Fund's ending fund balance was overstated by $46,913, County School Facilities Non-Major Governmental Fund's ending fund balance was overstated by $58,060, Special Reserve Non-Major Governmental Fund for Capital Outlay Projects' ending fund balance was overstated by $336,619, and the District's Bond Interest and Redemption Non-Major Governmental Fund was overstated by $297,680 as of June 30, 2022.

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 yearend closing process to determine the proper cut-off period for all revenues and expenditures and the associated assets and liabilities.

District Response: Districts are required by Education Code (EC) Section 41001 to deposit their funds in the County Treasury and important to understand is that districts' cash accounts held in the County Treasury are pooled in investment funds. The Governmental Accounting Standards Board Statements Nos. 31 and 72 (GASB 31) and (GASB 72) established accounting and reporting standards for all investments held by governmental external investment pools. GASB 31 necessitates that Local Educational Agencies (LEAs) report their investments at fair value on the balance sheet. Consequently, an LEA's Cash in the County Treasury is determined by the school funds' share in the Pooled Surplus Investments (PSI) Portfolio and the fair value of EMUHSD Cash in the County Treasury is modified by the book value of investments in the pooled fund. For the period in question, Information regarding the County Treasury's cash reporting regulated by GASB 31 may be obtained from the Los Angeles County Treasurer's web sites at:

https://ttc.lacounty.gov/wp-content/uploads/2022/08/ReportInvestmentsforJune2022.pdf

In conjunction, GASB 72 requires the district to also disclose fair value measurements, the level of fair value hierarchy, and valuation techniques. For the period in question, Information regarding the County Treasury's cash reporting regulated by GASB 72 may be obtained from the Los Angeles County Treasurer's web sites at:

http://auditor.lacounty.gov/property-tax-report-central/

FINDING #2022-002: YEAR-END CLOSING BALANCES (MATERIAL WEAKNESS) – 30000 (continued)

Based on the information available on the Los Angeles County Treasurer's web sites, the following shall be taken into consideration:

- Consolidated LEA Funds comprised 48.10% of the PSI Portfolio.
- A total of 60.12% of the pooled investments matured within the year and no adjustment on this portion is required per GASB 31.
- Fair market value for shall be converted by a factor of 95.8608% of amortized cost; Consequently, for each $1,000,000 in the 2021-2022 unaudited financial statements, the fair market value should have been reported as $958,608.
- The difference between cost and fair market value equals ($41,392) per million.

The District did not adjust its ending balances for inadvertence. Corrective action to adjust the balances for each fund identified by the auditor shall be made in the current year according to the information made available by Los Angeles County Treasurer, according to the valuation technique described above for each fund, and submit adjustments for each fund to reflect 95.8608% Fair Value to the Los Angeles County Office of Education (LACOE) along with an Auditor's Letter.

Current Status: Implemented.

FINDING #2022-003: FEDERAL COMPLIANCE – 50000

Criteria: Under the sub-granting conditions and grant agreement between the District and the Los Angeles County Office of Education (LACOE), the District is required to perform the following under Section 4.2.4 of the grant agreement:

- Submit weekly progress reports and monthly financial report to LACOE. The report will include the following information:
    - Total enrollment
    - Number of individuals tested (student and staff)
    - Number of testing locations
    - Number of tests – PCR (total and positive tests)
    - Number of tests – Antigen (total and positive tests)
    - Number of tests – Other (type of test; total and positive tests)
    - Total positive tests
    - Description of program activities
    - Other indicators that may arise to ascertain program progress

Condition: The District did not have supporting evidence to document its weekly submission of the reports required under Section 4.2.4 of the grant agreement. Specifically, the District was unable to provide documents to support the number of tests (PCR) and the total positive tests reported.

Questioned Costs: There were no questioned costs associated with the condition identified.

FINDING #2022-003: FEDERAL COMPLIANCE – 50000 (continued)

Context: The condition was identified as a result of our examination of weekly reports generated by the District under Section 4.2.4 and through inquiry with District's personnel.

Cause: The condition appears to have materialized due to the District inadequately maintaining its supporting files required under the grant agreement.

Effect: Due to the condition identified, we were unable to validate the accuracy of the weekly reports submitted to LACOE, as required under Section 4.2.4 of the grant agreement.

Recommendation: The District should ensure meticulous records are maintained with respect to all compliance reporting requirement. Failure to maintain supporting documents for grants would potentially lead to questioned costs that can require the District to return program funds to the sponsoring entity.

District Response: The Auditor discovered that two weekly reports for September 2021 lacked documentation. Compared to the number of tests reported overall in 2021-2022, the number of unverified tests constitute a finding for non-compliance and indicative of issues surrounding record keeping. It has since come to light that some tests were inconclusive but were not identified as such leading to a higher test count versus negative/positive counts. No program specific corrective action steps shall be instituted as this is not an on-going program. However, it will be important to laboriously work out the details prior to an agreement and specify the need for clerical support in future agreements. In addition, the district will review its records and verify alignment with reports submitted to the Los Angeles COE.

Current Status: Implemented.

FINDING #2022-004: COMPREHENSIVE SCHOOL SAFETY PLANS – 40000

Criteria: California Education Code Section 32286(a) requires each school site to annually review and update its comprehensive school safety plan by March 1.

Condition: In our review of comprehensive school safety plans, we noted that the District reviewed and updated the comprehensive school safety plans; however, two schools did not approve the updated comprehensive school safety plan by March 1 as stated in California Education Code Section 32286(a).

Questioned Costs: There were no questioned costs associated with the condition identified.

Context: The condition was identified as a result of inquiry with the District's management. In a sample of ten school sites, two sites were noted to have updated their plans subsequent to the March 1 deadline.

Cause: The condition identified appears to have materialized primarily due to the lack of a monitoring process to ensure that all site plans are updated timely.

FINDING #2022-004: COMPREHENSIVE SCHOOL SAFETY PLANS – 40000 (continued)

Effect: The District has not complied with requirements identified in California Education Code Section 32286(a), which states that each school site is required to annually review and update its comprehensive school safety plan by March 1.

Recommendation: The District should ensure that they meet all the requirements identified in California Education Code Section 32286(a) every year. The District must update and review the comprehensive school safety plan by March 1 of each year.

District Response: CA Educ Code (EC) § 32286 states "(a) Each school shall adopt its comprehensive school safety plan by March 1, 2000, and shall review and update its plan by March 1, every year thereafter." The Board approved all High Schools Safety Plan on April 6, 2022 as we could not make the March timeline. In late 2021 and early 2022 the District was in the middle of surging COVID cases and school site administration had to address the surge as well as logistical and reporting requirements. That delayed the completion and update of the school plans to be signed off. In addition, it took a few weeks to get the sign off from the fire and police departments on the plan.

Corrective action this year is to take the school safety plans to our board on March 1, 2023. Subsequently, the district shall establish an annual calendar reminder to schedule the adoption of comprehensive school safety plans no later than March 1 in adherence to EC 32286.

Current Status: Implemented.