

EL DORADO UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2022

EL DORADO UNION HIGH SCHOOL DISTRICT
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2022
 (Continued)

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INDEPENDENT AUDITOR'S REPORT

Board of Education
El Dorado Union High School District
Placerville, 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 El Dorado Union High School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise El Dorado Union High School 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 El Dorado Union High School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 El Dorado Union High School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

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 El Dorado Union High School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Dorado Union High School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 53 to 58 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Dorado Union High School District's basic financial statements. The accompanying 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* and other supplementary information 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, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of El Dorado Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Dorado Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the El Dorado Union High School District's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California
December 14, 2022

EL DORADO UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The discussion and analysis of El Dorado Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements, as listed in the table of contents.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

- General Fund revenues and other sources exceed expenditures and other uses by \$4.9 million ending the year with a fund balance of \$18.4 million and available reserves of \$12.5 million.
- The total of the District's fixed assets, land, site, buildings and equipment, valued on an acquisition cost basis was \$199.5 million. After depreciation, the June 30, 2022 book value for fixed assets totaled \$103.6 million.
- In complying with GASB 68, the District recognized its portion of the unfunded STRS and PERS pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. The District's portion of the unfunded STRS and PERS pension liability decreased by \$42M in 2021-2022 and is reported in the Statement of Net Position.
- With the implementation of GASB 75, the District recognized the entire unfunded net OPEB liability in the current year. This liability is based on the most recent actuarial valuation. The current year activity was an increase of the net OPEB liability of \$747,844 and is reported in the Statement of Net Position.

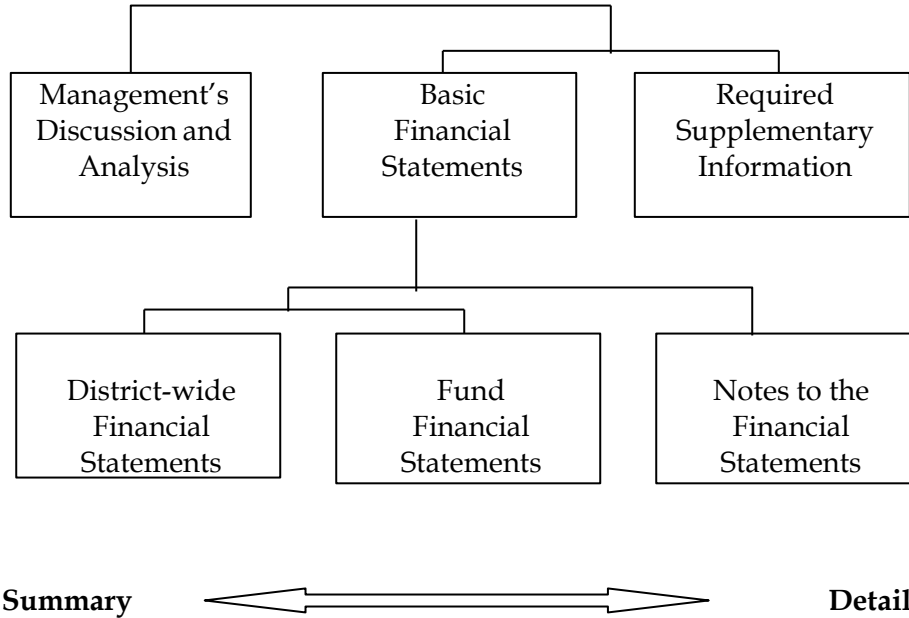
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the El Dorado Union High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Components of the Financial Section



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

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

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2021-2022?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- ◆ Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

◆ **Governmental Funds**

All of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, Capital Facilities Fund and El Dorado Schools Financing Authority CFD No. 1 Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The District as a Whole

The District's net position was a deficit \$5.4 million at June 30, 2022. This amount includes an unrestricted deficit of \$49.9 million. Net investment in capital assets, account for \$24.9 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

Table 1
Comparative Statement of Net Position
Governmental Activities

	<u>2021</u>	<u>2022</u>
ASSETS		
Cash	\$ 26,792,712	\$ 35,178,405
Receivables	14,381,978	8,570,670
Prepaid Expenses	553,166	639,164
Stores inventory	15,280	27,498
Capital assets	<u>103,506,960</u>	<u>103,589,439</u>
Total assets	<u>145,250,096</u>	<u>148,005,176</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows on pensions	17,049,213	12,832,120
Deferred outflows on OPEB	2,316,096	3,057,314
Deferred payments on debt refunding	<u>4,045,817</u>	<u>3,792,290</u>
Total deferred outflows of resources	<u>23,411,126</u>	<u>19,681,724</u>
LIABILITIES		
Accounts payable	2,267,000	1,800,574
TRANs	8,935,000	-
Unearned revenue	1,103,707	4,663,880
Long-term liabilities	<u>166,413,180</u>	<u>131,046,531</u>
Total liabilities	<u>178,718,887</u>	<u>137,510,985</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on OPEB	260,055	1,161,193
Deferred inflows on pensions	<u>3,963,000</u>	<u>34,442,000</u>
Total deferred inflows of resources	<u>4,223,055</u>	<u>35,603,193</u>
NET POSITION		
Net investment in capital assets	29,701,690	24,853,226
Restricted	20,722,937	19,644,162
Unrestricted (deficit)	<u>(64,705,347)</u>	<u>(49,924,666)</u>
Total net position	<u>\$ (14,280,720)</u>	<u>\$ (5,427,278)</u>

EL DORADO UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The District's net position increased \$8.8 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 71% of total expenses. The administrative activities of the District accounted for 6% of total costs. The remaining 23% was spent in the areas of plant services and other expenses, interest on long-term debt, other outgo and unallocated depreciation expense. (See Figure 2).

Table 2
Comparative Statement of Change in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2022</u>
REVENUES		
Program revenues	\$ 22,061,190	\$ 25,728,229
General revenues		
Taxes levied for general purposes	36,623,780	38,282,231
Taxes levied for debt service	3,730,224	4,149,957
Taxes levied for other specific purposes	2,116,626	5,297,888
Federal and State aid not restricted to specific purposes	31,206,944	33,831,527
Interest and investment earnings	51,992	(338,307)
Miscellaneous	<u>1,922,858</u>	<u>1,845,497</u>
Total revenues	<u>97,713,614</u>	<u>108,797,022</u>
EXPENSES		
Instruction	47,358,674	51,224,520
Instruction related services	8,097,739	7,920,665
Pupil support services	11,814,773	11,454,789
General administration	6,330,469	5,720,457
Plant services	8,952,500	9,298,789
Other	<u>13,492,655</u>	<u>14,324,360</u>
Total expenses	<u>96,046,810</u>	<u>99,943,580</u>
Change in net position	<u>\$ 1,666,804</u>	<u>\$ 8,853,442</u>

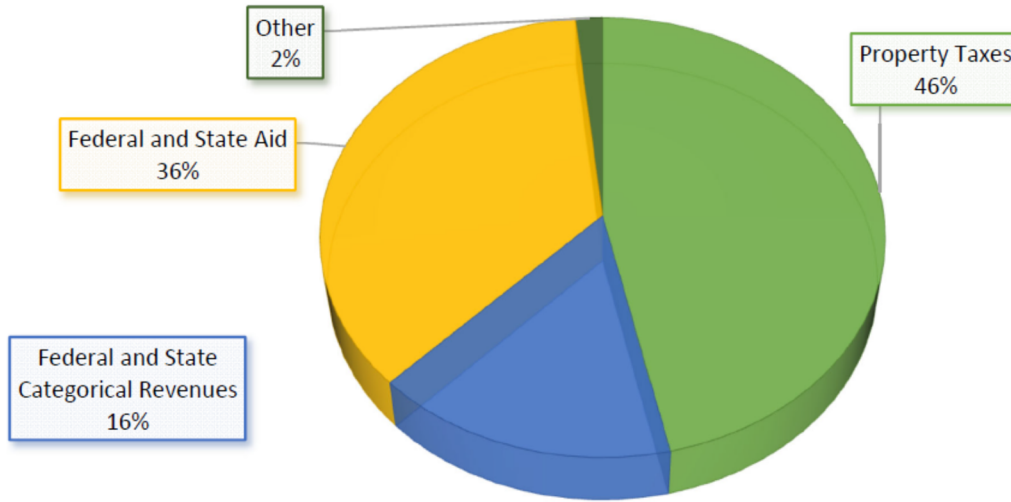
EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)

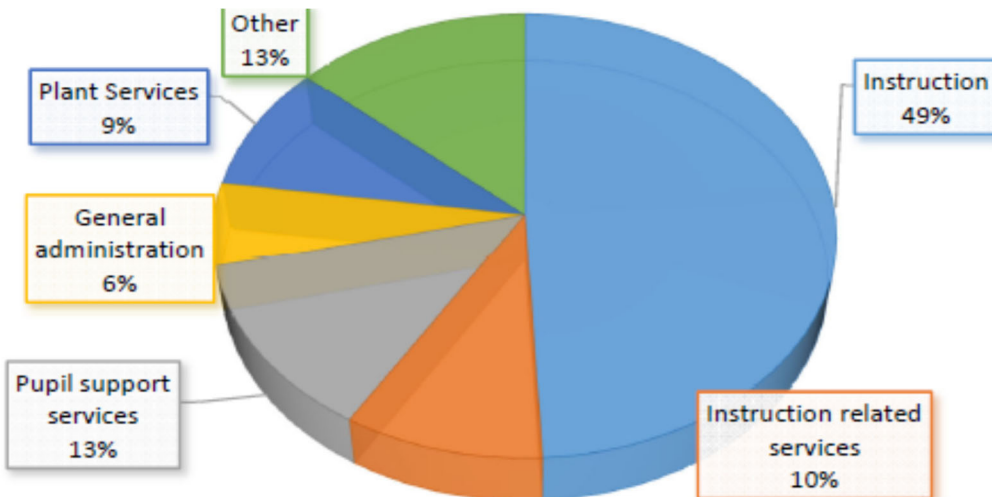
Governmental Activities

As reported in the Statement of Activities, the revenues of all of the District's governmental activities this year was \$108.8 million. The amount that our local taxpayers financed for these activities through property taxes was \$47.7 million. Federal and State aid not restricted to specific purposes totaled \$33.8 million. Other miscellaneous revenues and interest totaled \$1.8 million (See Figure 1).

**Source of Revenue for the 2021-22 Fiscal Year
Figure 1**



**Expenses for the 2021-2022 Fiscal Year
Figure 2**



EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$38.6 million, an increase of \$8.4 million from the previous fiscal year. The General Fund balance increased by \$4.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget on a regular basis. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$2.6 million.

The District ended the year with \$18.4 million in the General Fund ending balance, of which \$2.9 million is reserved for economic uncertainties and \$9.6 million is undesignated. The remaining balance is made up of restricted and assigned fund balances. The State recommends an ending reserve for economic uncertainties of 3 percent of total expenditures and other outgo. The District's ending reserve for economic uncertainties for 2021-2022 was 13.3 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2021-2022 fiscal year, the District had invested \$199.5 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation were \$103.6 million at June 30, 2022, which is a decrease of \$82 thousand from the previous year.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Concluded)

**Table 3
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	Difference Increase (Decrease)
Land	\$ 4,197,064	\$ 4,197,064	\$ -
Site Improvements	7,490,819	7,833,157	(342,338)
Buildings	83,286,238	87,468,117	(4,181,879)
Machinery and Equipment	3,719,180	3,936,023	(216,843)
Work in Process	<u>4,896,138</u>	<u>72,599</u>	<u>4,823,539</u>
Totals	<u>\$ 103,589,439</u>	<u>\$ 103,506,960</u>	<u>\$ 82,479</u>

Current year additions include various projects at various sites and purchases of various equipment items.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Long-Term Debt (Concluded)

At June 30, 2022, the District had \$131.0 million in long-term debt outstanding.

Table 4
Comparative Schedule of Outstanding Debt
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 60,459,646	\$ 62,481,412
Accreted interest	1,486,178	214,593
Unamortized premiums	4,149,833	4,442,276
Certificates of Participation	17,120,000	9,940,000
Lease liabilities	799,024	987,399
Net OPEB liability	6,762,488	6,014,644
Net pension liability	39,129,000	81,358,000
Compensated absences	<u>1,140,362</u>	<u>974,856</u>
Totals	<u>\$ 131,046,531</u>	<u>\$ 166,413,180</u>

The District's share of the STRS and PERS unfunded liability decreased \$42.2 million in 2021-2022.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

State funding for schools is governed largely by Proposition 98, passed by voters in 1988 and modified in 1990. Economic indicators such as energy prices, interest rates and unemployment rate remain positive although there are clear signs that the economy is slowing and economists predict a cyclical recession in the near future. California has enjoyed steady General Fund growth since 2010 and the end of the Great Recession. The current economic expansion is in its 125th month (as of November 2019) the second longest in history. However, unlike previous expansions, growth in the Gross Domestic Product (GDP) has not exceeded 3% in any month during this time. The condition of the state budget depends on many volatile and unpredictable economic conditions including fluctuations in the stock market.

On November 8th, 2016 the voters of California approved Proposition 55 which extended taxes upon the top wage earners in California. While this brings additional revenue into the State's treasury, it does mean that State remains reliant on a volatile source of revenue contingent upon the good fortunes of the top 1% income earners. Overall, the State appears to have adequate reserves to temporarily cover a mild recession, when it occurs, without having to cut funding to schools although the legislature and the Governor would have the final say on any cuts to state funding.

For El Dorado Union High School District, the focus in FY 2021-22 was the continued comprehensive process to reach out to various stakeholders to review and evaluate progress on the local control and accountability plan (LCAP). The LCAP is now the most important consideration in the allocation of resources. As such, it is the blueprint that enables the Board and staff to achieve its goal of improving student achievement.

The District, much like all districts in California, is facing severe pressure from rising pension costs. For EDUHSD, this resulted in an annual increased cost of over \$300,000. The District completed the year with an increase in fund balance of \$5,359,624 as a result of its operations and an ending Fund Balance of \$18,880,708.

The structural deficit appears to have been negated through carefully prescribed reductions although the district still needs to take proactive measures to reduce expenses. One such measure is the continued focus on the District-wide energy management program which helps to mitigate the rising costs of electricity.

EL DORADO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONCLUDED)

The District continue to carefully monitor enrollment projections, which forecast decline of 124 students in 2022-2023 and additional 111 students in 2023-2024 when enrollment reaches 6,507. Beginning in 2022-2023 the District begins to see successive decline in enrollment over the next four years with an anticipated loss of 461 students. Therefore, the management of personnel ratios, not filling all retiree positions and identifying other key reductions will be necessary to avoid layoffs and deficit spending.

The District received one time funds to address the COVID-19 pandemic as well as learning loss. Income and related expenditures from these funds produced larger than anticipated ending fund balances in 2021-22. However, due to the one time nature of the funds, these balances will drop rapidly in the future. The District assumes a COLA in 2022-23.

BASIC FINANCIAL STATEMENTS

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 35,178,405
Receivables	8,570,670
Prepaid expenses	639,164
Stores inventory	27,498
Non-depreciable capital assets (Note 4)	9,093,202
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>94,496,237</u>
Total assets	<u>148,005,176</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - refunding debt	3,792,290
Deferred outflows of resources - OPEB (Note 9)	3,057,314
Deferred outflows of resources - pensions (Notes 7 and 8)	<u>12,832,120</u>
Total deferred outflows of resources	<u>19,681,724</u>
LIABILITIES	
Accounts payable	1,800,574
Unearned revenue	4,663,880
Long-term liabilities (Note 5):	
Due within one year	5,110,030
Due after one year	<u>125,936,501</u>
Total liabilities	<u>137,510,985</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 9)	1,161,193
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>34,442,000</u>
Total deferred inflows of resources	<u>35,603,193</u>
NET POSITION	
Net investment in capital assets	24,853,226
Restricted:	
Legally restricted programs	6,362,492
Capital projects	10,046,214
Debt service	3,235,456
Unrestricted	<u>(49,924,666)</u>
Total net position	<u>\$ (5,427,278)</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 51,224,520	\$ 91,249	\$ 13,189,360	\$ -	\$(37,943,911)
Instruction-related services:					
Supervision of instruction	2,044,171	1,044	2,118,903	-	75,776
Instructional library, media and technology	744,768	-	72,713	-	(672,055)
School site administration	5,131,726	944	512,723	-	(4,618,059)
Pupil services:					-
Home-to-school transportation	2,822,215	-	26,355	-	(2,795,860)
Food services	1,944,582	317,232	2,502,525	-	875,175
All other pupil services	6,687,992	39,354	1,311,800	-	(5,336,838)
General administration:					-
Data processing	966,264	-	-	-	(966,264)
All other general administration	4,754,193	98,243	667,271	-	(3,988,679)
Plant services	9,298,789	4,380	510,094	-	(8,784,315)
Ancillary services	2,533,066	52,362	1,239,552	-	(1,241,152)
Community services	25,727	-	44	-	(25,683)
Interest on long-term liabilities	3,446,168	-	-	-	(3,446,168)
Other outgo	2,340,930	1,854,280	1,117,801	-	631,151
Depreciation (unallocated) (Note 4)	5,978,469	-	-	-	(5,978,469)
Total governmental activities	\$ 99,943,580	\$ 2,459,088	\$ 23,269,141	\$ -	(74,215,351)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					38,282,231
Taxes levied for debt service					4,149,957
Taxes levied for other specific purposes					5,297,888
Federal and state aid not restricted to specific purposes					33,831,527
Interest and investment earnings (loss)					(338,307)
Miscellaneous					1,845,497
Total general revenues					83,068,793
Change in net position					8,853,442
Net position, July 1, 2021					(14,280,720)
Net position, June 30, 2022					\$ (5,427,278)

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Capital Facilities Fund	El Dorado Schools Financing Authority CFD No.1 Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 12,305,708	\$ 5,007,738	\$ 3,258,185	\$ 4,262,991	\$ 24,834,622
Cash in banks	-	-	-	579,375	579,375
Cash in revolving fund	16,665	-	-	3,385	20,050
Cash with fiscal agent	3,088,676	-	6,655,682	-	9,744,358
Receivables	8,095,607	-	-	475,063	8,570,670
Prepaid expenditures	639,164	-	-	-	639,164
Stores inventory	27,498	-	-	-	27,498
	<u>24,173,318</u>	<u>5,007,738</u>	<u>9,913,867</u>	<u>5,320,814</u>	<u>44,415,737</u>
Total assets	\$ 24,173,318	\$ 5,007,738	\$ 9,913,867	\$ 5,320,814	\$ 44,415,737
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,119,747	\$ -	\$ -	\$ 3,915	\$ 1,123,662
Unearned revenue	4,571,465	-	-	92,415	4,663,880
	<u>5,691,212</u>	<u>-</u>	<u>-</u>	<u>96,330</u>	<u>5,787,542</u>
Total liabilities	5,691,212	-	-	96,330	5,787,542
Fund balances:					
Nonspendable	683,327	-	-	3,385	686,712
Restricted	4,505,811	5,007,738	9,913,867	5,221,099	24,648,515
Assigned	795,255	-	-	-	795,255
Unassigned	12,497,713	-	-	-	12,497,713
	<u>18,482,106</u>	<u>5,007,738</u>	<u>9,913,867</u>	<u>5,224,484</u>	<u>38,628,195</u>
Total fund balances	18,482,106	5,007,738	9,913,867	5,224,484	38,628,195
	<u>24,173,318</u>	<u>5,007,738</u>	<u>9,913,867</u>	<u>5,320,814</u>	<u>44,415,737</u>
Total liabilities and fund balances	\$ 24,173,318	\$ 5,007,738	\$ 9,913,867	\$ 5,320,814	\$ 44,415,737

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - Governmental Funds		\$ 38,628,195
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$199,500,724 and the accumulated depreciation is \$95,911,285 (Note 4).		
		103,589,439
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements, it is recognized in the period that it is incurred.		
		(676,912)
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 June 30, 2022 consisted of (Note 5):		
General Obligation Bonds	\$ (60,459,646)	
Accreted interest	(1,486,178)	
Unamortized premiums	(4,149,833)	
Certificates of Participation	(17,120,000)	
Lease liabilities	(799,024)	
Net OPEB liability (Note 9)	(6,762,488)	
Net pension liability (Notes 7 and 8)	(39,129,000)	
Compensated absences	<u>(1,140,362)</u>	
		(131,046,531)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		
		3,792,290
In governmental funds, deferred outflows and inflows of resources relating to pensions or OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions, OPEB are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	12,832,120	
Deferred outflows of resources relating to OPEB	3,057,314	
Deferred inflows of resources relating to OPEB	(1,161,193)	
Deferred inflows of resources relating to pensions	<u>(34,442,000)</u>	
		<u>(19,713,759)</u>
Total net position - governmental activities		<u>\$ (5,427,278)</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Capital Facilities Fund	El Dorado Schools Financing Authority CFD No.1 Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 32,730,154	\$ -	\$ -	\$ -	\$ 32,730,154
Local sources	37,703,880	-	-	-	37,703,880
Total LCFF	<u>70,434,034</u>	-	-	-	<u>70,434,034</u>
Federal sources	5,011,133	-	-	2,352,160	7,363,293
Other state sources	13,336,745	-	-	165,123	13,501,868
Other local sources	5,937,596	1,984,454	2,124,387	5,663,515	15,709,952
Total revenues	<u>94,719,508</u>	<u>1,984,454</u>	<u>2,124,387</u>	<u>8,180,798</u>	<u>107,009,147</u>
Expenditures:					
Current:					
Certificated salaries	35,401,156	-	-	-	35,401,156
Classified salaries	13,065,162	25,379	-	799,269	13,889,810
Employee benefits	23,768,112	12,092	-	291,964	24,072,168
Books and supplies	5,377,041	-	-	1,850,211	7,227,252
Contract services and operating expenditures	11,060,648	149,810	14,702	909,804	12,134,964
Other outgo	2,340,930	-	-	-	2,340,930
Capital outlay	6,127,367	47,169	-	7,755	6,182,291
Debt service:					
Principal retirement	188,375	343,036	76,964	2,021,766	2,630,141
Interest	88,478	161,811	36,299	2,070,201	2,356,789
Total expenditures	<u>97,417,269</u>	<u>739,297</u>	<u>127,965</u>	<u>7,950,970</u>	<u>106,235,501</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,697,761)</u>	<u>1,245,157</u>	<u>1,996,422</u>	<u>229,828</u>	<u>773,646</u>
Other financing sources (uses):					
Transfers in	60,578	-	-	1,795	62,373
Transfers out	(1,795)	-	-	(60,578)	(62,373)
Proceeds from issuance of COPS	7,600,000	-	-	-	7,600,000
Total other financing sources (uses)	<u>7,658,783</u>	-	-	<u>(58,783)</u>	<u>7,600,000</u>
Change in fund balances	4,961,022	1,245,157	1,996,422	171,045	8,373,646
Fund balances, July 1, 2021	<u>13,521,084</u>	<u>3,762,581</u>	<u>7,917,445</u>	<u>5,053,439</u>	<u>30,254,549</u>
Fund balances, June 30, 2022	<u>\$ 18,482,106</u>	<u>\$ 5,007,738</u>	<u>\$ 9,913,867</u>	<u>\$ 5,224,484</u>	<u>\$ 38,628,195</u>

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net change in fund balances - Total Governmental Funds	\$ 8,373,646
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 6,060,948
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,978,469)
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net position, proceeds from debt are reported as increases to liabilities (Note 5).	(7,600,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	2,630,141
Accreted interest is not accrued in the governmental funds, but is recognized over the life of the debt in the government-wide financial statements (Note 5).	(1,271,585)
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	140,208
In governmental funds, debt issued at a premium is recognized as an other financing source in the year of issuance. In the government-wide statements, debt issued at a premium is amortized as interest over the life of the debt (Note 5).	292,443
In government-wide statements, any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Deferred gain or loss from debt refunding, for the period is:	(253,527)

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2022

<p>In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 5, 7 and 8):</p>	\$ 7,532,907	
<p>In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5 and 9)</p>	(907,764)	
<p>In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources uses (Note 5)</p>	(165,506)	\$ 479,796
<p>Change in net position of governmental activities</p>	\$ 8,853,442	\$ 8,853,442

See accompanying notes to financial statements.

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The El Dorado Union High School District (the "District") has financial and operational relationships with the El Dorado School Financing Community Facilities District (the "Agency") and the El Dorado Union High School District Facilities Corporation (the "Corporation"). The Agency meets the definition of a joint venture. The Corporation meets the reporting entity definition criteria of the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Agency and the Corporation are required to be included in the financial statements of the District.

El Dorado School Financing Community Facilities District: The El Dorado School Financing Community Facilities District No. 2007-1 (Agency) was formed by a Joint Powers Agreement among the Buckeye Union School District, Rescue Union School District and El Dorado Union High School District pursuant to the Mello-Roos Community Facilities Act of 1982. The Agency was formed for the purpose of administering and collecting special taxes for its member districts. The Agency has no employees or property and equipment, and its powers are limited to the implementation of the Mello-Roos financing plan contemplated in the Joint Powers Agreement.

The Agency is governed by an elected board consisting of one representative from each member district. Board members are elected by the participating districts' governing boards and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Oversight responsibility; the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, levy taxes, and otherwise influence operations and account for fiscal matters, is exercised by the Agency's Governing Board. Accordingly, the Agency is considered to be a separate legal entity from the school district and is designated as a joint venture for financial reporting purposes. The District's financial statements must include the Mello-Roos activity on behalf of the District in this joint venture. This information is presented in these financial statements as the Community Facilities District Fund.

El Dorado Union High School District Financing Corporation: The El Dorado Union High School District Financing Corporation (Corporation) is a nonprofit, public benefits corporation, incorporated under the laws of the State of California and recorded by the Secretary of State in 1991. The Corporation was formed for the sole purpose of providing financial assistance to the district by financing the design, development, acquisition, construction, improvement and remodeling of facilities and equipment, together with site acquisition, development, landscaping, utilities, furnishings, improvements, parking and all appurtenant and related facilities. When the Corporation's Certificates of Participation have been paid with State reimbursements or other available District funds, title to all Corporation property will pass to the District for no additional consideration.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are those aspects of the relationship between the District and the Corporation, which satisfy GASB Codification Section 2100 criteria.

Manifestations of Oversight - The Corporation is governed by the elected Board of Trustees of the El Dorado Union High School District ex officio. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. The Corporation has no employees. The District's Superintendent and Associate Superintendent of Business Services function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will always be the sole lessee of all facilities owned by the Corporation. All major financing arrangements, contracts and financial transactions of the Corporation must have the consent of the District.

Accountability for Fiscal Matters - It is anticipated that the District's lease payments will be the sole revenue source of the Corporation. Any deficit incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

Scope of Public Service - The Corporation was created for the sole purpose of financially assisting the District. The District has entered into a long-term agreement with the Corporation whereby the Corporation leases land from the District; and the District occupies the facilities (a portion of the El Dorado Union High School District) under a lease-purchase agreement with the Corporation. The District's annual lease payments are factored to meet the Corporation's operating expenses and bond retirement costs.

Accordingly, the Corporation is considered to be a separate legal entity from the school district, but the District's financial statements must include the related financing activities as a blended component unit. This information is presented in these financial statements as the El Dorado Union High School District Financing Corporation Debt Service Fund.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Major Funds

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Facilities Fund – The Capital Facilities Fund is used to account for resources used for the acquisition or construction of major capital facilities and equipment.

El Dorado Schools Financing Authority CFD No.1 - The El Dorado Schools Financing Authority CFD No.1 Fund is a capital project fund used to account for the financing of resources used for the acquisition or construction of capital facilities by the District.

Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Student Activity and the Cafeteria Fund.

Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This includes the Special Reserve Fund for Capital Outlay Projects.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This includes the Bond Interest and Redemption and EDUHSD Financing Corporation Debt Service Funds.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2022.

Inventory: Inventory in the General Fund is valued at average cost. Inventory recorded in the General Fund consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 9,342,307	\$ 3,489,813	\$ 12,832,120
Deferred inflows of resources	\$ 27,093,000	\$ 7,349,000	\$ 34,442,000
Net pension liability	\$ 22,373,000	\$ 16,756,000	\$ 39,129,000
Pension expense	\$ 4,510,520	\$ 1,315,632	\$ 5,826,152

Compensated Absences: Compensated absences totaling \$1,140,362 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2022, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances. The Chief Business Official of the District has been given authority to assign fund balances.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements if they have been adopted by the Board of Trustees. At June 30, 2022, the District has established a minimum General Fund fund balance policy of 3% of General Fund total outgo.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of El Dorado bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, *Leases*. GASB 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB 95, the implementation date was extended to reporting periods beginning after June 15, 2021. District management performed an analysis and determined that the implementation of GASB 87 did not have a material impact on the District's financial statements and there was no restatement to beginning net position.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2022 are reported at fair value and consisted of the following:

	<u>Governmental Activities</u>
Pooled Fund:	
Cash in County Treasury	\$ 24,834,622
Deposits:	
Cash on hand and in banks	579,375
Cash in revolving fund	20,050
Investments:	
Cash with Fiscal Agent	<u>9,744,358</u>
Total cash and investments	<u>\$ 35,178,405</u>

Pooled Funds: In accordance with Education Code Section 41001, the Office of Education maintains substantially all of its cash in the interest bearing El Dorado County Treasurer's Pooled Investment Fund. The Office of Education is considered to be an involuntary participant in an external investment pool. The fair value of the Office of Education's investment in the pool is reported in the financial statements at amounts based upon the Office of Education's prorata 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the District's accounts was \$599,425 and the bank balance was \$810,586, of which, \$64,810 was uninsured.

Investments: Cash with Fiscal Agent in the El Dorado Schools Financing Authority CFD No. 1 represents debt proceeds that have been restricted for capital projects and the repayment of long-term liabilities. These amounts are held by a third-party custodian in the District's name.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2022, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds. There were no unpaid balances at June 30, 2022.

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfer from the General Fund to the Cafeteria Fund for cash flow.	\$ 1,795
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	<u>60,578</u>
	<u>\$ 62,373</u>

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	Balance July 1, <u>2021</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2022</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 4,197,064	\$ -	\$ -	\$ 4,197,064
Work-in-process	72,599	4,823,539	-	4,896,138
Depreciable:				
Buildings	154,025,550	107,274	-	154,132,824
Equipment	13,848,431	523,776	-	14,372,207
Site improvements	21,296,132	606,359	-	21,902,491
Totals, at cost	<u>193,439,776</u>	<u>6,060,948</u>	<u>-</u>	<u>199,500,724</u>
Less accumulated depreciation:				
Buildings	(66,557,433)	(4,289,153)	-	(70,846,586)
Equipment	(9,912,408)	(740,619)	-	(10,653,027)
Site improvements	<u>(13,462,975)</u>	<u>(948,697)</u>	<u>-</u>	<u>(14,411,672)</u>
Total accumulated depreciation	<u>(89,932,816)</u>	<u>(5,978,469)</u>	<u>-</u>	<u>(95,911,285)</u>
Capital assets, net	<u>\$ 103,506,960</u>	<u>\$ 82,479</u>	<u>\$ -</u>	<u>\$ 103,589,439</u>

Depreciation expense was charged to governmental activities as follows:

Depreciation - unallocated	<u>\$ 5,978,469</u>
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(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: The District has four outstanding bond issuances from prior years. These outstanding obligations are comprised of current interest and capital appreciation bonds, bear interest between 0.05 and 5.45 percent and are scheduled to mature at various times through August 1, 2042.

In September 2020, the District issued General Obligation Refunding Bonds, Series 2020 in the amount of \$21,490,831 to refund a portion of the General Obligation Bonds, Election of 2008, Series 2012 and to pay cost of issuance costs of the Refunding Bonds. The General Obligation Bonds are payable from the ad valorem taxes to be levied annually upon all properly subject to taxation by the District.

A summary of General Obligation Bonds payable as of June 30, 2022 follows:

<u>Series</u>	<u>Interest Rate %</u>	<u>Maturity Date Ending August 1</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2021</u>	<u>Issued (Redeemed) Current Year</u>	<u>Outstanding June 30, 2022</u>
Series 2012	2.00%- 5.45%	2023	\$ 14,999,904	\$ 195,581	\$ (91,766)	\$ 103,815
Series 2016 (refunding)	2.00%- 5.00%	2034	33,195,000	27,305,000	(1,880,000)	25,425,000
Series 2020 (refunding)	0.05	2035	13,590,000	13,490,000	-	13,490,000
Series 2020 CIB (refunding)	0.375-3.016%	2042	8,090,000	8,090,000	(50,000)	8,040,000
Series 2020 CAB (refunding)	3.62%	2041	13,400,831	13,400,831	-	13,400,831
			<u>\$ 83,275,735</u>	<u>\$ 62,481,412</u>	<u>\$ (2,021,766)</u>	<u>\$ 60,459,646</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2022 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,253,815	\$ 1,859,509	\$ 4,113,324
2024	1,585,000	1,719,948	3,304,948
2025	1,595,000	1,640,448	3,235,448
2026	1,795,000	1,555,698	3,350,698
2027	2,010,000	1,460,573	3,470,573
2028-2032	13,595,000	5,887,263	19,482,263
2033-2037	21,047,669	6,663,521	27,711,190
2038-2042	8,538,162	9,499,678	18,037,840
2043	8,040,000	9,499,678	17,539,678
	<u>\$ 60,459,646</u>	<u>\$ 39,786,316</u>	<u>\$100,245,962</u>

Certificates of Participation (COPs):

In November 2019, the District issued Refunding Certificates of Participation, Series 2019, for the purposes of a current refunding of the Current Interest portion of the 2009 COPs. The 2019 Refunding COPs bear interest ranging from 2.67% to 3.00% and mature through December 1, 2039.

In September 2020, the District issued Refunding Certificates of Participation, Series 2020, for the purposes of refunding the 2009 COPs. The 2020 Refunding COPs bear interest ranging from 0.445% to 2.298% and mature through December 1, 2030.

In July 2021, the District issued 2021 Energy Efficiency Projects, Certificates of Participation, in the amount of \$7,600,000. The 2021 COPs bear interest ranging from 1.00% to 2.25% and mature through December 1, 2041.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The outstanding certificates of participation at June 30, 2022 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 685,000	\$ 353,704	\$ 1,038,704
2024	890,000	342,967	1,232,967
2025	915,000	332,224	1,247,224
2026	935,000	322,813	1,257,813
2027	655,000	313,014	968,014
2028-2032	3,780,000	1,373,338	5,153,338
2033-2037	4,650,000	895,461	5,545,461
2038-2042	4,610,000	238,731	4,848,731
	<u>\$ 17,120,000</u>	<u>\$ 4,172,252</u>	<u>\$ 21,292,252</u>

Lease Liabilities: In November 2017, the District entered into a lease agreement for the purchase of six buses. The lease is for \$964,795 to be repaid in 120 monthly installments that represent principal and interest. In July 2020, the District entered into a lease agreement for the purchase of data equipment. The lease is for \$241,745 to be repaid over 60 monthly installments that represent principal and interest. In February 2021, the District entered into lease agreements, totaling \$136,595, for the purchase of computer equipment. The leases will be repaid over 36 monthly installments that represent principal and interest. The following is a summary of future payments for lease liabilities:

<u>June 30,</u>	<u>Payments</u>
2023	\$ 197,100
2024	164,358
2025	164,358
2026	116,009
2027	116,009
2028	116,009
Total payments	873,843
Less amount representing interest	<u>(74,819)</u>
Net present value of minimum payments	<u>\$ 799,024</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2022 is shown below:

	Balance			Balance	Amount
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>	<u>Due Within</u>
					<u>One Year</u>
<u>Debt:</u>					
General Obligation Bonds	\$ 62,481,412	\$ -	\$ 2,021,766	\$ 60,459,646	\$ 2,253,815
Accreted interest	214,593	1,304,819	33,234	1,486,178	558,096
Unamortized premiums	4,442,276	-	292,443	4,149,833	297,293
<u>Other Long-Term Liabilities:</u>					
Certificates of Participation	9,940,000	7,600,000	420,000	17,120,000	685,000
Lease liabilities	987,399	-	188,375	799,024	175,464
Net OPEB liability (Note 10)	6,014,644	747,844	-	6,762,488	-
Net pension liability (Notes 8 and 9)	81,358,000	-	42,229,000	39,129,000	-
Compensated absences	974,856	165,506	-	1,140,362	1,140,362
Total	<u>\$166,413,180</u>	<u>\$ 9,818,169</u>	<u>\$ 45,184,818</u>	<u>\$131,046,531</u>	<u>\$ 5,110,030</u>

The compensated absences, net pension liability and net OPEB liability will be paid from the General Fund. Payments on the General Obligation Bonds will be made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation will be made from the Capital Facilities and the El Dorado Schools Financing Authority CFD No. 1 Funds. Payments on lease liabilities will be made from the General Fund.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2022 consisted of the following:

	General Fund	Capital Facilities Fund	El Dorado Schools Financing Authority CFD No.1 Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 16,665	\$ -	\$ -	\$ 3,385	\$ 20,050
Prepaid expenditures	639,164	-	-	-	639,164
Stores inventory	<u>27,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,498</u>
Subtotal non-spendable	<u>683,327</u>	<u>-</u>	<u>-</u>	<u>3,385</u>	<u>686,712</u>
Restricted:					
Legally restricted programs	4,505,811	-	-	1,853,296	6,359,107
Capital projects	-	5,007,738	9,913,867	132,347	15,053,952
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,235,456</u>	<u>3,235,456</u>
Subtotal restricted	<u>4,505,811</u>	<u>5,007,738</u>	<u>9,913,867</u>	<u>5,221,099</u>	<u>24,648,515</u>
Assigned:					
Site carry-over	<u>795,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,255</u>
Subtotal assigned	<u>795,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,255</u>
Unassigned:					
Reserve for					
economic uncertainty	2,908,800	-	-	-	2,908,800
Undesignated	<u>9,588,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,588,913</u>
Subtotal unassigned	<u>12,497,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,497,713</u>
Total fund balances	<u>\$ 18,482,106</u>	<u>\$ 5,007,738</u>	<u>\$ 9,913,867</u>	<u>\$ 5,224,484</u>	<u>\$ 38,628,195</u>

(Continued)

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) - a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 – CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan and the Special Legislation, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-22. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-22.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1percent since the last timethe member contribution rate was set. Based on the June 30, 2020, valuation adopted by the board in June 2021, the increase in normal cost was less than 1percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.18 percentage points, to be paid on behalf of employers pursuant to the Special Legislation.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In June 2021, the CalSTRS board voted to keep the employer supplemental contribution rate the same for fiscal year 2021–22; it remained at 10.85% effective July 1, 2021.

Through the Special Legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Specifically, employers will remit 1.03%, 2.95% and 2.18% less than is required by the CalSTRS Funding Plan for fiscal years 2019–20, 2020–21 and 2021–22, respectively.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2021-2022 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from prior rate ceases in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.50% total and no lower than 8.250%.

The District contributed \$5,748,307 to the plan for the fiscal year ended June 30, 2022.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021–22, which will increase the state supplemental contribution rate to 6.311% effective July 1, 2021.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, Rainy-Day Budget Stabilization Fund Act, which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2020–21, CalSTRS received \$297.0 million in supplemental state contributions from Proposition 2 funds. Of this total, approximately \$170.0 million is designated to cover forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21. The remaining \$127.0 million is designated to reduce the state's share of CalSTRS' unfunded actuarial obligation.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2021-2022 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 22,373,000
State's proportionate share of the net pension liability associated with the District	<u>13,312,000</u>
Total	<u>\$ 35,685,000</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2021, the District's proportion was 0.049 percent, which was an decrease of 0.008 percent from its proportion measured as of June 30, 2020.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$4,510,520 and revenue of \$5,964,939 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 56,000	\$ 2,381,000
Changes of assumptions	3,170,000	-
Net differences between projected and actual earnings on investments	-	17,698,000
Changes in proportion and differences between District contributions and proportionate share of contributions	368,000	7,014,000
Contributions made subsequent to measurement date	<u>5,748,307</u>	<u>-</u>
Total	<u>\$ 9,342,307</u>	<u>\$ 27,093,000</u>

\$5,748,307 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2023	\$ (5,141,933)
2024	\$ (4,414,933)
2025	\$ (5,521,934)
2026	\$ (6,159,267)
2027	\$ (1,091,267)
2028	\$ (1,169,666)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$45,544,000</u>	<u>\$ 22,373,000</u>	<u>\$ 3,142,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf>

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2021-22.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed \$2,950,813 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$16,756,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2021, the District's proportion was 0.082 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2020.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$1,315,632. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 500,000	\$ 40,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	6,430,000
Changes in proportion and differences between District contributions and proportionate share of contributions	39,000	879,000
Contributions made subsequent to measurement date	<u>2,950,813</u>	<u>-</u>
Total	<u>\$ 3,489,813</u>	<u>\$ 7,349,000</u>

\$2,950,813 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2023	\$ (1,517,917)
2024	\$ (1,661,917)
2025	\$ (1,841,417)
2026	\$ (1,788,749)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1 - 10 ⁽¹⁾</u>	<u>Expected Real Rate of Return Years 11+ ⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount <u>Rate (7.15%)</u>	1% Increase <u>(8.15%)</u>
District's proportionate share of the net pension liability	\$ 28,253,000	\$ 16,756,000	\$ 7,211,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides healthcare benefits to eligible employees who retire from the District, as part of a single employer defined benefit postemployment health care plan (Plan). The Plan is administered by the District and allows employees who retired after having achieved retirement eligibility requirements to continue receiving medical insurance coverage. The District's Board of Education has the authority to establish the requirements for paying for the Plan's benefits as they come due.

The District participates in the California School Boards Association (CSBA) GASB 45 Solutions Program to pre-fund OPEB liabilities. The CSBA GASB 45 Solutions Program is an agent multiple-employer plan consisting of an aggregation of single-employer plans. Public Agency Retirement Services (PARS) was appointed as administrator for the CSBA GASB 45 Solutions Program, and U.S. Bank was appointed as trustee. The CSBA GASB 45 Solutions Program serves as a qualified irrevocable trust for the accumulation of assets of member districts, to ensure that funds are dedicated to service the needs of employees and retirees. The District's contributions to the irrevocable trust established by the CSBA GASB 45 Solutions Program is included in the Public Agencies Post-Employment Benefits Trust financial statements. Copies of the Public Agencies Post-Employment Benefits Trust independent financial statements may be obtained from the Public Agency Retirement Services - 4350 Von Karman Ave - Newport Beach, CA 92660.

Benefits Provided: The District offers limited post-employment retiree benefits to each of the three classes of employees. The major provisions of the plans are as follows:

Represented Certificated Staff who have at least 10 years with the district and have reached age 55 are eligible to receive the same benefit cap the district provides to current employees for health insurance for a period of 5 years or to age 65 whichever is first. Additionally, they may work 18 days a year for a payment of \$4,000. This article will remain active for employees hired on or before June 30, 2012 and will not be in effect for any employees hired beyond this date.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Represented Classified Staff who have at least 15 years with the district and have reached age 50 are eligible to receive the same benefit cap the district provides to current employees for health insurance for a period of 5 years or until they reach Medicare eligibility, whichever is first. This article will remain active for employees hired on or before June 30, 2012 and will not be in effect for any employees hired beyond this date.

Management Staff members who had at least 10 years with the district and had reached age 50 and who retire after October 1, 2005, will be eligible for one-time payments ranging from \$10,000 to \$30,000 depending on their length of their service. There will be no continued annual payments to them or guaranteed days of work. This article will remain active for employees hired on or before July 1, 2010 and will not be in effect for any employee hired beyond this date.

Expenditures for post-retirement healthcare benefits are recognized as the premiums are paid. Benefits are provided by the District on a pay-as-you-go basis. The District's Board of Education has the authority to change benefits. The Plan benefits through an agent multiple-employer OPEB plan that is administered by the Public Agency Retirement Services ("PARS")."

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2022;

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	50
Active employees	<u>381</u>
	<u><u>431</u></u>

Contributions: Eligible employees are not permitted to make contributions to the Plan. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. Contributions to the Plan are voluntary, but the District contributes an amount sufficient to fully fund the net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District were \$256,322 for the year ended June 30, 2022. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 4.75% was determined using the long-term expected rate of return on plan investments based upon the PARS Balanced Investment Policy asset allocation.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	4.75%
Discount rate	4.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$ 9,048,522	\$ 3,033,878	\$ 6,014,644
Changes for the year:			
Service cost	515,200	-	515,200
Interest	527,733	(356,721)	884,454
Employer contributions	-	256,322	(256,322)
Experience (gain)/loss	(1,280,904)	-	(1,280,904)
Changes in assumptions	869,025	-	869,025
Administrative expense	-	(16,391)	16,391
Benefit payments	(256,322)	(256,322)	-
Net change	<u>374,732</u>	<u>(373,112)</u>	<u>747,844</u>
Balance at June 30, 2022	<u>\$ 9,423,254</u>	<u>\$ 2,660,766</u>	<u>\$ 6,762,488</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the Net OPEB liability calculated using the discount rate of 4.75 percent. The schedule also shows what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.75 percent) and 1 percent higher (5.75%):

	Discount Rate 1% Lower <u>(3.75%)</u>	Valuation Discount Rate <u>(4.75%)</u>	Discount Rate 1% Higher <u>(5.75%)</u>
Net OPEB liability	\$ 7,770,202	\$ 6,762,488	\$ 5,893,463

The following table presents the Net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the Net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower <u>(3.0%)</u>	Valuation Health Care Trend Rate <u>(4.0%)</u>	Health Care Trend Rate 1% Higher <u>(5.0%)</u>
Net OPEB liability	\$ 5,607,421	\$ 6,762,488	\$ 8,167,102

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB- For the year ended June 30, 2022, the District recognized OPEB expense of \$1,164,086. At June 30, 2022, 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
Difference between expected and actual experience	\$ 899,321	\$ 1,161,193
Change of assumptions	1,884,089	-
Net differences between projected and actual earnings on investments	<u>273,904</u>	<u>-</u>
Total	<u>\$ 3,057,314</u>	<u>\$ 1,161,193</u>

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Years Ended June 30,		
2023	\$	278,737
2024	\$	268,722
2025	\$	251,537
2026	\$	316,548
2027	\$	210,410
Thereafter	\$	570,167

The effect of differences between projected and actual earnings on investments is amortized over a closed period of 5 years, and the effect of difference between projected and actual experience is amortized over a period of 11 years as of the June 30, 2022 measurement date.

NOTE 11 - JOINT POWERS AGREEMENT

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

El Dorado Schools Financing Authority Community Facilities District:

The following is a summary of financial information for SIA and EDSFACFD at June 30, 2022 (the most recent information available):

	SIA	EDSFACFD
Total assets	\$ 211,771,868	\$ 14,687,947
Total deferred outflows of resources	\$ 1,751,462	\$ -
Total liabilities	\$ 86,615,462	\$ -
Total deferred inflows of resources	\$ 3,674,124	\$ -
Total net position	\$ 123,233,744	\$ 14,687,947
Total revenues	\$ 54,356,775	\$ 5,511,489
Total expenses	\$ 61,481,031	\$ 803,533
Change in net position	\$ (7,124,256)	\$ 4,707,956

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not component unit of the District for financial reporting purposes.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

NOTE 13 – SUBSEQUENT EVENT

On July 12, 2022, the District issued Tax Revenue Anticipation Notes (TRANs), in the total amount of \$4,500,000. The TRANs are considered a general obligation of the District and are payable from property taxes and principal apportionment generated by the District, bear interest at 4.0 percent, and mature on June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 29,554,038	\$ 32,730,154	\$ 32,730,154	\$ -
Local sources	40,647,930	37,703,880	37,703,880	-
Total LCFF	<u>70,201,968</u>	<u>70,434,034</u>	<u>70,434,034</u>	-
Federal sources	3,978,148	5,011,133	5,011,133	-
Other state sources	8,290,428	13,336,745	13,336,745	-
Other local sources	4,516,694	5,937,596	5,937,596	-
Total revenues	<u>86,987,238</u>	<u>94,719,508</u>	<u>94,719,508</u>	-
Expenditures:				
Current:				
Certificated salaries	33,057,785	35,401,156	35,401,156	-
Classified salaries	12,097,754	13,065,162	13,065,162	-
Employee benefits	21,586,224	23,768,112	23,768,112	-
Books and supplies	2,758,887	5,377,041	5,377,041	-
Contract services and operating expenditures	10,018,551	11,060,648	11,060,648	-
Other outgo	1,781,888	2,340,930	2,340,930	-
Capital outlay	1,162,356	6,127,367	6,127,367	-
Debt service:				
Principal retirement	191,458	188,375	188,375	-
Interest	75,267	88,478	88,478	-
Total expenditures	<u>82,730,170</u>	<u>97,417,269</u>	<u>97,417,269</u>	-
Excess (deficiency) of revenues over (under) expenditures	<u>4,257,068</u>	<u>(2,697,761)</u>	<u>(2,697,761)</u>	-
Other financing sources:				
Transfers in	-	60,578	60,578	-
Transfers out	(800,000)	(1,795)	(1,795)	-
Proceeds from issuance of COPS	-	-	7,600,000	7,600,000
Total other financing sources	<u>(800,000)</u>	<u>58,783</u>	<u>7,658,783</u>	<u>7,600,000</u>
Change in fund balance	3,457,068	(2,638,978)	4,961,022	7,600,000
Fund balance, July 1, 2021	<u>13,521,084</u>	<u>13,521,084</u>	<u>13,521,084</u>	-
Fund balance, June 30, 2022	<u>\$ 16,978,152</u>	<u>\$ 10,882,106</u>	<u>\$ 18,482,106</u>	<u>\$ 7,600,000</u>

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE CHANGES IN THE DISTRICT'S NET
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2022

	Last 10 Fiscal Years				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability					
Service cost	\$ 266,657	\$ 273,990	\$ 281,525	\$ 467,185	\$ 515,200
Interest on total OPEB liability	300,910	312,415	326,259	491,178	527,733
Experience (gain)/loss	-	-	1,240,838	-	(1,280,904)
Change in assumptions	-	-	1,153,021	319,171	869,025
Benefit payments	<u>(375,638)</u>	<u>(390,664)</u>	<u>(328,221)</u>	<u>(363,435)</u>	<u>(256,322)</u>
Net change in total OPEB liability	191,929	195,741	2,673,422	914,099	374,732
Total OPEB liability, beginning of year (a)	<u>5,073,331</u>	<u>5,265,260</u>	<u>5,461,001</u>	<u>8,134,423</u>	<u>9,048,522</u>
Total OPEB liability, end of year (b)	<u>\$ 5,265,260</u>	<u>\$ 5,461,001</u>	<u>\$ 8,134,423</u>	<u>\$ 9,048,522</u>	<u>\$ 9,423,254</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 477,483	\$ 390,664	\$ 328,221	\$ 363,435	\$ 256,322
Net investment income	127,038	95,452	64,765	478,825	-
Administrative expenses	(5,873)	(6,050)	(12,538)	(15,100)	(16,391)
Benefit payments	<u>(375,638)</u>	<u>(390,664)</u>	<u>(328,221)</u>	<u>(363,435)</u>	<u>(256,322)</u>
Change in plan fiduciary net position	223,010	89,402	52,227	463,725	(373,112)
Fiduciary trust net position - beginning of year (c)	<u>2,205,514</u>	<u>2,428,524</u>	<u>2,517,926</u>	<u>2,570,153</u>	<u>3,033,878</u>
Fiduciary trust net position - end of year (d)	<u>\$ 2,428,524</u>	<u>\$ 2,517,926</u>	<u>\$ 2,570,153</u>	<u>\$ 3,033,878</u>	<u>\$ 2,660,766</u>
Net OPEB liability - ending (b) - (d)	<u>\$ 2,836,736</u>	<u>\$ 2,943,075</u>	<u>\$ 5,564,270</u>	<u>\$ 6,014,644</u>	<u>\$ 6,762,488</u>
Plan fiduciary net position as a percentage of the total OPEB liability	46.1%	46.1%	31.6%	33.5%	28.2%
Covered employee payroll	\$ 29,255,902	\$ 27,539,742	\$ 33,908,442	\$ 28,071,261	\$ 25,908,383
Net OPEB Liability as a percentage of covered employee payroll	9.70%	10.69%	16.41%	21.43%	26.10%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2022

	State Teachers' Retirement Plan Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension	0.062%	0.063%	0.061%	0.057%	0.056%	0.056%	0.057%	0.049%
District's proportionate share of the net pension liability	\$36,231,000	\$42,453,000	\$49,682,000	\$52,447,000	\$51,920,000	\$50,576,000	\$54,859,000	\$22,373,000
State's proportionate share of the net pension liability associated with the	<u>24,437,000</u>	<u>22,439,000</u>	<u>28,286,000</u>	<u>31,027,000</u>	<u>29,727,000</u>	<u>27,593,000</u>	<u>29,980,000</u>	<u>13,312,000</u>
Total net pension liability	<u>\$60,668,000</u>	<u>\$64,892,000</u>	<u>\$77,968,000</u>	<u>\$83,474,000</u>	<u>\$81,647,000</u>	<u>\$78,169,000</u>	<u>\$84,839,000</u>	<u>\$35,685,000</u>
District's covered payroll	\$29,489,000	\$29,250,000	\$30,613,000	\$30,057,000	\$30,914,000	\$31,316,000	\$30,272,000	\$27,464,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	122.86%	145.14%	162.29%	174.49%	167.95%	161.50%	181.22%	81.46%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2015 are not available.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2022

	Public Employer's Retirement Fund B Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension	0.096%	0.098%	0.097%	0.090%	0.087%	0.086%	0.086%	0.082%
District's proportionate share of the net pension liability	\$10,841,575	\$14,418,596	\$19,127,000	\$21,509,000	\$23,120,000	\$25,081,000	\$26,499,000	\$16,756,000
District's covered payroll	\$10,024,000	\$10,733,000	\$11,619,000	\$11,488,000	\$11,672,000	\$12,260,000	\$12,451,000	\$11,877,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.16%	134.34%	164.62%	187.23%	198.08%	204.58%	212.83%	141.08%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2015 are not available.

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2022

State Teachers' Retirement Plan Last 10 Fiscal Years		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$	2,597,444	3,284,778	3,781,171	4,460,871	5,098,245	5,488,259	5,245,583	5,748,307
Contributions in relation to the contractually required contribution		<u>(2,597,444)</u>	<u>(3,284,778)</u>	<u>(3,781,171)</u>	<u>(4,460,871)</u>	<u>(5,098,245)</u>	<u>(5,488,259)</u>	<u>(5,245,583)</u>	<u>(5,748,307)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$	29,250,000	30,613,000	30,057,000	30,914,000	31,316,000	30,272,000	27,464,000	30,096,000
Contributions as a percentage of covered payroll		8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2022

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Public Employer's Retirement Fund B Last 10 Fiscal Years								
Contractually required contribution	\$ 1,263,245	\$ 1,376,449	\$ 1,595,683	\$ 1,812,812	\$ 2,214,317	\$ 2,455,446	\$ 2,458,630	\$ 2,950,813
Contributions in relation to the contractually required contribution	<u>(1,263,245)</u>	<u>(1,376,449)</u>	<u>(1,595,683)</u>	<u>(1,812,812)</u>	<u>(2,214,317)</u>	<u>(2,455,446)</u>	<u>(2,458,630)</u>	<u>(2,950,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$10,733,000	\$11,619,000	\$11,488,000	\$11,672,000	\$12,260,000	\$12,451,000	\$11,877,000	\$12,880,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund is presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in the District's Net OPEB Liability presents multi-year information which illustrates the changes in the net OPEB liability for each year presented.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate used to calculate the District's OPEB liability was 6.0, 5.75 and 4.75 percent in the June 30, 2020, 2021 and 2022 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	As of June 30, <u>2021</u>	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

EL DORADO UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2022

	Student Activity Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	EDUHSD Financing Corporation Debt Service Fund	Total
ASSETS						
Cash and investments:						
Cash in banks	\$ 579,375	\$ -	\$ -	\$ -	\$ -	\$ 579,375
Cash in County Treasury	-	895,188	132,347	3,235,456	-	4,262,991
Cash in revolving fund	-	3,385	-	-	-	3,385
Receivables	-	475,063	-	-	-	475,063
Total assets	<u>\$ 579,375</u>	<u>\$ 1,373,636</u>	<u>\$ 132,347</u>	<u>\$ 3,235,456</u>	<u>\$ -</u>	<u>\$ 5,320,814</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 3,915	\$ -	\$ -	\$ -	\$ 3,915
Unearned revenue	-	92,415	-	-	-	92,415
Total liabilities	<u>-</u>	<u>96,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,330</u>
Fund balances:						
Nonspendable	-	3,385	-	-	-	3,385
Restricted	579,375	1,273,921	132,347	3,235,456	-	5,221,099
Total fund balances	<u>579,375</u>	<u>1,277,306</u>	<u>132,347</u>	<u>3,235,456</u>	<u>-</u>	<u>5,224,484</u>
Total liabilities and fund balances	<u>\$ 579,375</u>	<u>\$ 1,373,636</u>	<u>\$ 132,347</u>	<u>\$ 3,235,456</u>	<u>\$ -</u>	<u>\$ 5,320,814</u>

EL DORADO UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2022

	Student Activity Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	EDUHSD Financing Corporation Debt Service Fund	Total
Revenues:						
Federal sources	\$ -	\$ 2,352,160	\$ -	\$ -	\$ -	\$ 2,352,160
Other state sources	-	165,123	-	-	-	165,123
Other local sources	1,163,026	341,416	547	4,158,526	-	5,663,515
Total revenues	<u>1,163,026</u>	<u>2,858,699</u>	<u>547</u>	<u>4,158,526</u>	<u>-</u>	<u>8,180,798</u>
Expenditures:						
Current:						
Classified salaries	-	799,269	-	-	-	799,269
Employee benefits	-	291,964	-	-	-	291,964
Books and supplies	1,046,546	803,665	-	-	-	1,850,211
Contract services and Operating expenditures	-	86,553	-	-	823,251	909,804
Other outgo	-	-	-	-	-	-
Capital outlay	-	7,755	-	-	-	7,755
Debt service:						
Principal retirement	-	-	-	2,021,766	-	2,021,766
Interest	-	-	-	2,070,201	-	2,070,201
Total expenditures	<u>1,046,546</u>	<u>1,989,206</u>	<u>-</u>	<u>4,091,967</u>	<u>823,251</u>	<u>7,950,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>116,480</u>	<u>869,493</u>	<u>547</u>	<u>66,559</u>	<u>(823,251)</u>	<u>229,828</u>
Other financing sources (uses):						
Transfers in	-	1,795	-	-	-	1,795
Transfers out	-	(60,578)	-	-	-	(60,578)
Total other financing sources (uses)	<u>-</u>	<u>(58,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,783)</u>
Net change in fund balances	<u>116,480</u>	<u>810,710</u>	<u>547</u>	<u>66,559</u>	<u>(823,251)</u>	<u>171,045</u>
Fund balance, July 1, 2021	<u>462,895</u>	<u>466,596</u>	<u>131,800</u>	<u>3,168,897</u>	<u>823,251</u>	<u>5,053,439</u>
Fund balance, June 30, 2022	<u>\$ 579,375</u>	<u>\$ 1,277,306</u>	<u>\$ 132,347</u>	<u>\$ 3,235,456</u>	<u>\$ -</u>	<u>\$ 5,224,484</u>

EL DORADO UNION HIGH SCHOOL DISTRICT
ORGANIZATION
June 30, 2022

El Dorado Union High School District is located in El Dorado County, California and operated four comprehensive high schools, two continuation schools, and one charter school. The District also offers Independent Study and Regional Occupation Programs. There have been no changes in the District's boundaries as of June 30, 2021.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Lori M. Veerkamp	President	December 2024
Jessicca K. Rodgers	Clerk	December 2022
David J. del Rio	Member	December 2024
Timothy M. Cary	Member	December 2022
Brooke B. Van Komen	Member	December 2022

ADMINISTRATION

Ron Carruth
Superintendent

Robert Whittenberg
Assistant Superintendent, Business Services

Christopher Moore
Assistant Superintendent, Educational Services

Tony Deville
Assistant Superintendent, Human Resources

Pam Bartlett
Senior Director, Student Success

Chuck Palmer
Senior Director, Student Services and Innovation

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 June 30, 2022

	<u>Second Period Report</u>	<u>Audited Second Period Report *</u>	<u>Annual Report</u>	<u>Audited Annual Report *</u>
<u>District:</u>				
Certificate Number:	58118ADE	-	964BE759	-
Regular ADA:				
Nine through Twelfth	6,103	6,076	5,974	5,947
Special Education	21	21	25	25
Continuation School	<u>90</u>	<u>86</u>	<u>90</u>	<u>86</u>
 District ADA total	 <u><u>6,214</u></u>	 <u><u>6,183</u></u>	 <u><u>6,089</u></u>	 <u><u>6,058</u></u>

	<u>Second Period Report</u>	<u>Annual Report</u>
<u>Charter School - Nonclassroom-Based</u>		
Certificate Number:	AB3C945D	7CDFDDD2
El Dorado Union High School District Virtual Academy at Shenandoah		
Nine through Twelfth	<u><u>102</u></u>	<u><u>100</u></u>

*Audited Second Period and Annual Reports of Attendance include adjustments for Findings 2022-001 and 2022-002.

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2022

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2021-2022 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	65,884	180	In Compliance
Grade 10	64,800	65,884	180	In Compliance
Grade 11	64,800	65,884	180	In Compliance
Grade 12	64,800	65,884	180	In Compliance

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through El Dorado County</u>			
<u>Office of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic and Local Assistance Entitlement, Part B, Sec 611	13379	\$ 579,664
84.173	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15321	<u>251,015</u>
	Subtotal Special Education Cluster		<u>830,679</u>
	ESEA: Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	636,780
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	<u>131,887</u>
	Subtotal ESEA: Title I Programs		<u>768,667</u>
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund - COVID-19	15536	40
84.425D	Elementary and Secondary School Relief II (ESSER II) Fund - COVID-19	15547	22,129
84.425	Elementary and Secondary School Emergency Relief III (ESSER III) Fund - COVID-19	15559	1,641,402
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss - COVID - 19	10155	244,290
84.425C	Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation - COVID - 19	15517	125,179
84.425	Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve - COVID - 19	15618	666,846
84.425	Expanded Learning Opportunities (ELO) Grant GEER II - COVID - 19	15619	153,100
84.425	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs - COVID - 19	15620	73,351
84.425	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss - COVID - 19	15621	<u>38,248</u>
	Subtotal COVID-19: Education Stabilization Fund (ESF) Programs		<u>2,964,585</u>
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	119,550
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	51,832

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

<u>Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Identifying Number</u>	<u>Expend- itures</u>
<u>U.S. Department of Education - Passed through El Dorado County Office of Education (Continued)</u>			
84.048	Carl D. Perkins Career and Technical Education Secondary, Section 131 (Vocational Education)	14894	\$ <u>123,381</u>
	Total U.S. Department of Education		<u>4,858,694</u>
<u>U.S. Department of Agricultural - Passed through El Dorado County Office of Education</u>			
10.665	Forest Service Schools and Roads Cluster: Forest Reserve Funds	10044	<u>149,372</u>
<u>U.S. Department of Agricultural - Passed through California Department of Education</u>			
10.649	Pandemic EBT Local Administrative Grant	15644	3,063
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs	13525	2,039,843
10.555	SNP COVID-19 Emergency Operational Costs Reimburse	15637	<u>2,646</u>
	Subtotal Child Nutrition Cluster		<u>2,042,489</u>
	Total U.S. Department of Agriculture		<u>2,194,924</u>
	Total Federal Awards		<u>\$ 7,053,618</u>

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

	General <u>Fund</u>
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2022	\$ 15,393,430
Adjustment to record portion of proceeds from issuance of Certificates of Participation	<u>3,487,278</u>
Audited Ending Fund Balances, June 30, 2022	<u><u>\$ 18,880,708</u></u>

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2022
(UNAUDITED)

	(Budget) <u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ <u>92,780,750</u>	\$ <u>102,380,086</u>	\$ <u>87,348,748</u>	\$ <u>79,809,390</u>
Expenditures	<u>95,984,433</u>	<u>97,419,064</u>	<u>80,386,710</u>	<u>78,922,397</u>
Total outgo	<u>95,984,433</u>	<u>97,419,064</u>	<u>80,386,710</u>	<u>78,922,397</u>
Change in fund balance	\$ <u>(3,203,683)</u>	\$ <u>4,961,022</u>	\$ <u>6,962,038</u>	\$ <u>886,993</u>
Ending fund balance	\$ <u>15,278,423</u>	\$ <u>18,482,106</u>	\$ <u>13,521,084</u>	\$ <u>6,559,046</u>
Available reserves	\$ <u>7,882,037</u>	\$ <u>12,497,713</u>	\$ <u>8,984,187</u>	\$ <u>5,126,747</u>
Designated for economic uncertainties	\$ <u>3,031,358</u>	\$ <u>2,908,800</u>	\$ <u>2,413,200</u>	\$ <u>2,365,400</u>
Undesignated fund balance	\$ <u>4,850,679</u>	\$ <u>9,588,913</u>	\$ <u>6,570,987</u>	\$ <u>2,761,347</u>
Available reserves as percentages of total outgo	<u>8.2%</u>	<u>12.8%</u>	<u>11.2%</u>	<u>6.5%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ <u>125,936,501</u>	\$ <u>131,046,531</u>	\$ <u>166,413,180</u>	\$ <u>159,118,924</u>
Average daily attendance at P-2	<u>6,424</u>	<u>6,214</u>	<u>6,444</u>	<u>6,444</u>

The General Fund balance has increased by \$13,208,655 over the past three years. The fiscal year 2022-2023 budget projects a decrease of \$3,203,683. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2022, the District met this requirement.

The District has incurred an operating surplus in each of the past three years and anticipates an operating deficit in fiscal year 2022-2023.

Total long-term liabilities have decreased by \$28,072,393 over the past two years.

Average daily attendance has decreased by 230 over the past two years. An increase of 210 ADA is projected for the 2022-2023 fiscal year.

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2022

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

0366 - El Dorado Union High School District Virtual
Academy at Shenandoah

Included in the District Financial Statements

See accompanying notes to supplementary information.

EL DORADO UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2022

NOTE 1 - PURPOSE OF SCHEDULES

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

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 46201 through 46206.

Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2022-2023 fiscal year, as required by the State Controller's Office.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2022, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
El Dorado Union High School District
Placerville, California

Report on Compliance with State Laws and Regulations

We have audited El Dorado Union High School District's compliance with the types of compliance requirements described in the State of California's *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2022.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
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
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

(Continued)

<u>Description</u>	<u>Procedures Performed</u>
In Person Instruction Grant	Yes
Charter Schools - Attendance	Yes
Charter Schools - Mode of Instruction	No, see below
Charter Schools - Nonclassroom-Based Instruction/Independent Study	Yes
Charter Schools - Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes, for charter schools – Classroom based	No, see below
Charter Schools - Charter School Facility Grant Program	No, see below

We did not perform testing for Kindergarten Continuance or K-3 Grade Span Adjustment because the District only serves grades 9-12.

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

The District did not have any Juvenile Court Schools, therefore, we did not perform any procedures related to Juvenile Court Schools.

The District did not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District did not offer Apprenticeship: Related and Supplemental Instruction, therefore we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District did not elect to operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District did not spend any funds relate to California Clean Energy Jobs Act, therefore we did not perform any procedures related to CA Clean Energy Jobs Act.

The District did not operate a After/Before School Education and Safety Program; therefore, we did not perform any procedures related to After/Before School Education and Safety Program.

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

The District did not require testing for Immunizations; therefore, we did not perform any procedures related to Immunizations.

The District does not offer classroom-based instruction for charter schools; therefore, we did not perform any procedures related to Mode of Instruction and Annual Instructional Minutes - Classroom-Based for charter schools

The District did not expend any Charter School Facilities Grant Program funds in the current year; therefore, we did not perform any procedures related to the program.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, El Dorado Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2022.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

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 the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

As described in Findings 2022-001, 2022-002 and 2022-003 in the accompanying Schedule of Audit Findings and Questioned Costs, El Dorado Union High School District did not comply with requirements regarding Independent Study, Continuation Education and Expanded Learnings Opportunities Grant. Compliance with such requirements is necessary, in our opinion, for El Dorado Union High School District to comply with the requirements referred to above.

Other Matter

El Dorado Union High School District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. El Dorado Union High School District's responses were not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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 government 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 Audit Guide 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 government program as a whole.

(Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Audit Guide, 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.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *State of California's 2021-22 State of California's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California
December 14, 2022

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 Education
El Dorado Union High School District
Placerville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Dorado Union High School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise El Dorado Union High School District's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, slightly stylized font.

Crowe LLP

Sacramento, California
December 14, 2022

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

Board of Education
El Dorado Union High School District
Placerville, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited El Dorado Union High School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of El Dorado Union High School District's major federal programs for the year ended June 30, 2022. El Dorado Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, El Dorado Union High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*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 El Dorado Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of El Dorado Union High School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

(Continued)

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 El Dorado Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 El Dorado Union High School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

(Continued)

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

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

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California
December 14, 2022

FINDINGS AND RECOMMENDATIONS

EL DORADO UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X No	
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X No	
--	-----------	------------	--

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425D, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs
84.010	ESEA: Title I Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Qualified

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-001 STATE COMPLIANCE – INDEPENDENT STUDY (40000)

Criteria

The ADA for traditional independent study that exceeds the pupil to FTE certificated employee ratio pursuant to *EC* Section 51745.6 is not funded and should be deducted from the amount of ADA entered by grade span on Line A-1 of the school district's P-2 and Annual Attendance School District. Excess ADA should be reported by grade span on Line B-2 of the school district's P-2 and Annual Attendance School District Principal Apportionment Data Collection (PADC) data entry screen.

Condition

The District's Independent Study Ratio calculation reported excess ADA of 26.9 and was not deducted from the amount of ADA entered by grade span on Line A-1. Further, the excess ADA was not reported on Line B-2 of the school district's P-2 and Annual Attendance School District PADC data entry screen.

Context

We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect

The effect of this finding is the District claimed ADA in excess of allowable amounts.

Cause

The District did not accurately report the excess ADA.

Fiscal Impact

Excess funding of approximately \$282,000.

Recommendation

The District should accurately report the excess ADA on proper lines of the P-2 and Annual Attendance Reports. In addition, the District should revise the P-2 and Annual Attendance Reports.

Views of Responsible Officials and Planned Corrective Actions

In response to opening schools full time and keeping students engaged in instruction, the District had more students opt-in to Independent Study. The District is working to ensure Independent Study is reported in a timely manner to ensure compliance and to stay within the allowable ratio for future years.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

2022-002 STATE COMPLIANCE – CONTINUATION EDUCATION(40000)

Criteria

Not more than 10 percent of each continuation high school's ADA at P-2 is allowed to be generated through independent study as provided in Education Code section 51745(b).

Condition

At Independence High School, 12.08 ADA were claimed for independent study, which is 4.38 ADA more than the maximum 10% or 7.70 ADA.

Context

We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect

The effect of this finding is an overstatement of 4.38 ADA for the 9-12 grade span.

Cause

The errors were the result of inadequate recording keeping.

Fiscal Impact

Fiscal impact is \$46,061.

Recommendation

The District should enforce controls to ensure no more than 10% of ADA is claimed for independent study. In addition, the District should revise the P-2 and Annual Attendance Reports.

Views of Responsible Officials and Planned Corrective Actions

In response to opening schools full time and keeping students engaged in instruction, the District had more students opt-in to Independent Study. The District is working with continuation education to ensure no more than 10% of students enroll in Independent Study during the school year.

EL DORADO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

**2022-003 STATE COMPLIANCE – EXPANDED LEARNING OPPORTUNITIES GRANT (ELOG)
(40000)**

Criteria

The District is required to submit the ELOG plan, to the County Office of Education, describing how the apportioned funds would be used within 5 days of adoption pursuant to subdivision (e) of Education Code section 43522.

Condition

The District adopted the ELOG plan at the May 11, 2021 board meeting however did not submit to the County Office of Education until May 19, 2021, which is in excess of the allowed 5 days.

Context

We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect

No effect.

Cause

The District did not submit the plan within the required time.

Fiscal Impact

Not applicable.

Recommendation

The District should ensure the plan is submitted to the County Office of Education within 5 days of adoption.

Views of Responsible Officials and Planned Corrective Actions

The District will be submitting all required plans and documentation to our county oversight the day directly after a board meeting.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

EL DORADO UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2022

No matters were reported.