Financial Statements
June 30, 2023

Fremont Union High School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Fremont Union High School District
Sunnyvale, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle/Policies - Restatement

As discussed in Note 17 to the financial statements, the District changed the measurement date of its Net OPEB Liability and excluded from its fiduciary activities, the financial statements of the OPEB trust fund and accordingly, the beginning net position of the Governmental Activities and Fiduciary Activities have been restated. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net/total OPEB liability and related ratios, schedule of the District's contributions for OPEB, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 District's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
December 6, 2023

This section of Fremont Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of these categories: governmental and proprietary.

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

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

The Primary unit of the government is the Fremont Union High School District (District).

Financial Highlights of the Past Year

The US economy expanded at a 2.4 percent annual pace in the second quarter ending June 30th, 2023, after posting 2 percent growth in the prior quarter. Growth exceeded consensus forecasts and market expectations across the board. The economy has shown surprising resilience. Despite 11 interest-rate increases, of which, 10 were consecutive, making up the most concentrated Federal Reserve rate cycle in decades, the labor market has not experienced any significant weakening.

Even though the pace of job growth has slowed, the labor market has remained robust. At the same time, inflation has cooled in recent months. Consequently, wage gains have begun to outpace rising prices, easing pressure on household budgets and strengthening consumer confidence. The consumer price index excluding food and energy, which economists view as the best indicator of underlying inflation pressures, rose at an annual rate of 4.8 percent in June, the smallest increase since 2021. Moderating inflation without sizable job losses contributes to the growing optimism that the economy may avoid a recession.

Despite these positive outlooks, the District’s trend toward declining enrollment continues. We expect to see a decline of between 350-500 students each year for the next several years. Some schools are impacted significantly more than others. Specifically, without any intervention, Monta Vista will have the lowest attending enrollment as soon as next year. As a result, our district formed another Citizens Advisory Committee (CAC), made up of parents, students, teachers, and administrators. This group continues to meet, looking at possible solutions to Monta Vista’s declining enrollment. Ultimately, the CAC is recommending continuing both the Monta Vista Transfer Program and the Lynbrook Transfer programs for the next two years. This CAC recommendation will be made to the Board of Trustees in December, and is subject to Board Approval.

The District continues to offer free meals under the Universal Meals Mandate in California. Due to meals being free, student participation in the brunch and lunch program continues to be at an all-time high at all 5 schools. Increased student participation led to an increase in reimbursement revenue. Nutrition Services revenue was also supplemented by grants and funds received from the State and Federal government, namely, the Kitchen Infrastructure & Training Funds and the Supply Chain Funds. This increased revenue has resulted in the elimination of General Fund contribution to Fund 13 in SY 2022-23. Along with the increase in revenue, the program also incurred increased costs in terms of staffing, labor, food and equipment.

The relationship between all of our bargaining groups continues to be collaborative and positive. This includes our Classified Union – CSEA, our Certificated Union – FEA, and a bargaining group AFT which represents our Adult and Community Education employees. 2022-2023 marked the eighth consecutive year that each bargaining group participating in the Revenue Sharing Process saw positive returns.

The District continues to rely upon the $5.2 million received annually from the parcel tax that was originally approved by the voters in November 2004. In May of 2010, District voters renewed the parcel tax for a period of six years. The Parcel Tax was again renewed on November 4, 2014 for an additional six years, commencing July 1, 2016. In accordance with the ballot language, the funds are used to preserve core academic classes and retain experienced teachers. The District has been careful to track the particular programs funded through parcel tax revenues. Exemptions are offered to senior citizens and disabled. In November 2020, the voters approved a renewal of the existing $98 parcel tax for an additional eight years starting July 1, 2022, therefore extended through June 30, 2030.

On November 4, 2014, voters also approved a Proposition 39 bond known as Measure K. In May 2019, the District issued the third and final series of bonds under the 2014 Measure K bond authorization. The par amount of the Series 2019A bonds was $53,085,000, the Series 2019B bonds (Green Bonds) was $30,000,000 and the Series 2019C (Federally Taxable) bonds was $11,915,000 for a total issuance of $95,000,000. The District has a long-standing commitment to sustainability and green design in its operations and facilities. The District was one of the first California school districts to issue green bonds.

In addition, on November 6, 2018, voters approved a new Proposition 39 bond known as Measure CC. Measure CC passed by a 63% to 37% margin. This measure approved the sale of an additional $275,000,000 in General Obligation Bonds to further the District's facilities and modernization plan. In May 2019, the District issued the first series of bonds under the 2018 Measure CC bond authorization. The par amount of the Series 2019A bonds was $47,195,000 and the Series 2019C (Federally Taxable) bonds was $7,805,000 for a total issuance of $55,000,000. In May 2021, the District issued the second series of bonds under the 2018 Measure CC bond authorization. The par amount of Series 2021A bonds was $80,000,000 and Series 2021B Green Bonds was $30,000,000 for a total issuance of $110,000,000. In conjunction with this issuance, there was a refinancing of outstanding bonds with a par amount of $52,045,000. The refunded bonds consisted of a portion of the 2008 Series, 2013 bonds and the 2015 GO Refunding Bonds (not the 2014 Series 2015 bonds). The total par amount for the new bond issuance and refinancing is $162,045,000. In June 2023, the District issued the third and final series of the bonds under the 2018 Measure CC bond authorization. The par amount of the bonds was $110,000,000 and was issued in conjunction with the first 2022 Measure G authorization.

Most recently, on June 7, 2022, voters approved a new Proposition 39 bond known as Measure G. Measure G passed by 55.71% to 44.29% margin and approved the sale of an additional $275,000,000 in General Obligation Bonds to further the District's facilities and modernization plan to upgrade classrooms, science labs, and facilities for technology, arts, math, and career technical education, improve ventilation systems, provide essential seismic safety and accessibility upgrades, and construct and repair sites and facilities. In June 2023, the District issued the first series of bonds under the 2022 Measure G authorization for the par amount of $100,000,000. In conjunction with this issuance and the last issuance of the 2018 Measure CC bond authorization, there was also a refinancing component of outstanding bonds with a par amount of $36,280,000. The refunding bonds consisted of portions of the 2014, Series 2015 bonds and the 2015 Refunding bonds and were issued on a forward delivery basis so they will refund on May 7, 2024, but the rates have been locked in with the signing of the bond purchase agreement on July 18, 2023.

As required by the Education Code of the State and the 2008 Measure B, 2014 Measure K, and 2018 Measure CC bond authorizations, as well as the 2014 Measure J parcel tax, the District established the “Fremont Union High School District's Bond and Parcel Tax Citizens' Oversight Committee” to serve as the independent oversight committee. The committee’s role expanded to include the oversight of the Measure G Bond authorization and to continue the oversight of the renewed Measure M parcel tax. The committee’s role is to review the District's expenditure of bond and parcel tax proceeds and its progress in completing the projects specified in the bond measures, may act as a communications channel for disseminating bond program and parcel tax information, collecting community inputs or concerns, as well as making periodic reports to the public in order to ensure that funds are spent only for authorized purposes. The committee is comprised of community members representing various categories such as, a business organization within the District, a senior citizens organization, a taxpayers' organization, a parent or guardian of a child enrolled in the District, a parent or guardian of a child enrolled in the District who is also active in a parent-teacher organization, and the public at large. Members are appointed for a two-year term, may serve up to three two-year terms, are not compensated for their participation, and meet approximately four times per year.

Reporting the District as A Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the District’s Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District’s enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District’s other programs and activities, such as the District’s Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

The District as A Whole

Net Position

The District's net position was $196.12 million for the fiscal year ended June 30, 2023. Of this amount, $133.4 million deficit 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 net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1 – Net Position

(Amounts in millions)	2023	2022 as restated	Change
Assets			
Current and other assets	$ 493.78	$ 334.13	$ 159.65
Capital assets	746.54	686.39	60.15
Total assets	1,240.32	1,020.52	219.80
Deferred outflows of resources	80.97	67.34	13.63
Liabilities			
Current liabilities	27.61	29.95	(2.34)
Long-term liabilities	1,032.89	772.07	260.82
Total liabilities	1,060.49	802.02	258.47
Deferred inflows of resources	64.67	122.66	(57.99)
Net Position			
Net investment in capital assets	226.63	173.24	53.39
Restricted	93.44	67.74	25.70
Unrestricted - excluding pension activities	9.48	62.78	(53.30)
Unrestricted - related to pension activities (deficit)	(133.42)	(140.93)	7.51
Total net position	$ 196.12	$ 162.83	$ 33.30

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The $93.44 million restricted and $9.48 million in unrestricted net position of governmental activities, without the impact of pension, represents the accumulated results of all past years' operations. It means if the District had to pay off all its bills today including its non-capital liabilities (compensated absences and pension liability as examples), there would be $102.92 million. The total unrestricted deficit amount of $133.42 million is the result of adaption of GASB statement No. 68, *Accounting and Financial Reporting for Pension*, by the District.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 19. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2 – Changes in Net Position

(Amounts in millions)	2023	2022	Change
Revenues			
Program revenues			
Charges for services and sales	$ 5.19	$ 5.94	$ (0.75)
Operating grants and contributions	38.57	31.21	7.36
Capital grants and contributions	-	1.87	(1.87)
General revenues			
Federal and State aid not restricted	5.41	4.57	0.84
Property taxes	239.43	214.48	24.95
Other general revenues	4.18	1.03	3.15
Total revenues	292.78	259.10	33.68
Expenses			
Instruction	134.06	113.33	20.73
Instruction-related	37.90	33.60	4.30
Pupil services	28.14	22.91	5.23
General administration	12.82	11.35	1.47
Plant services	19.01	15.32	3.69
Anciliary services	5.13	4.71	0.42
Community services	0.01	-	0.01
Interest on long-term debt	22.39	20.60	1.79
All other services	0.02	0.02	-
Total expenses	259.48	221.84	37.64
Change in net position	$ 33.30	$ 37.26	$ (3.96)

Governmental Activities

As reported in the Statement of Activities on page 19. The cost of all governmental activities this year was $259.48 million. However, the amount that the taxpayers ultimately financed for these activities through local taxes and other general revenues was $215. million because the cost was paid by those who benefited from the programs ($5.19 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($38.57 million). The District paid for the remaining "public benefit" portion of our governmental activities with property taxes, unrestricted federal and state funds, and with other revenues, such as interest and general entitlements.

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

Table 3 – Net Cost of Services

(Amounts in millions)	2023	2022	Change
Instruction	$ 116.45	$ 93.65	$ 22.80
Instruction-related activities			
Supervision of instruction	9.64	9.36	0.28
Instructional library, media, and technology	3.41	2.71	0.70
School site administration	19.22	16.55	2.67
Pupil services			
Home-to-school transportation	2.94	2.33	0.61
Food services	0.26	0.12	0.14
All other pupil services	16.95	13.63	3.32
Administration			
Data processing	0.57	0.35	0.22
All other administration	11.20	10.04	1.16
Plant services	18.81	14.22	4.59
Ancillary services	0.28	1.15	(0.87)
Community services	0.01	-	0.01
Interest on long-term liabilities	15.98	20.60	(4.62)
Other outgo	0.02	(1.91)	1.93
Total net cost	$ 215.72	$ 182.82	$ 32.92

The District realized an increase in net position of approximately $33.30 million from 2021-22 to 2022-23. Revenues were $33.68 million more than the prior year, expenditures were $37.64 million more than the prior year as well. Approximately $3.78 million of the increase in revenue is from the restricted Federal grants which are expenditure driven.

The significant increase of $22.80 million in instruction function is the result of a greater increase in raises as well as spending down of one-time funding. The fluctuation of pension expenses allocation depends on the result of actuarial estimates.

Other General Administration activities include fiscal services, personnel services, and central support services. This category includes attendance recording and reporting activities performed at the District level. This category also includes all other costs of property or general liability insurance not charged to a specific function. In addition, the costs of assistant superintendents for instruction or equivalent positions having first-line responsibility for instructional administration and for participation in district/county policy may be charged as follows:

- 50% to Instructional Supervision and Administration (Function 2100).
- 50% to Other General Administration (Function 7200).

The District's Funds

As the District completed this year, governmental funds had a reported combined fund balance of $440.82 million, which is $166.72 million increase from last year.

Table 4 – District Fund Balances

	Balances and Activity			
Governmental Fund	June 30, 2022 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 51,139,167	$ 222,217,847	$ 210,733,884	$ 62,623,130
Student Activity Fund	2,675,786	4,849,795	4,706,735	2,818,846
Adult Education	1,248,678	4,934,920	4,517,396	1,666,202
Cafeteria	285,513	6,143,575	5,886,326	542,762
Deferred Maintenance	12,774,185	3,451,246	596,871	15,628,560
Foundation Special Reserve	58,546	1,520	11,998	48,068
Building	158,796,681	214,525,807	70,279,763	303,042,725
Capital Facilities	8,137,907	2,398,468	7,018,902	3,517,473
County School Facilities	4,487,418	(23,040)	-	4,464,378
Bond Interest and Redemption	34,502,734	55,194,851	43,227,320	46,470,265
Total	$ 274,106,615	$ 513,694,989	$ 346,979,195	$ 440,822,409

The primary reasons for these changes are:

- The General Fund is the principal operating fund. The fund balance in the General Fund increased from $51.14 million to $62.62 million. This was primarily due to an increase in property tax revenue and one-time restricted funding in FY22-23.

- The Building Fund showed an increase from $144.2 million to $303.04 million. This was primarily due to the bond issuance for Measure G and Measure CC for approximately $210 million.

- The Bond interest and Redemption fund increased $11.97 million from $34.50 million to $46.47 million. The fluctuation of the fund balance depends on the future debt redemption in the coming year.

General Fund Budgetary Highlights

The Education Code requires that all school districts adopt a budget by July 1, and then twice a year submit to their County Offices of Education interim financial reports. These first and second interim reports reflect the status of district finances as of October 31 and January 31. Year-end actuals are submitted by September 15.

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 14, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74).

Significant revenue revisions made to the 2022-2023 Budget were due to increased property taxes resulting in increased LCFF funding for the District as well as one-time funding through the Learning Recovery Emergency Block Grant and the Art, Music, and Instructional Materials Grant.

Significant expenditure revisions made to the 2022-2023 budget were primarily due to the bargaining settlement reached during 2022-2023: 9.266% for FEA, 5% for CSEA (with deferred 2% for 23-24), and 8.1124% for FMA.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the District had $905.25 million in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, depreciation and disposal) of $60.15 million from last year.

Table 5 – Capital Assets

(Amounts in millions)	2023	2022	Change
Land	$ 1.96	$ 1.96	$ (0.00)
Construction in progress	159.46	84.59	74.87
Buildings and improvements	726.92	726.19	0.73
Equipment	16.91	15.45	1.46
Total assets	905.25	828.19	77.06
Less accumlulated depreciation	(158.71)	(141.80)	(16.91)
Total	$ 746.54	$ 686.39	$ 60.15

This year's additions included construction in progress for school modernization of $74.87 million (net), buildings of $0.73 million, and equipment of $1.46 million. Several capital projects are planned for the 2023-2024 year and the District has a plan to modernize existing classrooms, build several new Buildings, including a New Field House at Fremont High School and a new District Robotics Center at Cupertino High School, and replace the athletic fields with synthetic turf. More information about our capital assets is presented in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $1,032.89 million in long-term liabilities outstanding versus $772.07 million last year, an increase of 33.8%. Those long-term liabilities consisted of:

Table 6 – Long-Term Liabilities

(Amounts in millions)	2023	2022	Change
Long-Term Liabilities			
General obligation bonds and premiums	$ 840.55	$ 639.48	$ 201.07
Compensated absences	1.92	1.98	(0.06)
Sub-total	842.47	641.46	201.01
Claims liability	0.20	0.14	0.05
Net Postemployment Benefit liability	21.71	21.71	(0.00)
Aggregate net pension liability	168.51	108.76	59.75
Total	$ 1,032.89	$ 772.07	$ 260.82

The District's general obligation bond rating is Aaa (based on Moody's Investor Services) and AAA (based on Standard and Poor's). The State limits the amount of general obligation debt that the District can issue. The District's outstanding general obligation bond debt of $840.55 million is below this limit. Other liabilities include compensated absences payable. More detailed information is presented in Note 10 of the financial statements.

The District has an estimated liability of $21.71 million for OPEB (Other Post-Employment Benefits). During fiscal year 2006-2007 the District established an irrevocable trust with American United Life that is administered by MidAmerica to fund this liability. During fiscal year 2020-21, the District established another trust with California Employers' Retiree Benefit Trust (CERBT). These trusts had a combined restricted net position of $9.87 million at June 30, 2022, which is the measurement date of the net OPEB liability of the District. The formation of these irrevocable trusts protects the funds set aside for retiree benefits. More detailed information is presented in Note 11 of the financial statements.

Significant Accomplishments of Fiscal Year 2022-2023:

On March 7, 2023, the FUHSD Board of Trustees passed a resolution indicating its intention to transition Governing Board elections from At-Large Elections to By-Trustee Area Elections. The transition will see Board members elected from trustee areas, instead of by all District voters. As part of this transition, the Board will be seeking input from the community on the development of the trustee area boundary map. District staff have conducted extensive outreach in three languages (English, Spanish and Chinese) over the past several months in order to make sure community members are aware of this process and able to provide input.

As of October 2023, the Board has held the two required Pre-Map meetings (Aug. 22 and Sept. 19) and one of the two required Map Public Hearings (Oct. 17). At the Oct. 17 meeting, four preliminary map scenarios were presented by the District's demographers. These are only preliminary maps and are a starting point for the community to react to. The district will also be acquiring mapping software that will be available to the public to create their own draft maps.

In order to improve the outreach component of this process and to assist in the process of developing maps for ultimate consideration by the Board of Trustees, the Board requested that a Community Trustee Area Districting (CTAD) Committee be formed to facilitate the process of gathering input and developing the draft maps that will be considered by the Board. The Community Trustee Area Districting (CTAD) Committee will facilitate the process of gathering input and developing maps, which will then be considered by the FUHSD Board of Trustees for elections from 2024 and through 2032. The committee will hold multiple community meetings to gather public input. The Committee will then submit a set of focus maps to the Board of Trustees to be considered. The Board of Trustees' goal is that the CTAD Committee will represent the diverse communities, interests and experience of the residents of the Fremont Union High School District. The CTAD application is currently open through Oct. 30, with the hope that the members will be selected and seated by mid-November.

Economic Factors and Next Year's Budgets and Rates

Based upon our most recent demographic report, District enrollment is expected to show a decline in the next five years which will have an effect on ADA-based funding. However, the continued escalating costs of housing and development in our District, long term projections are difficult to assess.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the office of Christine Mallery, Chief Business Officer/Associate Superintendent, at the Fremont Union High School District, 589 W. Fremont Avenue, Sunnyvale, California, (408) 522-2245.

	Governmental Activities
Assets	
Deposits and investments	$ 451,074,216
Receivables	8,619,698
Prepaid expense	557,722
Stores inventories	53,126
Lease receivable(s)	33,475,482
Capital assets not depreciated	161,419,035
Capital assets, net of accumulated depreciation	585,120,465
Total assets	1,240,319,744
Deferred Outflows of Resources	
Deferred charge on refunding	13,375,080
Deferred outflows of resources related to OPEB	12,412,000
Deferred outflows of resources related to pensions	55,182,088
Total deferred outflows of resources	80,969,168
Liabilities	
Accounts payable	15,052,593
Interest payable	10,792,169
Due to other governments	567,410
Unearned revenue	1,194,649
Long-term liabilities other than OPEB and pensions	
Due within one year	34,830,186
Due in more than one year	807,837,791
Net other postemployment benefits liability (OPEB)	21,708,262
Aggregate net pension liabilities	168,510,021
Total liabilities	1,060,493,081
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	13,543,575
Deferred inflows of resources related to pensions	20,093,752
Deferred inflows of resources related to leases	31,034,558
Total deferred inflows of resources	64,671,885
Net Position	
Net investment in capital assets	226,625,271
Restricted for	
Debt service	31,460,304
Capital projects	23,658,479
Educational programs	34,958,671
Food Programs	542,762
Student Activity	2,818,846
Unrestricted (deficit)	(123,940,387)
Total net position	$ 196,123,946

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 131,328,204	$ 80,852	$ 17,532,530	$ (113,714,822)
Instruction-related activities				
Supervision of instruction	11,491,088	10,574	1,842,191	(9,638,323)
Instructional library, media, and technology	3,447,668	72	39,003	(3,408,593)
School site administration	22,964,135	268,306	3,474,494	(19,221,335)
Pupil services				
Home-to-school transportation	2,936,196	-	-	(2,936,196)
Food services	5,839,357	-	5,582,965	(256,392)
All other pupil services	19,362,211	12,157	2,404,249	(16,945,805)
Administration				
Data processing	574,247	-	-	(574,247)
All other administration	12,242,126	20,014	1,025,242	(11,196,870)
Plant services	19,014,282	22,273	184,995	(18,807,014)
Ancillary services	5,125,413	4,015,527	834,488	(275,398)
Community services	11,004	-	-	(11,004)
Enterprise services	2,733,153	-	-	(2,733,153)
Interest on long-term liabilities	22,388,376	762,107	5,645,662	(15,980,607)
Other outgo	20,000	-	-	(20,000)
Total governmental activities	$ 259,477,460	$ 5,191,882	$ 38,565,819	(215,719,759)
General Revenues and Subventions				
Property taxes, levied for general purposes				193,942,160
Property taxes, levied for debt service				40,071,708
Taxes levied for other specific purposes				5,416,159
Federal and State aid not restricted to specific purposes				5,405,537
Interest and investment earnings				3,149,344
Interagency revenues				6,288
Miscellaneous				1,025,897
Total general revenues and subventions				249,017,093
Change in Net Position				33,297,334
Net Position - Beginning, as restated				162,826,612
Net Position - Ending				$ 196,123,946

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 66,632,051	$ 308,688,404	$ 46,297,369	$ 24,824,441	$ 446,442,265
Receivables	5,608,244	1,528,093	172,896	1,273,478	8,582,711
Due from other funds	1,388,554	1,857,359	-	3,108,624	6,354,537
Prepaid expenditures	106,513	-	-	11,522	118,035
Stores inventories	-	-	-	53,126	53,126
Lease receivables	-	33,475,482	-	-	33,475,482
Total assets	$ 73,735,362	$ 345,549,338	$ 46,470,265	$ 29,271,191	$ 495,026,156
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 4,532,823	$ 10,360,901	$ -	$ 158,869	$ 15,052,593
Due to other funds	4,965,983	1,032,894	-	355,660	6,354,537
Due to other governments	567,410	-	-	-	567,410
Unearned revenue	1,046,016	78,260	-	70,373	1,194,649
Total liabilities	11,112,232	11,472,055	-	584,902	23,169,189
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	31,034,558	-	-	31,034,558
Fund Balances					
Nonspendable	118,825	-	-	113,092	231,917
Restricted	33,244,401	247,841,545	46,470,265	28,573,197	356,129,408
Committed	14,633,366	-	-	-	14,633,366
Assigned	4,532,014	55,201,180	-	-	59,733,194
Unassigned	10,094,524	-	-	-	10,094,524
Total fund balances	62,623,130	303,042,725	46,470,265	28,686,289	440,822,409
Total liabilities, deferred inflows of resources, and fund balances	$ 73,735,362	$ 345,549,338	$ 46,470,265	$ 29,271,191	$ 495,026,156

Total Fund Balance - Governmental Funds		$ 440,822,409
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 905,251,289	
Accumulated depreciation is	(158,711,789)	
Net capital assets		746,539,500
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(10,792,169)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		4,911,056
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	13,375,080	
Other postemployment benefits (OPEB)	12,412,000	
Net pension liability	55,182,088	
Total deferred outflows of resources		80,969,168
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(13,543,575)	
Net pension liability	(20,093,752)	
Total deferred inflows of resources		(33,637,327)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(168,510,021)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(21,708,262)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds, including premium	(836,332,034)	
Compensated absences (vacations)	(1,920,582)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(4,217,792)	
Total long-term liabilities		(842,470,408)
Total net position - governmental activities		$ 196,123,946

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 181,583,175	$ -	$ -	$ 2,070,808	$ 183,653,983
Federal sources	5,209,927	-	789,245	2,177,971	8,177,143
Other State sources	23,066,373	854	85,772	7,749,090	30,902,089
Other local sources	11,325,477	3,876,658	39,865,477	8,721,114	63,788,726
Total revenues	221,184,952	3,877,512	40,740,494	20,718,983	286,521,941
Expenditures					
Current					
Instruction	123,604,371	-	-	1,039,327	124,643,698
Instruction-related activities					
Supervision of instruction	10,817,749	-	-	140,580	10,958,329
Instructional library, media, and technology	3,328,617	-	-	595	3,329,212
School site administration	19,194,013	-	-	2,793,714	21,987,727
Pupil services					
Home-to-school transportation	2,889,395	-	-	-	2,889,395
Food services	6,778	-	-	5,710,466	5,717,244
All other pupil services	18,403,135	-	-	156,919	18,560,054
Administration					
Data processing	553,126	-	-	-	553,126
All other administration	11,445,066	-	-	370,197	11,815,263
Plant services	17,227,253	305,462	-	819,695	18,352,410
Ancillary services	432,099	-	-	4,706,735	5,138,834
Community services	10,956	-	-	-	10,956
Other outgo	20,000	-	-	-	20,000
Facility acquisition and construction	1,115,529	68,941,407	-	7,000,000	77,056,936
Debt service					
Principal	-	-	21,085,000	-	21,085,000
Interest and other	-	-	22,142,320	-	22,142,320
Total expenditures	209,048,087	69,246,869	43,227,320	22,738,228	344,260,504
Excess (Deficiency) of Revenues Over Expenditures	12,136,865	(65,369,357)	(2,486,826)	(2,019,245)	(57,738,563)
Other Financing Sources (Uses)					
Transfers in	1,032,895	648,295	-	1,037,501	2,718,691
Proceeds from bond issuance	-	210,000,000	14,454,357	-	224,454,357
Transfers out	(1,685,797)	(1,032,894)	-	-	(2,718,691)
Net Financing Sources (Uses)	(652,902)	209,615,401	14,454,357	1,037,501	224,454,357
Net Change in Fund Balances	11,483,963	144,246,044	11,967,531	(981,744)	166,715,794
Fund Balance - Beginning	51,139,167	158,796,681	34,502,734	29,668,033	274,106,615
Fund Balance - Ending	$ 62,623,130	$ 303,042,725	$ 46,470,265	$ 28,686,289	$ 440,822,409

Total Net Change in Fund Balances - Governmental Funds		$ 166,715,794
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization is difference from capital outlays in the period.		
Depreciation and amortization expense	$ (16,912,054)	
Capital outlays	77,056,936	
Net expense adjustment		60,144,882
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(583,814)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		59,106
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		7,511,129
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		2,527,723

Proceeds received from General obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(210,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(14,454,357)
Premium amortization	2,880,742
Deferred charge on refunding amortization	(813,866)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	21,085,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(1,729,118)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(45,887)
Change in net position of governmental activities	$ 33,297,334

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 4,631,951
Receivables	36,987
Prepaid expenses	439,687
Total current assets	5,108,625
Total assets	5,108,625
Liabilities	
Noncurrent liabilities	
Claims liabilities	197,569
Total liabilities	197,569
Net Position	
Unrestricted	$ 4,911,056

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 2,625,030
Total operating revenues	2,625,030
Operating Expenses	
Other operating cost	2,763,957
Total operating expenses	2,763,957
Operating Income	(138,927)
Nonoperating Revenues (Expenses)	
Unrealized loss from investment to county	(15,203)
Interest income	108,243
Total nonoperating revenues	93,040
Change in Net Position	(45,887)
Total Net Position - Beginning	4,956,943
Total Net Position - Ending	$ 4,911,056

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 2,597,195
Cash payments from interfund services provided	(166,642)
Cash payments for insurance claim	(2,570,387)
Net Cash Used for Operating Activities	(139,834)
Investing Activities	
Net investment income	93,040
Net Cash From (Used for) Investing Activities	93,040
Net Change in Cash and Cash Equivalents	(46,794)
Cash and Cash Equivalents, Beginning	4,678,745
Cash and Cash Equivalents, Ending	$ 4,631,951
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income (loss)	$ (138,927)
Changes in assets and liabilities	
Receivables	(27,196)
Due from other fund	311
Prepaid expenses	(26,887)
Accrued liabilities	53,815
Due to other fund	(950)
Net Cash From (Used for) Operating Activities	$ (139,834)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Fremont Union High School District was organized in 1925 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 Federal agencies. The District operates five high schools, one alternative high school, one adult, and one distance-learning program.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for and report all financial resources not accounted for reported in another fund.

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

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

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

- **County School Facilities Fund** The County School Facilities 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), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) 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.).

Permanent Funds The Permanent funds were introduced as part of the governmental financial reporting model established by GASB Statement No. 34 to account for permanent foundations that benefit a local educational agency.

- **Foundation Permanent Fund** The Foundation Permanent Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 that are restricted to the extent that earnings, but not principal, may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a dental and a vision plan that is accounted for in an internal service fund.

Basis of Accounting - Measurement Focus

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

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

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

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

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

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. 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 investment pools are determined by the program sponsor.

Prepaid Expenditures

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The District also rereports deferred inflows of resources related to leases.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. More detailed information is discussed in Note 15 of the financial statements.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in compliance with GASB 54 to establish fund balance policies in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of committed and unassigned amounts equal to no less than 10% of General Fund expenditures and other financing uses. At June 30, 2023, the fund balance for the General Fund was reported as amounts committed and unassigned, respectively, and in total was held for economic uncertainties.

Stabilization arrangement

In fiscal year 2015-16, the District adopted a resolution to establish and maintain a revenue stabilization reserve in the general fund. The principal resource for this reserve is an addition 7% of total general fund expenditures and other out go. The revenue stabilization reserve is reported in the general fund committed fund balance.

Expenditure of the amounts in the revenue stabilization reserve may occur only when specific circumstances exist. Under the resolution, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The adopted resolution directs that these resources may be used to mitigate actual revenue shortfalls (when compared to estimated revenues) or the District's Revenue Sharing Process resulted the District's available reserves to drop below 5%. These circumstances are not expected to occur routinely. To allow for the withdrawal of the resources, their use must first be recommended by the management and then approved by the governing board.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in-district premium. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary 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 and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91, Conduit Debt Obligations. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. As a result, there is no material effect of the implementation of this standard on the beginning net position.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. {to be modified depending on the structure of the arrangement}. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

As of July 1, 2022, the District adopted GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of a right-to-use asset-intangible asset and a corresponding, liability {to be modified depending on the structure of the arrangement}. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 446,442,265
Proprietary funds	4,631,951
Total deposits and investments	$ 451,074,216

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 2,510,914
Cash in revolving	12,687
Investments	448,550,615
Total deposits and investments	$ 451,074,216

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, liabilities with first priority security; and collateralized mortgage liabilities.

Investment in County Treasury **-** The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool is not registered with Security Exchange Commission.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio.

Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity in Days
Certificates of Deposits	$ 395,817	244
County Pool	448,154,798	738
Total	$ 448,550,615	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County Pool is not rated as of June 30, 2023.

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 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% of the total amount deposited by the public agency. As of June 30, 2023, the District's cash in banks totaled $2.56 million, of which $2.3 million was uninsured but collateralized as described above.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have investments subject to custodial credit risks.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets.
- Level 2 - quoted prices in active or inactive for the same or similar assets.
- Level 3 - estimates using the best information available when there is little or no market.

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs	Fair Value Measurements Using Level 2 Inputs	Uncategorized
Certificates of Deposits	$ 395,817	$ -	$ 395,817	$ -
County Pool	448,154,798	-	-	448,154,798
Total	$ 448,550,615	$ -	$ 395,817	$ 448,154,798

Note 3 - Receivables

Receivables, other than lease receivables, at June 30, 2023, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 2,819,184	$ -	$ -	$ 383,821	$ 3,203,005
State Government					
LCFF apportionment	520,017	-	-	-	520,017
Categorical aid	438,684	-	-	632,933	1,071,617
Lottery	632,106	-	-	-	632,106
Local Government					
Interest	599,725	1,366,558	172,896	237,744	2,376,923
Other local sources	598,528	161,535	-	18,980	779,043
Total	$ 5,608,244	$ 1,528,093	$ 172,896	$ 1,273,478	$ 8,582,711

	Proprietary Funds	Fiduciary Funds
Interest	$ 36,987	$ -
Total	$ 36,987	$ -

Note 4 - Capital Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,958,025	$ -	$ -	$ 1,958,025
Construction in progress	84,587,459	74,920,186	(46,635)	159,461,010
Total capital assets not being depreciated	86,545,484	74,920,186	(46,635)	161,419,035
Capital assets being depreciated				
Buildings and improvements	726,194,011	724,209	-	726,918,220
Furniture and equipment	15,454,858	1,459,176	-	16,914,034
Total capital assets being depreciated	741,648,869	2,183,385	-	743,832,254
Total capital assets	828,194,353	77,103,571	(46,635)	905,251,289
Accumulated depreciation				
Buildings and improvements	(134,246,210)	(16,004,624)	-	(150,250,834)
Furniture and equipment	(7,553,525)	(907,430)	-	(8,460,955)
Total accumulated depreciation	(141,799,735)	(16,912,054)	-	(158,711,789)
Net depreciable capital assets	599,849,134	(14,728,669)	-	585,120,465

Depreciation expenses were charged as a direct expense to governmental as follows:

Governmental Activities	
Instruction	$ 10,002,813
Supervision of instruction	854,471
Instructional library, media, and technology	274,065
School site administration	1,741,952
Home-to-school transportation	79,003
Food services	291,442
All other pupil services	1,390,270
Ancilary services	54,754
Community services	170
Data processing	892,292
All other administration	47,779
Plant services	1,283,043
Total depreciation expenses governmental activities	$ 16,912,054

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivable	Outstanding July 1, 2022	Addition	Deletion	Outstanding June 30, 2023
Kings Academy	$ 32,534,371	$ -	$ (1,785,892)	$ 30,748,479
AT&T Wireless Site License - LHS	180,197	-	(47,492)	132,705
T-Mobile Wireless Site License - LHS/SHS	1,126,532	-	(124,000)	1,002,532
American Tower - FHS	708,655	-	(23,245)	685,410
CC TM PA - FHS	309,024	-	(38,056)	270,968
CCATT Holdings - FHS	295,530	-	(37,610)	257,920
SBA Steel - FHS	364,911	-	(36,141)	328,770
Cupertino Co-Op	69,576	-	(20,878)	48,698
Total	$ 35,588,796	$ -	$ (2,113,314)	$ 33,475,482

The District leases a portion of its facilities to Kings Academy. This lease is non-cancelable for a period of thirteen years. During the fiscal year, the District recognized $2,589,531 in lease revenue and $1,002,368 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $30,748,479 in lease receivables and $28,484,842 in deferred inflows of resources for this arrangement. The District used an interest rate of 3.16%, based on the State and Local Government Series (SLGS) rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to AT&T Wireless. This lease is non-cancelable for a period of five years. During the fiscal year, the District recognized $47,491 in lease revenue and $3,620 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $132,705 in lease receivables and $125,003 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.28%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to T-Mobile Wireless. This lease is non-cancelable for a period of nine years. During the fiscal year, the District recognized $152,354 in lease revenue and $30,340 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $1,002,532 in lease receivables and $939,518 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.84%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to American Tower. This lease is non-cancelable for a period of nine years. During the fiscal year, the District recognized $46,122 in lease revenue and $23,318 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $685,410 in lease receivables and $638,027 in deferred inflows of resources for this arrangement. The District used an interest rate of 3.34%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to CC TM PA. This lease is non-cancelable for a period of nine years. During the fiscal year, the District recognized $45,506 in lease revenue and $8,115 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $270,968 in lease receivables and $254,075 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.78%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to CCATT Holdings. This lease is non-cancelable for a period of nine years. During the fiscal year, the District recognized $44,594 in lease revenue and $7,717 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $257,920 in lease receivables and $241,551 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.77%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to SBA Steel. This lease is non-cancelable for a period of nine years. During the fiscal year, the District recognized $45,522 in lease revenue and $10,040 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $328,770 in lease receivables and $307,271 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.88%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District leases a portion of its facilities to Cupertino Co-Op. This lease is non-cancelable for a period of four years. During the fiscal year, the District recognized $22,136 in lease revenue and $1,303 in interest revenue related to these agreements. As of June 30, 2023, the District recorded $48,698 in lease receivables and $44,271 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.17%, based on SLGS rates plus 1.5% risk factor over the same time periods.

The District is negotiating with a lessee with past due rent payments since late fiscal year ended June 30, 2020 at one of the District's facilities. Multiple amendments to the lease contract were made which were approved by the District's governing board. Some rent payments were collected but the past due rent receivable as of June 30, 2023 was $3,980,714 and per generally accepted accounting principles, an allowance was reported for the same amount.

The remaining receivable associated with these leases as of June 30, 2023, are as follows:

	Lease Revenue				
Year Ending June 30,	Kings Academy	AT&T Wireless Site License	T-Mobile Wireless Site	American Tower	CC TM PA
2024	$ 1,928,021	$ 50,651	$ 133,825	$ 26,086	$ 40,998
2025	2,077,253	53,966	144,182	28,944	44,098
2026	2,233,892	28,089	155,097	31,978	47,363
2027	2,398,254	-	166,598	35,197	50,800
2028-2032	14,750,761	-	402,830	231,435	87,709
2033-2037	7,360,298	-	-	331,770	-
Total	$ 30,748,479	$ 132,706	$ 1,002,532	$ 685,410	$ 270,968

Year Ending June 30,	Lease Revenue CCATT Holdings	SBA Steel	Cupertino Co-OP	Total
2024	$ 40,501	$ 39,067	$ 23,128	$ 2,282,277
2025	43,547	42,153	25,570	2,459,713
2026	46,754	45,408	-	2,588,581
2027	50,131	48,838	-	2,749,818
2028-2032	76,987	153,304	-	15,703,026
2033-2037	-	-	-	7,692,068
Total	$ 257,920	$ 328,770	$ 48,698	$ 33,475,483

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,857,359	$ 3,108,624	$ 4,965,983
Building	1,032,894	-	-	1,032,894
Non-Major Governmental Funds	355,660	-	-	355,660
Total	$ 1,388,554	$ 1,857,359	$ 3,108,624	$ 6,354,537

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

	Transfer From			
Transfer To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 648,295	$ 1,037,502	$ 1,685,797
Building Fund	1,032,894	-	-	1,032,894
Total	$ 1,032,894	$ 648,295	$ 1,037,502	$ 2,718,691

The General Fund transferred to Building Fund for District contribution.	$ 648,295
The Building Fund transferred to General Fund for Technology Matching program operation.	1,032,894
The Deferred Maintenance Fund transferred to General Fund for Maintenenace Expense Reimbursement	1,037,502
Total	$ 2,718,691

Note 7 - Deferred Charge on Refunding

Deferred outflows of resources are a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $226,625,271 includes the effect of deferring the recognition of loss from advance refunding. The $13,375,080 balance of the deferred outflows of resources at June 30, 2023, will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

Deferred charge on refunding at June 30, 2023, consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Deferred charges on refunding	$ 14,188,946	$ -	$ (813,866)	$ 13,375,080

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 3,164,958	$ 10,353,798	$ 72,564	$ 13,591,320
Salaries and benefits	1,367,865	7,103	86,305	1,461,273
Other	567,410	-	-	567,410
Total	$ 5,100,233	$ 10,360,901	$ 158,869	$ 15,620,003

Note 9 - Unearned Revenue

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 31,074	$ -	$ 3,063	$ 34,137
State categorical aid	1,014,379	-	-	1,014,379
Other local	563	78,260	67,310	146,133
Total	$ 1,046,016	$ 78,260	$ 70,373	$ 1,194,649

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 586,404,067	$ 210,583,814	$ (21,085,000)	$ 775,902,881	$ 30,880,000
Unamortized debt premiums	53,073,330	14,454,357	(2,880,742)	64,646,945	3,085,886
Compensated absences	1,979,688	521,501	(580,607)	1,920,582	864,300
Claims liability	143,754	2,763,958	(2,710,143)	197,569	-
Total	$ 641,600,839	$ 228,323,630	$ (27,256,492)	$ 842,667,977	$ 34,830,186

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The compensated absences will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
03/10/11	8/1/2040	6.87-12.00%	$ 16,090,108	$ 5,354,067	$ -	$ 583,814	$ -	$ 5,937,881
03/10/11	2/1/2026	5.45-6.08%	25,000,000	15,650,000	-	-	(340,000)	15,310,000
01/29/13	8/1/2044	3.00-5.00%	48,000,000	21,405,000	-	-	-	21,405,000
04/08/15	8/1/2044	3.00-5.00%	100,000,000	82,000,000	-	-	-	82,000,000
05/14/15	8/1/2040	2.00-5.00%	156,115,000	72,625,000	-	-	(17,000,000)	55,625,000
06/20/17	8/1/2046	2.00-5.00%	68,830,000	68,830,000	-	-	-	68,830,000
06/20/17	8/1/2030	3.00-4.00%	31,170,000	12,400,000	-	-	(740,000)	11,660,000
06/20/17	8/1/2044	2.00-5.00%	44,250,000	38,465,000	-	-	-	38,465,000
05/15/19	8/1/2046	3.00-5.00%	100,280,000	89,275,000	-	-	-	89,275,000
05/15/19	8/1/2034	5.00%	30,000,000	30,000,000	-	-	-	30,000,000
05/11/21	8/1/2042	0.16%-2.77%	52,045,000	51,205,000	-	-	(745,000)	50,460,000
05/12/21	8/1/2041	0.15%-4.00%	80,000,000	73,355,000	-	-	(2,260,000)	71,095,000
05/12/21	8/1/2036	0.15%-4.00%	30,000,000	25,840,000	-	-	-	25,840,000
06/07/23	8/1/2043	5.00%	100,000,000	-	100,000,000	-	-	100,000,000
06/07/23	8/1/2048	5.00%	100,000,000	-	110,000,000	-	-	110,000,000
				$ 586,404,067	$ 210,000,000	$ 583,814	$ (21,085,000)	$ 775,902,881

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2023	$ -	$ -	$ -	$ -	$ -
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	212,976	677,181	890,157	-	1,275,000
2029-2033	1,507,113	3,540,611	5,047,724	3,867,276	8,915,000
Total	$ 1,720,089	$ 4,217,792	$ 5,937,881	$ 3,867,276	$ 10,190,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 30,880,000	$ 27,398,969	$ 58,278,969
2025	19,680,000	29,935,173	49,615,173
2026	25,615,000	28,807,209	54,422,209
2027	11,490,000	27,915,279	39,405,279
2028	12,981,352	21,432,869	34,414,221
2029-2033	100,893,648	132,449,219	233,342,867
2034-2038	156,380,000	98,984,168	255,364,168
2039-2043	239,235,000	60,944,137	300,179,137
2044-2048	160,805,000	14,192,075	174,997,075
2049-2053	12,005,000	240,100	12,245,100
Total	$ 769,965,000	$ 442,299,198	$1,212,264,198

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 21,708,262	$ 12,412,000	$ 13,543,575	$ 554,724

Plan Administration

The Employee Benefit Trust administers the Postemployment Benefits Plan (the "Plan") – an agent – multiple employer defined benefit plan that is used to provide postemployment benefits other than pensions for the Fremont Union High School District. Management of the Plan is vested in the District's Governing Board, which consists of five locally elected plan members. A portion of the District’s assets are invested in MidAmerica Annuity. The District is in the process of discontinuing their single employer trust fund with MidAmerica Annuity and transferring its assets into a qualifying agent multiple-employer plan.

Benefits Provided

The Plan provides medical, dental and vision insurance benefits to certain retirees and their dependents or spouses. The groups of employees who are eligible for the Plan are as follows:

	Management	Certificated	Classified
Benefits provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of benefits	5 years	5 years	5 years
Required service	5 years	10 years	10 years
Minimum age	55	55	50
Dependent coverage	Yes	Yes	Spouse
District coverage	100%	100%	100%
Annual District Cap	Same as active	Same as active	Same as active

Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the *plan*. The District's Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	202
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	945
Total	1,147

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District and the Fremont Educators Association (FEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, FEA, CSEA, and the unrepresented groups. For the fiscal year ended June 30, 2023, the District contributed $2,165,042 to the plan.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Equities Securities	40%
Fixed Income Securities	43%
Real Estate Investment Trusts	8%
All Commodities	4%
Treasury Inflation Protected Securities (TIPS)	5%

Actuarial Assumptions

The total OPEB liability as of July 1, 2021 valuation date was measured as of June 30, 2022, and was determined by applying updated procedures to roll forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	6.25%
Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.0% for 2021

The discount rate used for a funded plan is the real rate of return expected for plan assets plus the long-term inflation assumption.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equities Securities	7.55%
Fixed Income Securities	4.25%
Real Estate Investment Trusts	7.25%
All Commodities	7.55%
Treasury Inflation Protected Securities (TIPS)	3.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2022, as restated	$ 29,866,829	$ 9,758,855	$ 20,101,341
Service cost	1,513,216	-	1,513,216
Interest	1,862,057	(386,439)	2,255,129
Transfers		-	-
Difference between expected and actual experience	918,518	-	918,518
Employer Contributions	-	3,082,447	(3,082,447)
Changes of assumptions and other inputs	-	-	-
Benefit payments	(2,579,556)	(2,579,556)	-
Administrative expense	-	(2,505)	2,505
Net change in total OPEB liability	1,714,235	113,947	1,606,921
Balance, June 30, 2023	$ 31,581,064	$ 9,872,802	$ 21,708,262

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 percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (5.25%)	$ 25,115,082
Current discount rate (6.25%)	21,708,262
1% increase (7.25%)	18,711,097

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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.0%)	$ 17,476,543
Current healthcare cost trend rate (4.0%)	21,708,262
1% increase (5.0%)	26,831,999

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30,2023, the District recognized OPEB expense of $554,472. At June 30, 2023, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $2,1645,042.

At June 30,2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 2,165,042	$ -
Differences between expected and actual experience	3,318,064	3,877,364
Changes of assumptions	6,055,292	9,666,211
Net difference between projected and actual earnings on OPEB plan investments	873,602	-
Total	$ 12,412,000	$ 13,543,575

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining 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/(Inflows) of Resources
2023	$ (73,276)
2024	(115,137)
2025	(133,272)
2026	(126,685)
2027	(330,493)
Thereafter	(2,517,754)
Total	$ (3,296,617)

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 12,312	$ -	$ -	$ 376	$ 12,688
Stores inventories	-	-	-	53,126	53,126
Prepaid expenditures	106,513	-	-	11,522	118,035
Permanent Foundation	-	-	-	48,068	48,068
Total nonspendable	118,825	-	-	113,092	231,917
Restricted					
Educational programs	33,244,401	-	-	1,654,680	34,899,081
Food service	-	-	-	489,260	489,260
Capital projects	-	247,841,545	-	23,610,411	271,451,956
Debt services	-	-	46,470,265	-	46,470,265
Student Activities	-	-	-	2,818,846	2,818,846
Total restricted	33,244,401	247,841,545	46,470,265	28,573,197	356,129,408
Committed					
7% Board approved reserves	14,633,366	-	-	-	14,633,366
Total committed	14,633,366	-	-	-	14,633,366
Assigned					
Enrichment programs	4,532,014	-	-	-	4,532,014
Capital Projects	-	55,201,180	-	-	55,201,180
Total assigned	4,532,014	55,201,180	-	-	59,733,194
Unassigned					
Reserve for economic uncertainties	6,271,443	-	-	-	6,271,443
Remaining unassigned	3,823,081	-	-	-	3,823,081
Total unassigned	10,094,524	-	-	-	10,094,524
Total	$ 62,623,130	$ 303,042,725	$ 46,470,265	$ 28,686,289	$ 440,822,409

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the Northern California Regional Liability Excess Fund (North CalReLiEF) for excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Santa Clara County Schools Insurance Group for the workers' compensation coverage.

Claims Liabilities

The District records an estimated liability for Workers' Compensation claims filed prior to March 1, 1996. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and estimates for claims incurred, but not reported based on historical experience for some self-insured programs, such as dental, vision and property and liability.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate workers' compensation, dental, vision and property and general liability claims liabilities for the District from July 1, 2021 to June 30, 2023 (in thousands):

	Total
Liability Balance, July 1, 2021	$ 159,831
Claims and changes in estimates	(2,828,447)
Claims payments	2,812,370
Liability Balance, June 30, 2022	143,754
Claims and changes in estimates	(2,710,143)
Claims payments	2,763,958
Liability Balance, June, 30, 2023	$ 197,569
Assets available to pay claims at June 30, 2023	$ 5,108,626

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 88,481,936	$ 26,456,433	$ 17,447,746	$ 8,079,472
CalPERS	80,028,085	28,725,655	2,646,006	10,695,722
Total	$ 168,510,021	$ 55,182,088	$ 20,093,752	$ 18,775,194

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRS Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District’s total contributions were $15,607,172.

Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 88,481,936
State's proportionate share of the net pension liability	44,311,408
Total	$ 132,793,344

The net pension liability was measured as of 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 and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1273% and 0.1348%, resulting in a net decrease in the proportionate share of 0.0075%.

For the year ended June 30, 2023, the District recognized pension expense of $8,079,472. In addition, the District recognized pension expense and revenue of $3,573,686 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
Pension contributions subsequent to measurement date	$ 15,607,172	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,388,618	6,486,509
Differences between projected and actual earnings on pension plan investments	-	4,326,938
Differences between expected and actual experience in the measurement of the total pension liability	72,583	6,634,299
Changes of assumptions	4,388,060	-
Total	$ 26,456,433	$ 17,447,746

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (3,178,457)
2025	(3,443,320)
2026	(5,172,568)
2027	7,467,407
Total	$ (4,326,938)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,007,025
2025	(576,163)
2026	(1,241,130)
2027	(863,138)
2028	(1,255,288)
Thereafter	(1,342,853)
Total	$ (2,271,547)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant 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 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Real estate	15.0%	3.6%
Private equity	13.0%	6.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Inflation sensitive	6.0%	3.3%
Cash/liquidity	2.0%	(0.4%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 150,275,145
Current discount rate (7.10%)	88,481,936
1% increase (8.10%)	37,174,994

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, and Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $10,679,151.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $80,028,085. The net pension liability was measured as of 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. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.2326% and 0.2332%, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2023, the District recognized pension expense of $10,695,722. 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
Pension contributions subsequent to measurement date	$ 10,679,151	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,315,660	654,805
Differences between projected and actual earnings on pension plan investments	9,449,141	-
Differences between expected and actual experience in the measurement of the total pension liability	361,680	1,991,201
Changes of assumptions	5,920,023	-
Total	$ 28,725,655	$ 2,646,006

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,158,311
2025	2,383,714
2026	1,455,887
2027	(46,555)
Total	$ 5,951,357

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$115,604,621
Current discount rate (6.90%)	80,028,085
1% increase (7.90%)	50,625,386

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the APPLE Retirement Program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.3% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $7,108,469 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
CHS - Classroom Modernization Bldg 100	$ 30,952.54	7/31/2023
CHS - Classroom Modernization Bldg 400	30,392.53	7/31/2023
FHS - Athletic Field Improvements	37,541.96	7/31/2023
HHS - Classroom Modernization Bldg A Seismic Upgrade	326,755.65	7/31/2023
MVHS - Classroom Modernization Bldg F1	68,912.12	7/31/2023
District Site - Maintenance Yard Modernization	3,682,628.90	10/31/2023
CHS - Classroom Modernization Bldg 200 and Wellness	2,717,997.42	10/31/2023
CHS - Classroom Modernization Bldg 700	906,994.88	10/31/2023
FHS - Classroom Modernization Science Bldg	3,814,302.90	10/31/2023
FHS - New Field House & Boys/Girls Locker Room	1,297,950.54	10/31/2023
HHS - Classroom Modernization Bldg B & Seismic Upgrade	1,281,203.14	10/31/2023
HHS - Classroom Modernization Science Bldg	5,109,134.39	10/31/2023
LHS - New Science Bldg	6,009,237.67	10/31/2023
HHS - Library Quad Improvements	2,007,071.00	12/31/2023
MVHS - Classroom Modernization Bldg F3	3,115,073.63	12/31/2023
Stocklmeir Elementary School Shade Structure	66,899.95	12/31/2023
District Site - Adult Ed Classroom Conversion	248,074.67	6/30/2024
District Wide - Technology Upgrades & Replacement	875,075.62	6/30/2024
LHS - New Voyager Bldg	678,208.38	10/31/2024
District Site - Solar & Parking Lot Improvements	2,583,487.78	12/31/2024
LHS - Classroom Modernization Bldg 000	286,989.00	12/31/2024
LHS - Classroom Modernization Bldg 300 & Site Development	646,119.31	12/31/2024
LHS - Bldg 100 Classroom Modernization	6,481.76	12/31/2024
MVHS - Theater & Music Bldg Modernization	475,293.00	12/31/2024
LHS - Classroom Modernization Bldg 400	350,455.19	12/31/2025
LHS - Classroom Modernization Bldg 500	6,521.47	12/31/2025
District Wide - New Robotics Center	40,500.00	12/31/2025
LHS - Bldg 200 Classroom Modernization	6,481.76	12/31/2025
LHS - Bldg 600 Classroom Modernization	6,507.59	12/31/2025
District Wide - Athletic Field Turf Repair/Replacement	103,712.97	12/31/2026
Total	$ 36,816,958	

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

The District is a member of the Silicon Valley Joint Powers Transportation Agency (SVJPA), the Santa Clara County Schools Insurance Group (SCCSIG), and the Northern California Regional Liability Excess Fund (North CalReLiEF). The relationship between the District, the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities. The District has appointed one board member to the Governing Board of SVJPA, SCCSIG, and North CalReLiEF. During the year ended June 30, 2023, the District made payments as follows:

Related Entities	Service Payments	Service Provided
SVJPA	$ 2,282,550	Transportation for special education students
SCCSIG	1,958,646	Excess workers' compensation insurance
Noth Cal Relief	1,022,529	Property and Liability Insurance

Note 17 - Restatement of Prior Year Net Position

The District changed its beginning measurement date of its net OPEB liability from July 1, 2022 to July 1, 2021 and therefore restated its beginning net position of its governmental activities as of July 1. Further, investments with California Employers' Retiree Benefit Trust (CERBT) are now reported as an agent-multiple employer plan and therefore such activities were excluded from the fiduciary fund financial statements. The change was necessary because CERBT is an agent-multiple employer administrator of the fund and the fiduciary fund financial statements are not reported on their financial statements. The Net Position of both activities was restated as follows:

Government-Wide Financial Statements	
Governmental Activities Net Position - Beginning	$ 163,189,293
Change in Accounting Principle - OPEB	(362,681)
Governmental Activities Net Position - Beginning, as restated	$ 162,826,612
Fiduciary Fund Financial Statements	
OPEB Trust Fund	$ 6,746,593
Change in Accounting Principle - OPEB	(6,746,593)
Fiduciary Fund Net Position - Beginning, as restated	$ -

Required Supplementary Information
June 30, 2023

Fremont Union High School District

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	170,702,273	178,929,827	181,583,175	2,653,348
Federal sources	5,305,947	5,115,716	5,209,927	94,211
Other State sources	29,069,282	26,473,427	23,066,373	(3,407,054)
Other local sources	10,547,436	10,064,198	11,325,477	1,261,279
Total revenues	215,624,938	220,583,168	221,184,952	601,784
Expenditures				
Current				
Certificated salaries	79,006,796	80,159,664	86,895,069	(6,735,405)
Classified salaries	31,828,691	32,977,703	34,388,950	(1,411,247)
Employee benefits	55,523,017	56,759,990	56,260,037	499,953
Books and supplies	8,673,872	9,277,111	5,956,492	3,320,619
Services and operating expenditures	22,550,577	22,964,805	24,973,333	(2,008,528)
Other outgo	(391,340)	(365,505)	(331,296)	(34,209)
Capital outlay	624,197	1,891,733	905,502	986,231
Total expenditures	197,815,810	203,665,501	209,048,087	(5,382,586)
Excess (Deficiency) of Revenues Over Expenditures	17,809,129	16,917,667	12,136,865	(4,780,802)
Other Financing Sources (Uses)				
Transfers in	899,378	889,967	1,032,895	142,928
Transfers out	2,894,733	1,715,795	(1,685,797)	(3,401,592)
Net financing sources (uses)	3,794,111	2,605,762	(652,902)	(3,258,664)
Net Change in Fund Balances	21,603,240	19,523,429	11,483,963	(8,039,466)
Fund Balance - Beginning	51,139,167	51,139,167	51,139,167	-
Fund Balance - Ending	$ 72,742,407	$ 70,662,596	$ 62,623,130	$ (8,039,466)

Fiscal Year	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$1,513,216	$ 4,863,390	$ 3,652,614	$ 2,559,702	$ 2,491,194	$ 2,424,520
Interest	1,868,690	956,206	759,492	1,132,980	1,021,333	917,585
Difference between expected and actual benefit payments	-	530,017	249,349	753,398	-	-
Difference between expected and actual experience	918,518	(5,182,855)	-	2,609,231	-	-
Changes of assumptions	-	(11,599,455)	5,740,133	2,489,400	-	-
Benefit payments	(2,579,556)	(1,844,640)	(1,673,988)	(1,653,178)	(1,000,905)	(991,200)
Net change in total OPEB liability	1,720,868	(12,277,337)	8,727,600	7,891,533	2,511,622	2,350,905
Total OPEB Liability - Beginning	29,860,196	42,137,533	33,409,933	25,518,400	23,006,778	20,655,873
Total OPEB Liability - Ending (a)	$ 31,581,064	$ 29,860,196	$ 42,137,533	$ 33,409,933	$ 25,518,400	$ 23,006,778
Plan Fiduciary Net Position						
Contributions - employer	$ 3,082,447	$ 1,844,640	$ 3,652,612	$ 1,653,178	$ 1,000,905	$ 962,409
Net investment income	(386,439)	235,831	139,686	104,719	103,361	116,073
Benefit payments	(2,579,556)	(1,844,640)	(1,673,988)	(1,653,178)	(1,000,905)	(991,200)
Administrative expense	(2,505)	(296)	(2,654)	-	-	-
Net change in plan fiduciary net position	113,947	235,535	2,115,656	104,719	103,361	87,282
Plan Fiduciary Net Position - Beginning	9,758,855	9,523,320	7,407,664	7,302,945	7,199,584	7,112,302
Plan Fiduciary Net Position - Ending (b)	$ 9,872,802	$ 9,758,855	$ 9,523,320	$ 7,407,664	$ 7,302,945	$ 7,199,584
Net OPEB Liability - Ending (a) - (b)	$ 21,708,262	$ 20,101,341	$ 32,614,213	$ 26,002,269	$ 18,215,455	$ 15,807,194
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	31.26%	32.68%	22.60%	22.17%	28.62%	31.29%
Covered Payroll	$114,634,057	$ 106,813,865	$ 102,281,242	$ 98,575,729	$ 82,035,344	$ 91,832,884
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2018

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

[1] The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 2,165,042	$ 3,082,447	$ 1,844,640	$ 1,314,623	$ 1,427,793	$ 899,780
Contribution in relation to the actuarially determined contribution	2,165,042	3,082,447	1,844,640	1,673,988	1,653,178	1,000,905
Contribution deficiency (excess)	$ -	$ -	$ -	$ (359,365)	$ (225,385)	$ (101,125)
Covered-employee payroll payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Contributions as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]

[1] Contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1273%	0.1348%	0.1269%	0.1233%	0.1239%
Proportionate share of the net pension liability	$ 88,481,936	$61,335,333	$ 122,995,483	$ 111,328,981	$ 113,856,062
State's proportionate share of the net pension liability	44,311,408	30,861,561	63,404,186	60,737,392	65,187,921
Total	$ 132,793,344	$ 92,196,894	$ 186,399,669	$ 172,066,373	$ 179,043,983
Covered payroll	$ 75,491,194	$ 73,281,913	$ 70,112,807	$ 67,549,644	$ 66,341,067
Proportionate share of the net pension liability as a percentage of its covered payroll	117.21%	83.70%	175.43%	164.81%	171.62%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.1178%	0.1190%	0.1187%	0.1157%
Proportionate share of the net pension liability	$ 108,971,315	$ 96,257,466	$ 79,891,779	$ 67,631,744
State's proportionate share of the net pension liability	64,466,509	54,797,658	42,253,944	40,838,967
Total	$ 173,437,824	$ 151,055,124	$ 122,145,723	$ 108,470,711
Covered payroll	$ 62,947,186	$ 59,928,714	$ 55,269,336	$ 51,955,637
Proportionate share of the net pension liability as a percentage of its covered payroll	173.12%	160.62%	144.55%	130.17%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019
CalPERS					
Proportion of the net pension liability	0.2326%	0.2332%	0.2206%	0.2226%	0.2236%
Proportionate share of the net pension liability	$ 80,028,085	$47,422,138	$ 67,688,859	$ 64,882,916	$ 59,622,510
Covered payroll	$ 39,142,863	$ 33,531,952	$ 32,168,435	$ 30,987,770	$ 29,500,483
Proportionate share of the net pension liability as a percentage of its covered payroll	204.45%	141.42%	210.42%	209.38%	202.11%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.2178%	0.2177%	0.2108%	0.2056%
Proportionate share of the net pension liability	$ 51,988,034	$ 42,999,244	$ 31,068,349	$ 23,344,213
Covered payroll	$ 27,758,187	$ 26,128,463	$ 22,492,346	$ 21,689,629
Proportionate share of the net pension liability as a percentage of its covered payroll	187.29%	164.57%	138.13%	107.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 15,607,172	$12,773,110	$ 11,835,029	$ 11,989,290	$ 10,997,082
Less contributions in relation to the contractually required contribution	15,607,172	12,773,110	11,835,029	11,989,290	10,997,082
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 81,712,942	$ 75,491,194	$ 73,281,913	$ 70,112,807	$ 67,549,644
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 9,573,016	$ 7,918,756	$ 6,430,351	$ 4,907,917
Less contributions in relation to the contractually required contribution	9,573,016	7,918,756	6,430,351	4,907,917
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 66,341,067	$ 62,947,186	$ 59,928,714	$ 55,269,336
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

	2022	2022	2021	2020	2019
CalPERS					
Contractually required contribution	$ 10,679,151	$8,967,630	$ 6,941,114	$ 6,343,937	$ 5,597,011
Less contributions in relation to the contractually required contribution	10,679,151	8,967,630	6,941,114	6,343,937	5,597,011
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 42,093,618	$ 39,142,863	$ 33,531,952	$ 32,168,435	$ 30,987,770
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 4,581,720	$ 3,855,057	$ 3,095,439	$ 2,647,574
Less contributions in relation to the contractually required contribution	4,581,720	3,855,057	3,095,439	2,647,574
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 29,500,483	$ 27,758,187	$ 26,128,463	$ 22,492,346
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

At June 30, 2023, the District's General fund exceeded the budgeted amount in below object account:

	Expenditures and Other Uses		
Funds	Budget	Actual	Excess
Transfers out	$ 1,715,795	$ 1,685,797	$ (29,998)

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

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

- *Changes in Benefit Terms* – There were not changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – There were not changes in assumptions since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Fremont Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 1,784,036
Special Education Grants to States - Basic Local Assistance	84.027	15638	378,040
Special Education Grants to States - Basic Local Assistance	84.027	10169	1,826
Special Education Grants to States - Mental Health Services	84.027	15197	388,906
Total Special Education Cluster			2,552,808
Adult Education - Basic Grants to States	84.002	14508	250,040
Adult Education - Basic Grants to States	84.002	13978	101,315
Adult Education - Basic Grants to States	84.002	14109	141,090
Subtotal			492,445
Elementary and Secondary School Emergency Relief (ESSER) Fund			
COVID-19, ESSER II	84.425D	15547	51
COVID-19, ESSER III	84.425D	15559	343
COVID-19, ESSER II: State Reserve	84.425D	15618	572,126
COVID-19, ESSER III: Learning Loss	84.425D	10155	255,424
COVID-19, ESSER III: State Reserve, Learning Loss	84.425D	15620	499,953
COVID-19, ESSER III: State Reserve, Learning Loss	84.425D	15566	4,044
Governor’s Emergency Education Relief (GEER) Fund			
COVID-19, GEER II: State Reserve, Emergency Needs	84.425C	15619	111,942
Subtotal			1,443,883
English Language Acquisition State Grants - LEP	84.365	15146	109,874
English Language Acquisition State Grants - LEP	84.365	14346	58,982
Subtotal			168,856
Career and Technical Education - Basic Grants to States	84.048	14891	547,271
Career and Technical Education - Basic Grants to States	84.048	14894	123,833
Career and Technical Education - Basic Grants to States	84.048	14893	46,015
Subtotal			717,119
Student Support and Academic Enrichment Program	84.424	15396	30,453
Title I Grants to Local Educational Agencies	84.010	14329	234,855
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	107,968
Rehabilitation Services Vocational Rehabilitation Grants to States -	84.126	10006	327,975
Total U.S. Department of Education			6,076,362

U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast Program - Especially Needy Breakfast	10.553	13526	459,339
National School Lunch Program	10.555	13391	743,209
National School Lunch Program - Supply Chain	10.555	15655	230,879
National School Lunch Program - Summer Food Program	10.559	13004	7,913
Total Child Nutrition Cluster			1,441,340
Total U.S. Department of Agriculture			1,441,340
Total Federal Financial Assistance			$ 7,517,702

Organization

The Fremont Union High School District was established in 1925 under the laws of the State of California and consists of an area comprising approximately 42 square miles. The District operates five high schools, one community day school, one adult school and a variety of educational option programs. There were no boundary changes during the year.

Board of Trustees

Member	Office	Term Expires
Rosa Kim	President	2026
Jeff Moe	Vice President	2024
Stanley Kou	Member	2026
Naomi Nakano-Matsumoto	Member	2026
Rod Sinks	Member	2024
Rochelle Awuah	Student Member	2024

Administration

Name	Title
Graham Clark	Superintendent of Schools
Christine Mallery	Chief Business Officer, Associate Superintendent
Trudy Gross	Assistant Superintendent, Teaching and Learning
Tom Avvakumovits	Assistant Superintendent, Teaching and Learning

	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	9,485.49	9,464.82
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	21.74	11.19
Community Day School		
Ninth through twelfth	2.91	2.18
Total ADA	9,510.14	9,478.19

Grade Level	Minutes Requirement	2022-2023 Actual Minutes	Traditional Calendar Number of Actual Days	Multitrack Calendar Number of Actual Days	Status
Grades 9 - 12	64,800				
Grade 9		64,831	180	N/A	Complied
Grade 10		64,831	180	N/A	Complied
Grade 11		65,211	180	N/A	Complied
Grade 12		64,835	180	N/A	Complied

The District did not file J-13A in the current year.

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

	Building Fund
Fund Balance	
Balance, June 30, 2023, Unaudited Actuals	$ 302,332,848
Decrease in	
Lease receivables	(20,202)
Increase in	
Deferred Infow of Resources- Leases	730,079
Balance, June 30, 2023, Audited Financial Statements	$ 303,042,725

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues	$ 214,265,696	$ 221,184,952	$202,945,440	$ 192,325,006
Other sources	835,735	1,032,895	337,087	-
Total revenues and other sources	215,101,431	222,217,847	203,282,527	192,325,006
Expenditures	209,031,372	209,028,087	195,370,511	176,141,898
Other uses and transfers out	2,410,390	1,705,797	2,868,801	2,932,348
Total expenditures and other uses	211,441,762	210,733,884	198,239,312	179,074,246
Increase/(Decrease) in Fund Balance	3,659,669	11,483,963	5,043,215	13,250,760
Ending Fund Balance	$ 66,282,799	$ 62,623,130	$ 51,139,167	$ 46,095,952
Available Reserves [2]	$ 9,479,103	$ 10,094,524	$7,797,173	$ 6,982,501
Available Reserves as a Percentage of Total Outgo	4.48%	4.79%	3.93%	3.90%
Long-Term Liabilities	$ 998,056,074	$ 1,032,886,260	$772,066,572	$ 889,123,743
K-12 Average Daily Attendance at P-2	9,114	9,510	9,765	10,680

The General Fund balance has increased by $16,527,178 over the past two years. The fiscal year 2023-2024 budget projects a further increase of $3,659,669 (5.8%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has passed a resolution to maintain a minimum available reserve of 10%. During the year, the District has $6,271,443 (3%) designated to economic uncertainties and additional $14,633,366 (7%) committed fund balance to comply to its board policies.

The District has incurred operating in three of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by over the past two years.

Average daily attendance has decreased by 1,170 over the past two years. Additional decline of 397 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	$ 2,818,846	$ 1,611,410	$ 12,320	$ 12,468,819	$ 47,621	$ 3,436,969	$ 4,428,456	$ 24,824,441
Receivables	-	274,408	779,482	102,715	447	80,504	35,922	1,273,478
Due from other funds	-	-	315	3,108,309	-	-	-	3,108,624
Prepaid expenditures	-	11,522	-	-	-	-	-	11,522
Stores inventories	-	-	53,126	-	-	-	-	53,126
Total assets	$ 2,818,846	$ 1,897,340	$ 845,243	$ 15,679,843	$ 48,068	$ 3,517,473	$ 4,464,378	$ 29,271,191
Liabilities								
Accounts payable	$ -	$ 55,703	$ 51,883	$ 51,283	$ -	$ -	$ -	$ 158,869
Due to other funds	-	175,435	180,225	-	-	-	-	355,660
Unearned revenue	-	-	70,373	-	-	-	-	70,373
Total liabilities	-	231,138	302,481	51,283	-	-	-	584,902
Fund Balances								
Nonspendable	-	11,522	53,502	-	48,068	-	-	113,092
Restricted	2,818,846	1,654,680	489,260	15,628,560	-	3,517,473	4,464,378	28,573,197
Total fund balances	2,818,846	1,666,202	542,762	15,628,560	48,068	3,517,473	4,464,378	28,686,289
Total liabilities, and fund balances	$ 2,818,846	$ 1,897,340	$ 845,243	$ 15,679,843	$ 48,068	$ 3,517,473	$ 4,464,378	$ 29,271,191

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues								
Local Control Funding Formula	$ -	$ -	$ -	$ 2,070,808	$ -	$ -	$ -	$ 2,070,808
Federal sources	-	492,445	1,685,526	-	-	-	-	2,177,971
Other State sources	-	3,442,259	4,306,831	-	-	-	-	7,749,090
Other local sources	4,849,795	1,000,216	151,218	342,937	1,520	2,398,468	(23,040)	8,721,114
Total revenues	4,849,795	4,934,920	6,143,575	2,413,745	1,520	2,398,468	(23,040)	20,718,983
Expenditures								
Current								
Instruction	-	1,027,329	-	-	11,998	-	-	1,039,327
Instruction-related activities								
Supervision of instruction	-	140,580	-	-	-	-	-	140,580
Instructional library, media, and technology	-	595	-	-	-	-	-	595
School site administration	-	2,793,714	-	-	-	-	-	2,793,714
Pupil services								
Food services	-	-	5,710,466	-	-	-	-	5,710,466
All other pupil services	-	156,919	-	-	-	-	-	156,919
Administration								
All other administration	-	175,435	175,860	-	-	18,902	-	370,197
Plant services	-	222,824	-	596,871	-	-	-	819,695
Ancillary services	4,706,735	-	-	-	-	-	-	4,706,735
Facility acquisition and construction	-	-	-	-	-	7,000,000	-	7,000,000
Total expenditures	4,706,735	4,517,396	5,886,326	596,871	11,998	7,018,902	-	22,738,228
Excess (Deficiency) of Revenues	143,060	417,524	257,249	1,816,874	(10,478)	(4,620,434)	(23,040)	(2,019,245)
Other Financing Sources (Uses)								
Transfers in	-	-	-	1,037,501	-	-	-	1,037,501
Net Change in Fund Balances	143,060	417,524	257,249	2,854,375	(10,478)	(4,620,434)	(23,040)	(981,744)
Fund Balance - Beginning	2,675,786	1,248,678	285,513	12,774,185	58,546	8,137,907	4,487,418	29,668,033
Fund Balance - Ending	$ 2,818,846	$ 1,666,202	$ 542,762	$ 15,628,560	$ 48,068	$ 3,517,473	$ 4,464,378	$ 28,686,289

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

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

Indirect Cost Rate
The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Federal Financial Assistance Listing Number	Amount
Description		
Total Federal Revenues reported on the financial statements		$ 8,177,143
Federal interest subsidy		
Build America Bonds Act Interest Subsidy	Not Applicable	(659,441)
Total federal financial assitance		$ 7,517,702

Local Education Agency Organization Structure

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

Schedule of 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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2023

Fremont Union High School District

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

Board of Trustees
Fremont Union High School District
Sunnyvale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont Union High School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon December 6, 2023 . Our report including an emphasis of matter relating to a change in the accounting policy.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Menlo Park, California
December 6, 2023

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

Board of Trustees
Fremont Union High School District
Sunnyvale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fremont Union High School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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.

Eide Bailly LLP

Menlo Park, California
December 6, 2023

Independent Auditor's Report on State Compliance

Board of Trustees
Fremont Union High School District
Sunnyvale, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Fremont Union High School District's (the District) with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

Qualified Opinion on Ratio of Administrative Employees to Teachers

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023, except as described in the accompanying schedule of findings and questioned costs.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Ratio of Administrative Employees to Teachers

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Ratio of Administrative Employees to Teachers (*2023-001).* Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items.

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, See below
Independent Study	No, See below
Continuation Education	No, See below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, See below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, See below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	No, See below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, See below
Comprehensive School Safety Plan	Yes
District of Choice	No, See below
Home to School Transportation Reimbursement	No, See below
Independent Study Certification for ADA Loss Mitigation	Yes
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, See below
After/Before School Education and Safety Program	No, See below
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	No, See below
Immunizations	No, See below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	No, See below

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, See below
Mode of Instruction	No, See below
Nonclassroom-Based Instruction/Independent Study	No, See below
Determination of Funding for Nonclassroom-Based Instruction	No, See below
Annual Instructional Minutes - Classroom Based	No, See below
Charter School Facility Grant Program	No, See below

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

Independent Study
We did not perform procedures for independent study because the independent study ADA was under the level that requires testing.

Continuation Education
We did not perform Continuation Education procedures because the program is not offered by the District.

Early Retirement Incentive
The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Juvenile Court Schools
We did not perform procedures of Juvenile Court Schools because the program is not offered by the District.

K-3 Grade Span Adjustment
The District has only grades 9-12; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

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

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

Home to School Transportation Reimbursement
The District did not receive Home-to-School Transportation Reimbursement; therefore, we did not perform procedures related to Home-to-School Transportation Reimbursement

California Clean Energy Jobs Act
We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

After/Before School Education and Safety Program
We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

Independent Study - Course Based
For the 2022-2023 school year, Independent Study – Course Based does not apply to School Districts as a result of distance learning, therefore, we did not perform any procedures related to the Independent Study – Course Based Program.

Immunization
The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

Transitional Kindergarten
The District did not report ADA for transitional kindergarten; therefore, we did not perform procedures related to Transitional Kindergarten.

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

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.

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 items 2023-001.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 to be material weaknesses.

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.

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

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 6, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Fremont Union High School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Elementary and Secondary School Emergency Relief Fund ESSER II and ESSER III COVID- 19 Governor's Emergency Education Relief (GEER) Fund GEER II	84.425C, 84.425D
Special Education (IDEA) Cluster	84.027

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for programs

Unmodified for all programs except for the following program which was qualified

Name of Program
Ratio of Administrative Employees to Teachers

None reported.

None reported.

The following finding represent a significant deficiency, material weakness, or material instance of noncompliance including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2023-001 40000 – Ratio of Administrative Employees to Teachers

Criteria or Specific Requirements
EDC § 41400-41407: Districts are limited to the number of administrators that may be employed in comparison to teachers. As the District is a High School District, they are allowed 7 administrators per 100 teachers.

Condition
The District Administrator to Teacher Ratio reflected an actual excess of 1.26 FTE.

Questioned Costs
District could be subject to a penalty of $26,281.

Context
The District supplied Administrator to Teacher Ratio Worksheet reported 34.50 FTE of Net Administrative employees on an allowable 33.24.

Cause
The District is in declining enrollment and has reduced teaching sections but has not reduced Administrators.

Effect
The District did not comply with the Administrative Employees to Teachers Ratio of .07 allowed per EDC § 41400-41407.

Repeat Finding
No

Recommendation
The District should continue to monitor the ratio of Administrators to teachers regularly, especially due to the change in enrollment the County of Santa Clara is experiencing due to COVID impact.

Views of Responsible Officials
The District agrees with the finding and the accompanying financial statements reflected this change.

The following is a status of the prior year's findings:

Financial Statement Findings

2022-003 Restatement of Fiduciary fund Beginning net Position (30000)

Criteria
Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should ensure that only investments controlled by the District are included in the fiduciary fund financial statements.

Condition
The prior year financial statements contained an error that was discovered during the current year. The fiduciary fund included investments in an agent-multi-employer defined benefit for other postemployment plan (CERBT). These investments are controlled by CERBT, a division within California Public Employee Retirement System. Accordingly, the beginning net position of the OPEB fiduciary fund has been restated to remove investments with CERBT.

Effect
An audit adjustment was necessary to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Cause
The CERBT portion of OPEB plan was initially identified as a single employer plan rather than an agent multi-employer plan.

Recommendation
We recommend that management performs an evaluation of the investments to ensure all activities presented in the fiduciary fund financial statements are in accordance with GAAP.

Repeat Finding
No.

Current Status
Resolved.

Federal Awards Findings

2022-001 **50000 – Participation of Private School Children**

Program Name: COVID-19 Governor's Emergency Education Relief (GEER I) Fund
Federal Financial Assistance Listing/Federal CFA Number: 84.425C
Contract Number: 15517
Federal Agency: U.S. Department of the Education
Pass-Through Entity: California Department of Education
Award Year: 2021-2022
Compliance Requirement: Special Tests and Provisions

Criteria or Specific Requirements
Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a), local education agencies (LEAs) must provide timely and meaningful consultations with appropriate officials of private schools. For programs under Elementary and Secondary School Emergency Relief (ESSER I) and Governor's Emergency Education Relief (GEER I), a LEA that receives funds under one or both of those programs must provide equitable services in the same manner as provided under section 1117 of Title I, Part A of the Elementary and Secondary Education Act (ESEA) (20 USC 6320) to students and teachers in private schools as determined in consultation with private school officials (section 18005(a) of the CARES Act).

Condition
Through inquiry with District personnel, it appears that the District did not perform the necessary procedures to ensure that equitable services were provided to the only two private schools within the District.

Questioned Costs
There were no questioned costs identified.

Context/Sampling
The condition was identified as a result of the auditor's inquiry with District personnel and review of supporting documents. There are two private schools in the District.

Effect
The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Cause
The condition identified appears to have materialized due to District personnel being unaware that equitable services were required to be provided to private schools under GEER I programs.

Repeat Finding
No

Recommendation
It is recommended that the District perform the proportionate share of funding for equitable services for private schools to demonstrate compliance with provisions under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Current Status
Resolved.

State Awards Findings

2022-002 40000 – Comprehensive School Safety Plan

Criteria or Specific Requirements
EDC §32286(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.

Condition
The plans were not reviewed and approved by March 1.

Questioned Costs
There is no questioned cost associated with this condition because there is no funding related to the Comprehensive School Safety Plan.

Context
The condition applies at two sampled school sites. The plans were approved on April 5, 2022, which is after March 1. The plans otherwise follow the compliance requirements.

Effect
The District did not comply with the Comprehensive School Safety Plan compliance requirement that Plans be approved by March 1 annually.

Cause
There were scheduling delays caused by the COVID-19 pandemic and related challenges of holding the required meetings.

Repeat Finding
No

Recommendation
We recommend the District to apply for a waiver of these specific compliance requirements.

Current Status
Resolved.