

**LIBERTY UNION HIGH SCHOOL DISTRICT
COUNTY OF CONTRA COSTA
BRENTWOOD, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2023

LIBERTY UNION HIGH SCHOOL DISTRICT

JUNE 30, 2023

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LIBERTY UNION HIGH SCHOOL DISTRICT

JUNE 30, 2023

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Liberty Union High School District
Brentwood, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Liberty Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Liberty Union High School District, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Liberty 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 Liberty 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 Liberty 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, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of OPEB contributions, schedule of OPEB investment returns, schedules of the proportionate share of the net pension liabilities, and schedules of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Required Supplementary Information (Concluded)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Liberty Union High School District's basic financial statements. The accompanying combining nonmajor fund financial statements, 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*, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of expenditures of federal awards, reconciliation of annual financial and budget report with audited financial statements, and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis 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 13, 2023 on our consideration of the Liberty Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Liberty 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 Liberty Union High School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2023

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

This section of Liberty Union High School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities and business-type activities, presented on pages 16 through 22, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide information about activities for which the District acts solely as a trustee for the benefit of those outside the District.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The District's overall financial status strengthened during the course of the year, as total net position increased about 26%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses and loss from disposition of capital assets by \$20,285,419.
- Capital assets, net of depreciation and disposition of capital assets, increased \$17,925,947, due to the current year acquisition and construction of \$25,869,604 of new capital assets and improvements, and the current year recognition of \$7,943,657 of depreciation expense.
- Total long-term liabilities increased \$19,740,932, due primarily to the current year increase of the District's net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans, and decrease in the net OPEB liability due to actuarial assumptions in the updated OPEB actuarial valuation report.
- The District's General Fund produced an operating surplus of \$7,775,947 and reported a \$6,483,584 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2022-23, General Fund total outgo was \$126,299,049. At June 30, 2023, the District had available reserves of \$14,678,797, which represents an available reserve of 11.6%.

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, governmental-wide and funds.

- Governmental-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
 - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
 - ❖ Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements.
 - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data, and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Reporting the District as a Whole

The District as a whole is reported in the Governmental-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

Governmental Activities:

The basic services provided by the District, such as regular and special education, and administration, are included here, and are primarily financed by state apportionments, property taxes, and other state and federal aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of state and federal programs and local revenues.

Business-type Activities:

These activities are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's Transportation Consortium operations are reported as business activities.

Reporting the District's Most Significant Funds

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law, while other funds have been established to control and manage money for specific purposes.

Governmental Funds:

The major governmental funds of the Liberty Union High School District are the General Fund, Capital Facilities Fund, and Building Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

Proprietary Funds:

Proprietary funds are activities that a District operates similar to a business, in that it attempts to recover costs through charges to the user. Proprietary funds include internal service funds and enterprise funds and are accounted for on the full accrual basis. Internal service funds account for goods or services that are provided to other funds in return for a fee to cover the cost of operations. The District has no funds of this type. Enterprise funds are used to account for any activity or service that charges a fee to external users to cover the cost of operations. The District has one fund of this type, the Transportation Consortium Fund or Enterprise Fund.

Fiduciary Funds:

The District is the trustee, or fiduciary, for its scholarship funds. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance their operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Governmental Activities:

The District's net position increased from \$78,258,418 at June 30, 2022, up to \$98,543,837 at June 30, 2023, an increase of about 26%.

Business-type Activities:

The District's net position increased from \$4,374,544 at June 30, 2022, up to \$4,503,173 at June 30, 2023, an increase of about 3%.

<u>Comparative Statement of Net Position</u>						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Assets:						
Deposits and Investments	\$ 90,572,626	\$ 71,415,268	\$ (564,843)	\$ (151,236)	\$ 90,007,783	\$ 71,264,032
Receivables	6,769,229	19,125,054	3,586,700	3,058,374	10,355,929	22,183,428
Lease Receivables	45,618	48,716			45,618	48,716
Stores Inventory	4,879	4,879			4,879	4,879
Lease Receivable, Non-Current	316,381	266,173			316,381	266,173
Right-to-Use Leased Assets, Net	692,387	507,751			692,387	507,751
Capital Assets, net	230,295,367	246,880,534	4,146,735	4,362,284	234,442,102	251,242,818
Total Assets	328,696,487	338,248,375	7,168,592	7,269,422	335,865,079	345,517,797
Deferred Outflows of Resources:						
OPEB Deferrals	4,452,120	4,508,921			4,452,120	4,508,921
Pension Deferrals	19,613,055	26,092,118	451,399	1,205,356	20,064,454	27,297,474
Bond Refunding	1,464,764	1,406,368			1,464,764	1,406,368
Total Deferred Outflows of Resources	25,529,939	32,007,407	451,399	1,205,356	25,981,338	33,212,763
Liabilities:						
Current	20,514,228	18,431,551	24,529	44,382	20,538,757	18,475,933
Long-Term	213,915,789	235,279,862	2,262,204	3,784,390	216,177,993	239,064,252
Total Liabilities	234,430,017	253,711,413	2,286,733	3,828,772	236,716,750	257,540,185
Deferred Inflows of Resources:						
OPEB Deferrals	3,383,040	9,037,570			3,383,040	9,037,570
Pension Deferrals	37,792,942	8,653,219	958,714	142,833	38,751,656	8,796,052
Lease Revenue	362,009	309,743			362,009	309,743
Total Deferred Inflows of Resources	41,537,991	18,000,532	958,714	142,833	42,496,705	18,143,365
Net Position:						
Net Investment in Capital Assets	114,016,807	120,967,394	4,146,735	4,362,284	118,163,542	125,329,678
Restricted	32,390,727	36,020,118	227,809	140,889	32,618,536	36,161,007
Unrestricted (Deficit)	(68,149,116)	(58,443,675)			(68,149,116)	(58,443,675)
Total Net Position	\$ 78,258,418	\$ 98,543,837	\$ 4,374,544	\$ 4,503,173	\$ 82,632,962	\$ 103,047,010
<i>Table includes financial data of the combined governmental funds and proprietary fund</i>						

The unrestricted deficit balance is due primarily to the requirement for the District to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(PREPARED BY DISTRICT MANAGEMENT)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONCLUDED)

Governmental Activities:

The District's total current year revenues exceeded total current year expenses and special item by \$20,285,419.

Business-Type Activities:

The District's total current year revenues exceeded total current year expenses by \$128,629.

<u>Comparative Statement of Changes in Net Position</u>						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Program Revenues:						
Charges for Services	\$ 3,987,545	\$ 2,037,880	\$ 4,080,857	\$ 4,782,874	\$ 8,068,402	\$ 6,820,754
Operating Grants & Contributions	30,462,864	41,649,873			30,462,864	41,649,873
Capital Grants & Contributions		2,134,197				2,134,197
General Revenues:						
Taxes Levied	55,063,154	59,418,023			55,063,154	59,418,023
Federal & State Aid	44,389,414	50,012,537			44,389,414	50,012,537
Interest & Investment Earnings	(497,035)	2,388,049	(1,371)	(19,698)	(498,406)	2,368,351
Miscellaneous	1,072,092	2,398,564			1,072,092	2,398,564
Total Revenues	134,478,034	160,039,123	4,079,486	4,763,176	138,557,520	164,802,299
Expenses:						
Instruction	73,547,635	82,902,905			73,547,635	82,902,905
Instruction-Related Services	13,150,377	14,353,299			13,150,377	14,353,299
Pupil Services	8,968,902	10,471,727			8,968,902	10,471,727
General Administration	4,635,074	5,073,231			4,635,074	5,073,231
Plant Services	12,388,798	13,966,019			12,388,798	13,966,019
Ancillary Services	5,135,244	6,486,613			5,135,244	6,486,613
Enterprise Activities	23,822	11,321	3,778,994	4,634,547	3,802,816	4,645,868
Interest on Long-Term Debt	3,783,115	3,890,759			3,783,115	3,890,759
Other Outgo	2,536,315	2,272,704			2,536,315	2,272,704
Total Expenses	124,169,282	139,428,578	3,778,994	4,634,547	127,948,276	144,063,125
Special Item		(325,126)				(325,126)
Changes in Net Position	\$ 10,308,752	\$ 20,285,419	\$ 300,492	\$ 128,629	\$ 10,609,244	\$ 20,414,048

Table includes financial data of the combined governmental funds and proprietary fund

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

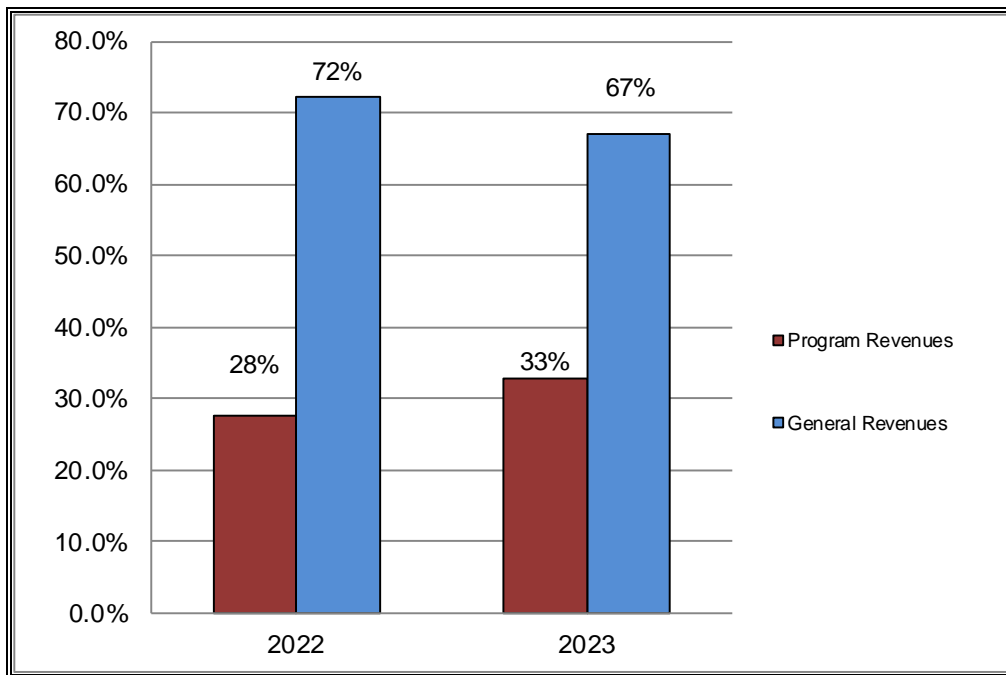
FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost (Revenue) of Services	
	2022	2023	2022	2023
Instruction	\$ 73,547,635	\$ 82,902,905	\$ 53,353,940	\$ 54,854,941
Instruction-Related Services	13,150,377	14,353,299	11,132,704	12,029,373
Pupil Services	8,968,902	10,471,727	5,433,614	6,054,700
General Administration	4,635,074	5,073,231	4,290,851	4,480,604
Plant Services	12,388,798	13,966,019	10,751,674	11,036,104
Ancillary Services	5,135,244	6,486,613	(312,243)	(242,391)
Enterprise Activities	23,822	11,321	23,822	11,321
Interest on Long-Term Debt	3,783,115	3,890,759	3,783,115	3,890,759
Other Outgo	2,536,315	2,272,704	1,261,396	1,491,217
Totals	<u>\$ 124,169,282</u>	<u>\$ 139,428,578</u>	<u>\$ 89,718,873</u>	<u>\$ 93,606,628</u>

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$93,606,628 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 33% of the total cost of providing the services listed above, while the remaining 67% was financed by the general revenues of the District.

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

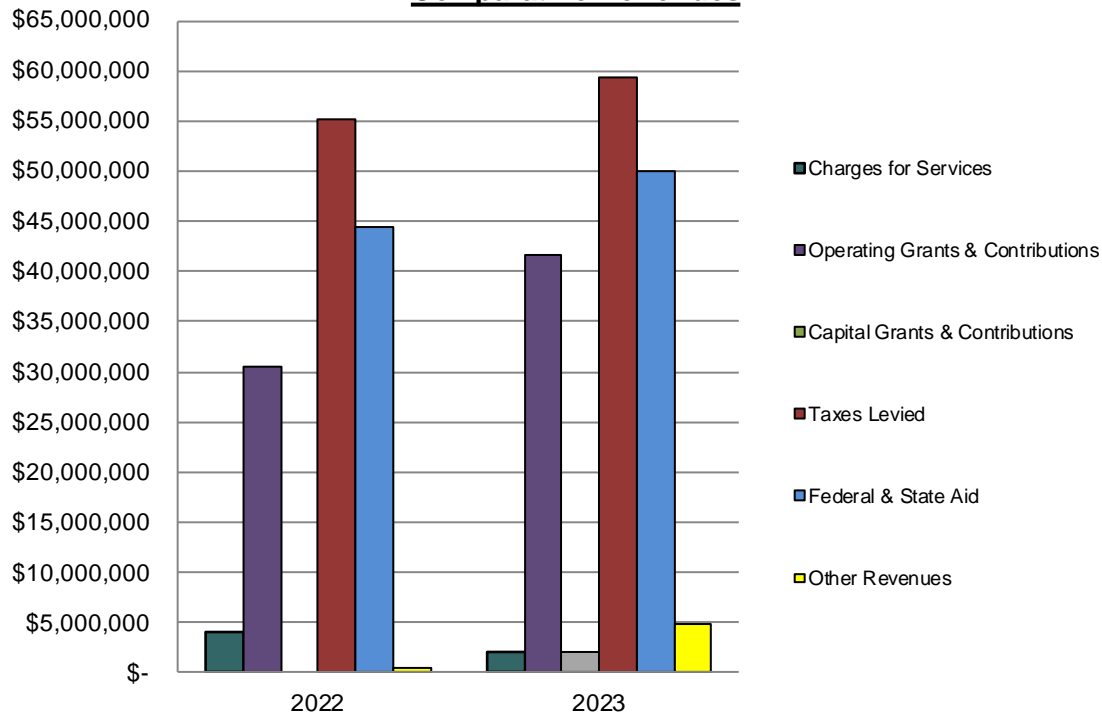
FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES (CONTINUED)

Summary of Revenues For Governmental Functions

	FYE 2022 Amount	Percent of Total	FYE 2023 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 3,987,545	2.97%	\$ 2,037,880	1.27%
Operating Grants & Contributions	30,462,864	22.65%	41,649,873	26.02%
Capital Grants & Contributions			2,134,197	1.33%
<u>General Revenues</u>				
Taxes Levied	55,063,154	40.95%	59,418,023	37.13%
Federal & State Aid	44,389,414	33.01%	50,012,537	31.25%
Other Revenues	575,057	0.43%	4,786,613	2.99%
Total Revenues	\$ 134,478,034	100.00%	\$ 160,039,123	100.00%

Table includes financial data of the combined governmental funds

Comparative Revenues



**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**
(PREPARED BY DISTRICT MANAGEMENT)

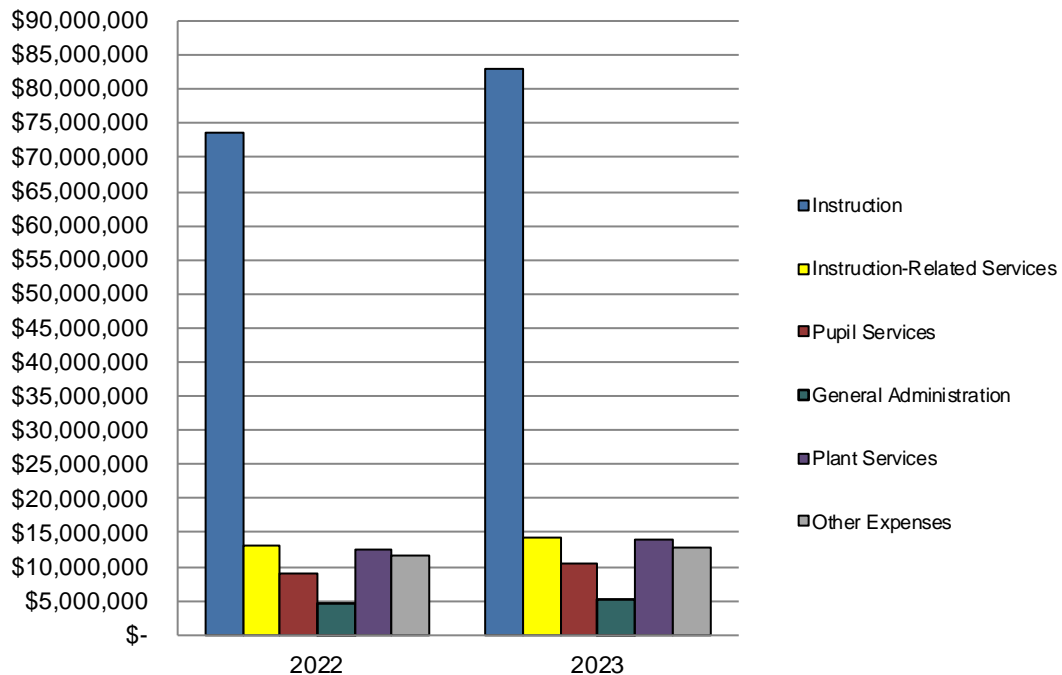
FINANCIAL ANALYSIS OF THE GOVERNMENTAL ACTIVITIES (CONCLUDED)

Summary of Expenses For Governmental Functions

	FYE 2022 Amount	Percent of Total	FYE 2023 Amount	Percent of Total
<u>Expenses</u>				
Instruction	\$ 73,547,635	59.23%	\$ 82,902,905	59.46%
Instruction-Related Services	13,150,377	10.59%	14,353,299	10.29%
Pupil Services	8,968,902	7.22%	10,471,727	7.51%
General Administration	4,635,074	3.73%	5,073,231	3.64%
Plant Services	12,388,798	9.98%	13,966,019	10.02%
Other Expenses	11,478,496	9.24%	12,661,397	9.08%
Total Expenses	\$ 124,169,282	100.00%	\$ 139,428,578	100.00%

Table includes financial data of the combined governmental funds

Comparative Expenses



**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE CAPITAL ASSETS AND LONG-TERM LIABILITIES

Governmental Activities:

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2022	2023
Capital Assets:		
Land	\$ 17,758,869	\$ 16,233,453
Sites and Improvements	24,891,970	34,139,578
Buildings and Improvements	216,084,312	248,776,895
Furniture and Equipment	4,089,012	4,712,634
Construction-in-Progress	75,465,042	58,591,822
Subtotals	338,289,205	362,454,382
Less: Accumulated Depreciation	(107,993,838)	(115,573,848)
Capital Assets, net	<u>\$ 230,295,367</u>	<u>\$ 246,880,534</u>
Right-to-Use Assets:		
Furniture and Equipment	\$ 923,180	\$ 923,180
Less: Accumulated Amortization	(230,793)	(415,429)
Right-to-Use Assets, net	<u>\$ 692,387</u>	<u>\$ 507,751</u>

Capital assets, net of depreciation and disposition of capital assets, increased \$17,925,947, due to the current year acquisition and construction of \$25,869,604 of new capital assets and improvements, and the current year recognition of \$7,943,657 of depreciation expense.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	2022	2023
Compensated Absences	\$ 409,267	\$ 439,640
General Obligation Bonds	147,608,542	141,481,374
Lease Liabilities	704,947	524,492
Note Payable	3,378,801	2,843,689
Net OPEB Liability	20,236,057	15,364,398
Net Pension Liabilities	48,830,177	80,255,130
Totals	<u>\$ 221,167,791</u>	<u>\$ 240,908,723</u>

The general obligation bonds are financed by the local taxpayers and represent 59% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on all of its debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**LIBERTY UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The fund balance of the General Fund increased \$7,775,947, the fund balance of the Building Fund decreased \$16,234,283 due expending bond proceeds issued in prior fiscal years, and the combined fund balances of all other District governmental funds increased \$2,064,267.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures, and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. 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.
- ◆ Adjustments at First and Second Interim.
- ◆ 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.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

During fiscal year 2020-21, the District issued \$62 million of Election of 2016, Series B General Obligation Bonds. As a result, the District will continue to be actively involved in construction activities during fiscal year 2023-24 and future years.

Based on the 2023-24 Budget - Multiyear Budget Outlook, prepared by the Legislative Analyst's Office (LAO), it is very unlikely the State will be able to afford the Enacted Budget spending levels. Under their estimates, the State faces operating deficits throughout the multiyear window, meaning revenues would need to come in above their projections for the budget to be balanced. While the revenues required to balance the budget are optimistic, but plausible, in the budget window, they are improbable in the out-years. In addition, based on their analysis, the required level of revenue is very unlikely, and they project that there is less than a one-in-six chance the State can afford the Enacted Budget spending level across the five-year period. As a result, it is very likely that the State will face more budget problems over the next few years.

Accordingly, based on the above factors and projections, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Chief Business Officer, Liberty Union High School District, 20 Oak Street, Brentwood, CA 94513.

LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Totals
<u>Assets</u>			
Current Assets:			
Deposits and Investments (Note 2)	\$ 71,415,268	\$ (151,236)	\$ 71,264,032
Receivables (Note 3)	19,125,054	3,058,374	22,183,428
Lease Receivables (Note 4)	48,716		48,716
Stores Inventory (Note 1I)	4,879		4,879
Non-Current Assets:			
Lease Receivable, Non-Current (Note 4)	266,173		266,173
Capital Assets, Not Depreciated (Note 6)	74,825,275		74,825,275
Capital Assets, Net	172,055,259	4,362,284	176,417,543
Right-to-Use Leased Assets, Net (Note 6)	507,751		507,751
Total Assets	338,248,375	7,269,422	345,517,797
<u>Deferred Outflows of Resources</u>			
OPEB Deferrals (Note 10)	4,508,921		4,508,921
Pension Deferrals (Note 11)	26,092,118	1,205,356	27,297,474
Bond Refunding (Note 1I)	1,406,368		1,406,368
Total Deferred Outflows of Resources	32,007,407	1,205,356	33,212,763
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	10,299,909	44,382	10,344,291
Accrued Interest Payable	1,643,844		1,643,844
Unearned Revenue (Note 1I)	858,937		858,937
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences (Note 1I)	439,640		439,640
General Obligation Bonds (Note 7)	4,637,168		4,637,168
Lease Liabilities (Note 8)	185,837		185,837
Notes Payable (Note 9)	366,216		366,216
Portion Due or Payable After One Year:			
General Obligation Bonds (Note 7)	136,844,206		136,844,206
Lease Liabilities (Note 8)	338,655		338,655
Notes Payable (Note 9)	2,477,473		2,477,473
Net OPEB Liability (Note 10)	15,364,398		15,364,398
Net Pension Liabilities (Note 11)	80,255,130	3,784,390	84,039,520
Total Liabilities	253,711,413	3,828,772	257,540,185
<u>Deferred Inflows of Resources</u>			
OPEB Deferrals (Note 10)	9,037,570		9,037,570
Pension Deferrals (Note 11)	8,653,219	142,833	8,796,052
Lease Revenues (Note 4)	309,743		309,743
Total Deferred Inflows of Resources	18,000,532	142,833	18,143,365
<u>Net Position</u>			
Net Investment in Capital Assets	120,967,394	4,362,284	125,329,678
Restricted:			
For Capital Projects	11,167,091		11,167,091
For Debt Service	5,045,128		5,045,128
For Educational Programs	14,973,376		14,973,376
For Other Purposes	4,834,523	140,889	4,975,412
Unrestricted (Deficit)	(58,443,675)		(58,443,675)
Total Net Position	\$ 98,543,837	\$ 4,503,173	\$ 103,047,010

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<u>Governmental Activities</u>							
Instruction	\$ 82,902,905	\$ 5,742	\$ 25,908,025	\$ 2,134,197	\$ (54,854,941)		\$ (54,854,941)
Instruction-Related Services:							
Supervision of Instruction	1,848,127	33	316,999		(1,531,095)		(1,531,095)
Instructional Library and Technology	1,011,959		1,841		(1,010,118)		(1,010,118)
School Site Administration	11,493,213	530	2,004,523		(9,488,160)		(9,488,160)
Pupil Services:							
Home-to-School Transportation	1,751,220				(1,751,220)		(1,751,220)
Food Services	2,155,937	139,116	2,881,449		864,628		864,628
Other Pupil Services	6,564,570	2,561	1,393,901		(5,168,108)		(5,168,108)
General Administration:							
Data Processing Services	38,208				(38,208)		(38,208)
Other General Administration	5,035,023	4,293	588,334		(4,442,396)		(4,442,396)
Plant Services	13,966,019	1,833,065	1,096,850		(11,036,104)		(11,036,104)
Ancillary Services	6,486,613		6,729,004		242,391		242,391
Enterprise Activities	11,321				(11,321)		(11,321)
Interest on Long-Term Debt	3,890,759				(3,890,759)		(3,890,759)
Other Outgo	2,272,704	52,540	728,947		(1,491,217)		(1,491,217)
Total Governmental Activities	139,428,578	2,037,880	41,649,873	2,134,197	(93,606,628)		(93,606,628)
<u>Business-Type Activities</u>							
Enterprise Activities	\$ 4,634,547	\$ 4,782,874				\$ 148,327	148,327
Totals	\$ 144,063,125	\$ 6,820,754	\$ 41,649,873	\$ 2,134,197	(93,606,628)	148,327	(93,458,301)
<u>General Revenues</u>							
Taxes Levied for General Purposes					50,570,151		50,570,151
Taxes Levied for Debt Service					7,603,599		7,603,599
Taxes Levied for Specific Purposes					1,244,273		1,244,273
Federal and State Aid - Unrestricted					50,012,537		50,012,537
Interest and Investment Earnings					2,388,049	(19,698)	2,368,351
Miscellaneous					2,398,564		2,398,564
Total General Revenues					114,217,173	(19,698)	114,197,475
<u>Special Item</u>							
Loss from Disposition of Capital Assets					(325,126)		(325,126)
Change in Net Position					20,285,419	128,629	20,414,048
Net Position - July 1, 2022					78,258,418	4,374,544	82,632,962
Net Position - June 30, 2023					\$ 98,543,837	\$ 4,503,173	\$103,047,010

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

	General	Capital Facilities	Building	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Deposits and Investments (Note 2)	\$ 20,529,102	\$ 9,153,531	\$ 20,677,649	\$ 21,054,986	\$ 71,415,268
Receivables (Note 3)	18,550,364			574,690	19,125,054
Lease Receivables (Note 4)	314,889				314,889
Stores Inventory (Note 1I)				4,879	4,879
Total Assets	<u>\$ 39,394,355</u>	<u>\$ 9,153,531</u>	<u>\$ 20,677,649</u>	<u>\$ 21,634,555</u>	<u>\$ 90,860,090</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ 6,518,108	\$ 6,956	\$ 3,655,353	\$ 119,492	\$ 10,299,909
Unearned Revenue (Note 1I)	858,937				858,937
Total Liabilities	<u>7,377,045</u>	<u>6,956</u>	<u>3,655,353</u>	<u>119,492</u>	<u>11,158,846</u>
<u>Deferred Inflows of Resources</u>					
Lease Revenue (Note 4)	<u>309,743</u>				<u>309,743</u>
Fund Balances: (Note 14)					
Nonspendable	10,000			4,879	14,879
Restricted	14,454,953	9,146,575	17,022,296	14,047,555	54,671,379
Assigned	2,563,817			7,462,629	10,026,446
Unassigned	14,678,797				14,678,797
Total Fund Balances	<u>31,707,567</u>	<u>9,146,575</u>	<u>17,022,296</u>	<u>21,515,063</u>	<u>79,391,501</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,394,355</u>	<u>\$ 9,153,531</u>	<u>\$ 20,677,649</u>	<u>\$ 21,634,555</u>	<u>\$ 90,860,090</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

Total Fund Balances - Governmental Funds	\$ 79,391,501
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Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets and right-to-use leased assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets with accumulated depreciation, and right-to-use lease assets with accumulated amortization.

Capital Assets	\$ 362,454,382	
Accumulated Depreciation	(115,573,848)	
Right-to-Use Leased Assets	923,180	
Accumulated Amortization	(415,429)	
Net		247,388,285

Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, is:

1,406,368

Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Net deferred outflows and inflows relating to OPEB are:

(4,528,649)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows relating to pensions are:

17,438,899

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated Absences	439,640	
General Obligation Bonds	141,481,374	
Lease Liabilities	524,492	
Notes Payable	2,843,689	
Net OPEB Liability	15,364,398	
Net Pension Liabilities	80,255,130	
Total		(240,908,723)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(1,643,844)

Total Net Position - Governmental Activities	\$ 98,543,837
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

	<u>General</u>	<u>Capital Facilities</u>	<u>Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
LCFF Sources:					
State Apportionment / Transfers	\$ 46,328,281			\$ 1,200,000	\$ 47,528,281
Local Taxes	50,432,881				50,432,881
Total LCFF Sources	96,761,162			1,200,000	97,961,162
Federal Revenue	5,996,293			1,321,302	7,317,595
State Revenue	20,524,510			5,231,169	25,755,679
Local Revenue	10,793,031	\$ 2,159,159	\$ 1,124,011	14,928,486	29,004,687
Total Revenues	134,074,996	2,159,159	1,124,011	22,680,957	160,039,123
<u>Expenditures</u>					
Current:					
Instruction	79,868,539			708,573	80,577,112
Supervision of Instruction	1,815,355				1,815,355
Instructional Library and Technology	936,514				936,514
School Site Administration	10,366,394			690,129	11,056,523
Home-To-School Transportation	1,740,252				1,740,252
Food Services	52,661			2,020,859	2,073,520
Other Pupil Services	6,430,652				6,430,652
Data Processing Services	35,814				35,814
Other General Administration	4,650,084			109,184	4,759,268
Plant Services	12,350,278	406,934	56,850	1,305,739	14,119,801
Facilities Acquisition and Construction	5,134,750	937,382	17,301,444	1,223,452	24,597,028
Ancillary Services				6,486,613	6,486,613
Other Outgo	2,272,704				2,272,704
Debt Service:					
Principal Retirement	534,495	181,072		5,895,000	6,610,567
Interest and Issuance Costs	110,557	4,101		4,007,101	4,121,759
Total Expenditures	126,299,049	1,529,489	17,358,294	22,446,650	167,633,482
Excess of Revenues Over (Under) Expenditures	7,775,947	629,670	(16,234,283)	234,307	(7,594,359)
<u>Other Financing Sources</u>					
Other Sources				1,200,290	1,200,290
Net Change in Fund Balances	7,775,947	629,670	(16,234,283)	1,434,597	(6,394,069)
Fund Balances - July 1, 2022	23,931,620	8,516,905	33,256,579	20,080,466	85,785,570
Fund Balances - June 30, 2023	\$ 31,707,567	\$ 9,146,575	\$ 17,022,296	\$ 21,515,063	\$ 79,391,501

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

Net Change in Fund Balances - Governmental Funds **\$ (6,394,069)**

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

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

Capital Outlay Expenditures	\$ 25,869,604	
Depreciation Expense	(7,759,021)	
Amortization Expense	(184,636)	
Net		17,925,947

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(1,525,416)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are:

(58,396)

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

57,228

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

(30,373)

Post employment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(726,070)

Pensions: 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:

4,193,833

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

6,842,735

Change in Net Position of Governmental Activities **\$ 20,285,419**

LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities
	Enterprise Fund
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ (151,236)
Receivables (Note 3)	3,058,374
Capital Assets: (Note 6)	
Buildings and Improvements	3,303,353
Furniture and Equipment	5,222,999
Less: Accumulated Depreciation	(4,164,068)
Total Assets	7,269,422
<u>Deferred Outflows of Resources</u>	
Pension Deferrals (Note 11)	1,205,356
Total Deferred Outflows of Resources	1,205,356
<u>Liabilities</u>	
Accounts Payable	44,382
Net Pension Liabilities (Note 11)	3,784,390
Total Liabilities	3,828,772
<u>Deferred Inflows of Resources</u>	
Pension Deferrals (Note 11)	142,833
Total Deferred Inflows of Resources	142,833
<u>Net Position</u>	
Net Investment in Capital Assets	4,362,284
Unrestricted	140,889
Total Net Position	\$ 4,503,173

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities
	Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services	\$ 4,782,874
Total Operating Revenues	4,782,874
<u>Operating Expenses</u>	
Personnel Services	3,325,008
Materials and Supplies	564,722
Contracted Services	374,211
Depreciation	370,606
Total Operating Expenses	4,634,547
Operating Gain	148,327
<u>Non-Operating (Expense)</u>	
Interest Expense	(19,698)
Change in Net Position	128,629
Net Position - July 1, 2022	4,374,544
Net Position - June 30, 2023	\$ 4,503,173

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities
	Enterprise Fund
<i>Cash Flows From Operating Activities:</i>	
Cash Received from Services	\$ 5,311,200
Payments to Employees for Services	(3,372,660)
Payments to Suppliers for Goods and Services	(919,080)
Net Cash Provided for Operating Activities	1,019,460
<i>Cash Flows From Capital and Related Financing Activities:</i>	
Acquisition of Capital Assets	(235,825)
Disposition of Capital Assets	(350,330)
Net Cash Used for Capital and Related Financing Activities	(586,155)
<i>Cash Flows From Investing Activities:</i>	
Interest Expense	(19,698)
Net Cash Used for Investing Activities	(19,698)
Net Increase in Cash	413,607
Deposits and Investments (Deficit) - July 1, 2022	(564,843)
Deposits and Investments (Deficit) - June 30, 2023	\$ (151,236)
<i>Reconciliation of Operating Gain to Net Cash Used for Operating Activities:</i>	
Operating Gain	\$ 148,327
Adjustments to Reconcile Operating Gain to Net Cash Used for Operating Activities:	
Depreciation	370,606
Changes in Operating Assets and Liabilities:	
Accounts Receivable	528,326
Deferred Outflows of Resources - Pension Deferrals	(753,957)
Accounts Payable	19,853
Deferred Inflows of Resources - Pension Deferrals	(815,881)
Net Pension Liability	1,522,186
Net Cash Provided for Operating Activities	\$ 1,019,460

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust
	Scholarship Funds
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ 39,687
<u>Liabilities</u>	
Accounts Payable	500
<u>Net Position</u>	
Restricted	\$ 39,187

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

LIBERTY UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust
	Scholarship Funds
<u>Additions</u>	
Gifts and Contributions	\$ 800
Interest	1,404
Total Additions	2,204
<u>Deductions</u>	
Scholarships Awarded	6,000
Change in Net Position	(3,796)
<u>Net Position</u>	
Net Position - July 1, 2022	42,983
Net Position - June 30, 2023	\$ 39,187

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Liberty Union High School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five-member Board of Trustees elected by registered voters of the District, which comprises an area in Contra Costa County. The District was established in 1902 and serves students in grades 9-12, as well as providing adult education programs.

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

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District and its component units, when applicable. Eliminations have been made to remove the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Government-wide Financial Statements (Concluded):

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The Enterprise Fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are transportation related fees. Operating expenses for the enterprise fund include the costs of personnel services, materials and supplies, and other services related to operating the transportation consortium program. Fiduciary funds are reported using the economic resources measurement focus.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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

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

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/Expenditures:

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

D. 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 or retained earnings, 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. The District maintains the following fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds - Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Fiduciary Funds - Fiduciary funds are classified as *Private-Purpose Trust Funds*, which are used to account for assets held by the District as trustee.

The District's accounts are organized into major, non-major, proprietary, and fiduciary funds as follows:

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. For financial reporting purposes, the financial activities, and balances of the Special Revenue - Special Reserve Fund have been combined with the General Fund.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provision of the California Environmental Quality Act (CEQA).

Building Fund is used to account for the acquisition and/or construction of major capital facilities and buildings financed from the sale of general obligation bonds.

Non-major Governmental Funds:

Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

Student Activity Fund is to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

County School Facilities Fund is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

Capital Projects - Special Reserve Fund is used to provide for the accumulation of general fund moneys to be used for capital outlay purposes.

Proprietary Fund:

Enterprise Fund was established to account for transactions of the Transportation Consortium, which are financed and operated in a manner similar to a business enterprise, where the intent is to recover the cost of providing the services through user charges.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Fiduciary Funds:

Private-Purpose Trust Fund is used to account for assets held by the District as trustee. The District maintains a private-purpose trust fund to account for Scholarship Funds, which are used to provide financial assistance to students of the District.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information on page 67.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. 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. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

H. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows for the District's proprietary fund, the District considers all highly liquid investment instruments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

2. Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under certain lease agreements, the District may receive variable lease payments that are dependent upon the Consumer Price Index (CPI). The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the inception of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources is amortized on a straight-line basis over the term of the lease.

3. Stores Inventory

Inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventory is valued at average cost and consist of expendable supplies held for consumption. Reported inventory is equally offset by a net position reserve, which indicates that this amount is not available for appropriation.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

4. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost, and capital improvement, acquisition, or construction with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	6-36
Buildings and Improvements	7-45
Furniture and Equipment	6-10

5. Right-To-Use Leased Assets

The District has recorded right-to-use lease assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

6. Deferred Outflows / Inflows of Resources

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

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

7. Unearned revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

8. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, 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 when the employee retires.

9. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the District's OPEB Plan, and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest earning investment contracts that have a maturity of one year or less, which are reported at cost.

10. 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 California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as long-term liabilities in the Statement of Net Position. Bond premiums and discounts as well as refunding costs, when applicable, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums, discounts, or refunding.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance and refunding costs, when debt is issued. The face amount of the debt issued, premiums, discounts, and issuance or refunding costs are reported as other financing sources or uses.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

12. Fund Balances

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The allowable classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the district's highest level of decision-making authority (Governing Board). Formal action by resolution or majority vote must be taken prior to the end of the fiscal year. The same formal action must be taken to make amendments or modifications to the committed amounts. Committed fund balance does not lapse at year-end.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose. In accordance with board resolution, the Governing Board delegated authority to assign fund balance for a specific purpose to the Chief Business Officer.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from assigned fund balance, and lastly, the unassigned fund balance.

In accordance with board resolution, the Board intends to maintain a minimum fund balance of 5% of the District's general fund annual operating expenditures. In the event the fund balance drops below 5%, it shall be recovered at a rate of 1% each year.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

13. Local Control Funding Formula (LCFF) / Property Tax

The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Contra Costa is responsible for assessing, collecting, and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks	\$ 2,914,881		\$ 2,914,881	
Cash in Revolving Fund	10,000		10,000	
Cash with Fiscal Agent	413,686		413,686	
County Pool Investments	68,076,701	\$ (151,236)	67,925,465	\$ 39,687
Totals	<u>\$ 71,415,268</u>	<u>\$ (151,236)</u>	<u>\$ 71,264,032</u>	<u>\$ 39,687</u>

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

Cash with Fiscal Agent

Cash with fiscal agent relates to earned retention funds held in an escrow account at WestAmerica Bank that will be released to the contractor at the completion of the Liberty High School new classroom buildings project.

County Pool Investments

County pool investments consist of District cash held by the Contra Costa County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

General Authorization (Concluded)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Contra Costa County Investment Pool and Federal Home Loan Bank discount notes.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 68,076,701	\$ 68,076,701	253

Business-Type Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ (151,236)	\$ (151,236)	253

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Weighted Average Days to Maturity
County Pool Investments	\$ 39,687	\$ 39,687	253

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in the County Treasury and Federal Home Loan Bank discount notes are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk.

Fair Value Measurements

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Fair Value Measurements (Concluded)

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

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

Governmental Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 68,076,701	\$ 68,076,701

Business-Type Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ (151,236)	\$ (151,236)

Fiduciary Activities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
County Pool Investments	\$ 39,687	\$ 39,687

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	<u>Major Governmental Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Business- Type Activities</u>
Federal Government	\$ 4,179,052	\$ 242,399	\$ 4,421,451	
State Government	13,134,847	312,888	13,447,735	
Local Governments	1,236,362		1,236,362	\$ 3,058,374
Miscellaneous	103	19,403	19,506	
Totals	<u>\$ 18,550,364</u>	<u>\$ 574,690</u>	<u>\$ 19,125,054</u>	<u>\$ 3,058,374</u>

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - LEASE RECEIVABLE / REVENUE

The District has entered into agreements to lease properties with several organizations. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease revenues as of the date of their inception.

A. Tower Lease

The District entered into a lease agreement with a major wireless network provider, whereby the District will provide approximately 588 square feet of land space along with the necessary right-of-way access to enable the lessee to install and maintain communications equipment on a lessee maintained communications tower. The agreement was executed on May 4, 2022, for a five year term commencing on May 1, 2022 and ending on April 30, 2027. Under the terms of the lease, on the first day of each month the lessee shall make monthly payments of \$2,400 during the entire term of the lease. The agreement provides that the lease term may be renewed for five additional terms of five years each, with a 5% increase in the monthly rent at the end of each 5 year term. However, due to impending changes in technology and the uncertainty of the agreement renewal, for purposes of determining lease revenues and receivables, only the five year term of the above lease has been included in the calculation. At the end of the lease term, either entity may terminate the agreement at the end of any month during the holdover period by providing 30 days written notice. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.50%, which was the bank prime loan rate at inception of the lease agreement. During fiscal year 2022-23, the District recognized \$24,718 of lease revenue and \$3,345 of interest revenue, under this lease.

B. Agriculture Lease

The District entered into a lease agreement with a local family farm, whereby the District will lease approximately 70 acres of land to the farm for agricultural purposes only. The agreement was executed on February 18, 2022, for a 120 month term, commencing on February 24, 2022. Under the terms of the agreement, the farm was required to pay, in advance, a rental amount of \$23,933 for the period beginning February 24, 2022 through December 31, 2022. Thereafter, the farm will be required to pay a total annual rental payment of \$30,000, which will be due on or prior to December 31st of each year during the lease term. Included in the agreement is an option to extend the lease for an additional 60 month term, provided, however, that the farm shall give the District not less than 60 days advance written notice of its intent to extend the lease prior to the end of the initial term. Due to the uncertainty of the agreement being extended, for purposes of determining lease revenues and receivables, only the initial 120 month term of the lease has been included in the calculation. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which was the bank prime loan rate at inception of the lease agreement. During fiscal year 2022-23, the District recognized \$22,392 of lease revenue and \$5,608 of interest revenue, under this lease.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND ACTIVITIES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

There were no interfund activities recorded during fiscal year 2022-23.

NOTE 6 - CAPITAL ASSETS AND RIGHT-TO-USE LEASED ASSETS

The District has recorded right-to-use leased assets. The assets are right-to-use assets for leased equipment. The related leases are discussed in Note 8. Capital assets and right-to-use activity for the year ended June 30, 2023, is shown below:

A. Governmental Activities

	Balances July 1, 2022	Additions	Deletions	Balances June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 17,758,869		\$ 1,525,416	\$ 16,233,453
Construction-in-Progress	75,465,042	\$ 25,650,997	42,524,217	58,591,822
Total Capital Assets Not Being Depreciated	93,223,911	25,650,997	44,049,633	74,825,275
Capital Assets Being Depreciated:				
Sites and Improvements	24,891,970	9,408,001	160,393	34,139,578
Buildings and Improvements	216,084,312	32,692,583		248,776,895
Furniture and Equipment	4,089,012	642,240	18,618	4,712,634
Total Capital Assets Being Depreciated	245,065,294	42,742,824	179,011	287,629,107
Less Accumulated Depreciation:				
Sites and Improvements	17,407,710	988,093	160,393	18,235,410
Buildings and Improvements	88,322,579	6,362,851		94,685,430
Furniture and Equipment	2,263,549	408,077	18,618	2,653,008
Total Accumulated Depreciation	107,993,838	7,759,021	179,011	115,573,848
Total Capital Assets Being Depreciated, Net	\$ 137,071,456	\$ 34,983,803	\$ 0	\$ 172,055,259
Right-to-Use Leased Assets Being Amortized:				
Furniture and Equipment	\$ 923,180	\$ 0	\$ 0	\$ 923,180
Less Accumulated Depreciation for:				
Furniture and Equipment	230,793	184,636		415,429
Total Right-to-Use Leased Assets Being Amortized, Net	\$ 692,387	\$ 184,636	\$ 0	\$ 507,751

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS AND RIGHT-TO-USE LEASED ASSETS (CONCLUDED)

A. Governmental Activities (Concluded)

Depreciation and amortization expense was charged to governmental activities as follows:

Instruction	\$ 5,194,975
Instructional Related Services	899,426
Pupil Services	656,193
General-Administration	317,905
Plant Services	875,158
Total	<u>\$ 7,943,657</u>

B. Business-Type Activities

	Balances July 1, 2022	Additions	Deletions	Balances June 30, 2023
Buildings and Improvements	\$ 3,303,353			\$ 3,303,353
Furniture and Equipment	4,987,174	\$ 586,155	\$ 350,330	5,222,999
Totals at Historical Cost	8,290,527	586,155	350,330	8,526,352
Less Accumulated Depreciation for:				
Buildings and Improvements	186,813	93,406		280,219
Furniture and Equipment	3,956,979	277,200	350,330	3,883,849
Total Accumulated Depreciation	4,143,792	370,606	350,330	4,164,068
Business Activities				
Capital Assets, net	<u>\$ 4,146,735</u>	<u>\$ 215,549</u>	<u>\$ 0</u>	<u>\$ 4,362,284</u>

Depreciation expense was charged to business-type activities as follows:

Enterprise	<u>\$ 370,606</u>
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NOTE 7 - GENERAL OBLIGATION BONDS

In July 2012, the District issued 2012 General Obligation Refunding Bonds in the amount of \$26.22 million with interest rates ranging from 2.0 percent through 5.0 percent. The bonds were issued to refund the outstanding Election of 2001, Series A Bonds that were scheduled to mature on August 1, 2029 and August 1, 2030, the Election of 2001, Series C Bonds that were scheduled to mature on August 1, 2013 through August 1, 2028, and the 2004 General Obligation Refunding Bonds that were scheduled to mature on August 1, 2013 through August 1, 2020. Principal and interest payments due on the 2012 Refunding Bonds will be paid semiannually on February 1, and August 1 of each year until final maturity on August 1, 2030.

On November 8, 2016, more than 55% of voters approved "Measure U", which authorizes the District to issue \$122,000,000 in bonds to provide educational facilities and equipment to support advanced courses in math, science, engineering, arts and technology, modernize aging science labs, computer systems and career educational facilities, repair deteriorating roofs, plumbing, heating, ventilation and electrical systems, add classrooms and facilities including those relieving overcrowding, and to improve the likelihood of local high schools qualifying for state matching funds.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 - GENERAL OBLIGATION BONDS (CONTINUED)

On August 10, 2017, the District issued \$60 million of Election of 2016, Series A, General Obligation Bonds with interest rates ranging from 3.0% to 5.0%. The proceeds from the bond sale will be used solely for the purpose of financing projects authorized by "Measure U" and paying for cost of issuance related to the bond sale. Principal and interest payments due on the Election of 2016, Series A, current interest bonds will be paid semiannually on February 1, and August 1 of each year until final maturity on August 1, 2047.

On October 7, 2020, the District issued \$62 million of Election of 2016, Series B, General Obligation Bonds with interest rates ranging from 1.0% to 4.0%. The proceeds from the bond sale will be used solely for the purpose of financing projects authorized by "Measure U" and paying for cost of issuance related to the bond sale. Principal and interest payments due on the Election of 2016, Series B, bonds will be paid semiannually on February 1, and August 1 of each year until final maturity on August 1, 2047.

On October 7, 2020, the District issued 2020 General Obligation Refunding Bonds in the amount of \$32.08 million with interest rates ranging from 0.253 percent through 1.694 percent. The bonds were issued to refund the 2011 Refunding Bonds that were scheduled to mature on August 1, 2023 through August 1, 2028, and the 2012 Refunding Bonds that were scheduled to mature on August 1, 2023 through August 1, 2030. Principal and interest payments due on the 2020 Refunding Bonds will be paid semiannually on February 1, and August 1 of each year until final maturity on August 1, 2030.

The general obligation bonds are secured by the full faith and credit of the District. Contra Costa County is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the bonds upon all property subject to taxation in the District.

The outstanding general obligation debt of the District as of June 30, 2023, excluding \$5,591,374 of unamortized bond premiums, is as follows:

Year of Issue	Interest Rate %	Year of Maturity	Amount of Original Issue	Outstanding July 1, 2022	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2023
2012	2.00-5.00	2031	\$ 26,220,000	\$ 785,000		\$ 785,000	\$ 0
2017	3.00-5.00	2047	60,000,000	50,135,000		150,000	49,985,000
2020	1.00-4.00	2047	62,000,000	59,785,000		2,105,000	57,680,000
2020	0.253-1.694	2030	32,080,000	31,080,000		2,855,000	28,225,000
			<u>\$ 180,300,000</u>	<u>\$ 141,785,000</u>	<u>\$ 0</u>	<u>\$ 5,895,000</u>	<u>\$ 135,890,000</u>

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2023, are as follows:

Year Ended June 30	Principal	Interest	Totals
2024	\$ 4,405,000	\$ 3,913,991	\$ 8,318,991
2025	4,600,000	3,860,653	8,460,653
2026	4,820,000	3,791,082	8,611,082
2027	5,065,000	3,703,377	8,768,377
2028	5,330,000	3,609,730	8,939,730
2029-2033	20,995,000	16,203,335	37,198,335
2034-2038	19,280,000	13,261,488	32,541,488
2039-2043	29,250,000	9,272,438	38,522,438
2044-2048	42,145,000	3,525,650	45,670,650
Totals	<u>\$ 135,890,000</u>	<u>\$ 61,141,744</u>	<u>\$ 197,031,744</u>

NOTE 8 - LEASE LIABILITIES

The District entered into a lease agreement on February 24, 2021, to lease copiers and other related equipment that qualifies as an other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of acquisition.

The lease agreement requires monthly lease payments of \$16,565 for the entire five year lease term, which began on April 1 2021 and ends on March 31, 2026. The monthly lease payments are due in advance at the start of each month during the entire term of the agreement. There are no variable payment components of the lease. The District has granted the lessor a security interest constituting a first lien on the equipment and on all other additions, attachments, accessions, and on any proceeds therefrom. The lease liability is measured at a discount rate of 2.943%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of \$507,751 at June 30, 2023.

The right-to-use leased assets are reflected in the related schedule presented in Note 6. Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - LEASE LIABILITIES (CONCLUDED)

Year Ended <u>June 30</u>	<u>Lease Payments</u>
2024	\$ 198,780
2025	198,780
2026	<u>149,085</u>
Total payments	546,645
Less amount representing interest	<u>(22,153)</u>
Present value of net minimum lease payments	<u><u>\$ 524,492</u></u>

NOTE 9 - NOTES PAYABLE

The District entered into an agreement on August 1, 2007, for purposes of financing \$4,000,000 of capital improvements at Heritage High School and other school facility projects within the District. The agreement is secured by a site lease, which requires annual rental payments that are scheduled to end on August 15, 2022. If on August 15, 2022, the District has not made the required rental payments, or any other event of default has occurred and continues without cure by the District, then the term of the lease will be extended for a period of 10 years, or until such time that all regularly scheduled payments have been made. The lease agreement does not contain an acceleration clause.

The District entered into an agreement on October 26, 2010, for purposes of financing \$6.02 million to construct the replacement facility for La Paloma High School. The agreement is secured by a site lease, which requires annual rental payments that are scheduled to end on April 1, 2030. If on April 1, 2030, the District has not made the required rental payments, or any other event of default has occurred and continues without cure by the District, then the term of the lease will be extended for a period not to exceed 10 years. The agreement does not contain an acceleration clause.

Each of these agreements provide for title to pass to the District upon satisfaction of terms of the agreement. Future minimum payments under these agreements are as follows:

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - NOTES PAYABLE (CONCLUDED)

Year Ended <u>June 30</u>	<u>Note Payments</u>
2024	\$ 460,090
2025	460,090
2026	460,090
2027	460,090
2028	460,090
2029-2033	<u>920,182</u>
Total payments	3,220,632
Less amount representing interest	<u>(376,943)</u>
Present value of net minimum payments	<u><u>\$ 2,843,689</u></u>

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description / Benefits Provided

Liberty Union High School District's Other Post Employment Benefits Plan (Plan) is a single employer defined benefit healthcare plan administered by the District. On June 30, 2022, the measurement date, the District contributed \$250,000 to the California Employers' Retiree Benefits Trust (CERBT), which meets the criteria specified in paragraph 4 of GASB Statement No. 75. The contribution will be invested in assets that are accumulated in the trust, for purposes of setting aside resources to pay for future costs associated with the District's single employer defined benefit healthcare plan. No separate financial statements were issued for the Plan.

The District provides medical coverage to employees who retire from active status with a specified minimum age and years of service, and who are also eligible for pension benefits under either the California State Teachers' Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS). The benefits provided are as follows:

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description / Benefits Provided (Concluded)

	<u>Certificated</u>	<u>Classified</u>	<u>Management</u>
Benefit Types Provided	Medical Only	Medical Only	Medical Only
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	10 years	10 years	10 years
Minimum age	60	60	60
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	10-19 years of service: \$175 / month 20-29 years of service: \$195 / month 30+ years of service: \$215 / month	\$400 per month	10-19 years of service: \$175 / month 20-29 years of service: \$195 / month 30+ years of service: \$215 / month

Retirees who do not qualify for or exhaust the above benefits are entitled to the statutory minimum employer contributions under the Public Employees' Medical and Hospital Care Act (PEMHCA).

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

Employees covered by benefit terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2022, are as follows:

Inactive employees currently receiving benefit payments	103
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>758</u>
Total number of participants	<u><u>861</u></u>

Net OPEB Liability

The District's net OPEB liability of \$15,364,398 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

The net OPEB liability was determined using a financial reporting actuarial valuation as of June 30, 2022, which used the following actuarial methods and assumptions:

Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	2.75% per year
Discount Rate	4.05%, net of investment expense
Healthcare cost trend rates	4.00% per year
Retirees' share of cost	Based on retirees' current cost-sharing provisions, assumed to remain in effect for all future years

The discount rate of 4.05% is based on the assumed long-term return on employer assets for the first 25 years and the Bond Buyer 20 Index, thereafter, using the building block method.

Certificated mortality is based on the 2020 CalSTRS Mortality Table. Classified mortality is based on the 2017 CalPERS Mortality Table for Miscellaneous and School Employees.

Certificated retirement rates used for those hired 2012 and before are the 2020 CalSTRS 2.0% at 60 rates, and for those hired 2013 and after, are the 2020 CalSTRS 2.0% at 62 rates. Classified retirement rates used for those hired 2012 and before are the 2017 CalPERS 2.0% at 55 rates for school employees, and for those hired 2013 and after, are the 2017 CalPERS 2.0% at 62 rates for school employees.

Management retirement rates used for those hired 2012 and before are the 2017 CalPERS 2.0% at 55 rates for school employees, and for those hired 2013 and after, are the 2017 CalPERS 2.0% at 62 rates for school employees.

Turnover rates for certificated employees were based on the *2020 CalSTRS Termination Rates* table. Turnover rates for classified employees were based on the *2017 CalPERS Termination Rates for School Employees*.

California Employers' Retiree Benefit Trust (CERBT):

During fiscal year 2020-21, the District joined the California Employers' Retiree Benefit Trust (CERBT), which is an agent multiple-employer plan with more than 575 members as defined in GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74), with pooled administrative and investment functions. The CERBT Fund is a Section 115 trust fund dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies. The District participates in CERBT primarily as an investment vehicle for amounts set aside to pay for future costs associated with the District's single employer defined benefit healthcare plan. There are three investment options offered by the fund, of which the District has chosen to participate in the CERBT Strategy 3 portfolio, and therefore will own a percentage of the CERBT Strategy 3 portfolio.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

California Employers' Retiree Benefit Trust (CERBT): (Concluded)

The CalPERS Board of Directors oversees the CERBT Fund. The CalPERS Board of Directors consists of six elected members, three appointed members and four ex officio members. CalPERS issues publicly available reports that include a full description of the CERBT plan provisions, membership information, and a current list of the Board of Directors, which can be found on the CalPERS website at www.calpers.ca.gov.

OPEB Trust Investments: The CERBT mirrors the investment policies of the CalPERS system as a whole. These policies are adopted by the CalPERS Investment Committee, which sets forth the Systems overarching investment belief, purposes, and objectives with respect to all investment programs. In addition, the CERBT has separate Board-approved asset allocation policies in place for the three investment options offered by the fund. The District's OPEB assets have been invested in the CERBT Strategy 3 portfolio.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Assumed Gross Return</u>
Global Equity	22%	7.55%
Fixed Income	49%	4.25%
Treasury Inflation Protected Securities	16%	3.00%
Real Estate Investment Trusts	8%	7.25%
Commodities	5%	7.55%

Rate of Return: For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was negative 14.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 20,486,057	\$ 250,000	\$ 20,236,057
Changes for the year:			
Service cost	1,545,784		1,545,784
Interest on total OPEB liability	559,755		559,755
Experience Gain or Loss	(2,244,432)		(2,244,432)
Changes in assumptions or other inputs	(4,252,619)		(4,252,619)
Contributions from employer		524,824	(524,824)
Net investment income		(44,608)	44,608
Benefit payments	(274,824)	(274,824)	0
Administrative expenses		(69)	69
Net changes	(4,666,336)	205,323	(4,871,659)
Balances at June 30, 2023	\$ 15,819,721	\$ 455,323	\$ 15,364,398

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's net OPEB liability as of the measurement date, calculated using the current discount rate of 4.05%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current rate:

	Discount Rate 1% Decrease	Discount Rate Current Rate	Discount Rate 1% Increase
District's Net OPEB Liability	\$ 18,258,407	\$ 15,364,398	\$ 13,052,616

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the District's net OPEB liability as of the measurement date, calculated using the current healthcare cost trend rate of 4.00%, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	Healthcare Cost Trend Rate 1% Decrease	Healthcare Cost Trend Rate Current Rates	Healthcare Cost Trend Rate 1% Increase
District's Net OPEB Liability	\$ 12,595,381	\$ 15,364,398	\$ 19,020,026

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$2,150,147. On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 602,881	
Differences between expected and actual experience		\$ 3,938,464
Changes in assumptions or other inputs	3,842,856	5,099,106
Net differences between projected and actual earnings on plan assets	63,184	
Totals	<u>\$ 4,508,921</u>	<u>\$ 9,037,570</u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024. Other deferred outflows and inflows related to experience gains/losses and changes in assumptions are amortized into the OPEB expense over future years based on the average remaining service lives of all active and inactive plan participants determined as of the beginning of the measurement period, as follows:

Year Ended June 30	
2024	\$ (448,261)
2025	(448,261)
2026	(448,261)
2027	(449,761)
2028	(464,432)
Thereafter	(2,872,554)

NOTE 11 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

The District reported net pension liabilities, deferred outflows of resources, deferred inflows, and pension expense of resources in the accompanying government-wide financial statements as follows:

Governmental Activities:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 50,345,537	\$ 14,470,770	\$ 7,401,117	\$ 8,565,325
CalPERS	29,909,593	11,621,348	1,252,102	3,727,650
Totals	<u>\$ 80,255,130</u>	<u>\$ 26,092,118</u>	<u>\$ 8,653,219</u>	<u>\$ 12,292,975</u>

Business-Type Activities:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalPERS	<u>\$ 3,784,390</u>	<u>\$ 1,205,356</u>	<u>\$ 142,833</u>	<u>\$ 422,400</u>

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

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public-school system. The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Continued)

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable services activities. The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP Defined Benefit Program has two benefit structures:

- 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.

There are several differences between the two benefit structures and some of the differences 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 a factor of 2.0% of final compensation multiplied by the number of years 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 a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

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% of final compensation multiplied by the number of years 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% at age 65 or older.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

CalSTRS 2% at 62 (Concluded)

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis.

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and are detailed in the 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 to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: The member contribution rate for 2% at 60 members is set in statute at 10.25%, while 2% at 62 members are required to pay at least one-half of the normal cost of their Defined Benefit Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for 2% at 62 members was 10.205% for fiscal year 2022-23.

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. 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 May 2022, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-23 for a total contribution rate of 19.10%. District contributed \$8,713,897 to the plan for the fiscal year ended June 30, 2023.

State: 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 May 2022, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2023-23. Including a 2.50% contribution for SBMA funding, the total state contribution to the defined benefit program was 10.828% for the fiscal year ended June 30, 2023.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 50,345,537
State's proportionate share of the net pension liability associated with the District	<u>25,212,848</u>
Total net pension liability attributed to District	<u><u>\$ 75,558,385</u></u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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 employers and the State. The District's proportionate share of the net pension liability as of June 30, 2022 and June 30, 2021 was as follows:

Proportion - June 30, 2022	0.0725%
Proportion - June 30, 2021	<u>0.0718%</u>
Change - Increase (Decrease)	<u><u>0.0007%</u></u>

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$8,565,325, which includes \$4,044,665 of support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 8,713,897	
Differences between expected and actual experience	38,173	\$ 3,696,257
Changes of assumptions	2,319,058	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	3,399,642	1,322,850
Net differences between projected and actual earnings on plan investments		<u>2,382,010</u>
Totals	<u><u>\$ 14,470,770</u></u>	<u><u>\$ 7,401,117</u></u>

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

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

<u>Year Ended June 30</u>	
2024	\$ 212,178
2025	(2,183,154)
2026	(3,357,525)
2027	4,214,789
2028	(269,101)
Thereafter	(261,431)

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. 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 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability include:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return ¹	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually)
	Maintain 85% purchasing power level for DB

¹ Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expenses 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.

The long-term investment rate of return assumption 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 an input to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2021 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

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

* 20-year average

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

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 of life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

The following table presents the District's proportionate share of the net pension liability as of the measurement date, calculated using the current discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate 1% Decrease 6.10%	Discount Rate Current Rate 7.10%	Discount Rate 1% Increase 8.10%
District's proportionate share of the net pension liability	\$ 85,505,394	\$ 50,345,537	\$ 21,152,284

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered (Concluded)

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 25.37% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2023 was \$3,728,246 for the governmental activities and \$470,052 for the business-type activities.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported a liability of \$29,909,593 for its proportionate share of the net pension liability for governmental activities and \$3,784,390 for its proportionate share of the net pension liability for the business-type activities. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2022 and June 30, 2021 was as follows:

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

	Governmental Activities	Business-Type Activities
Proportion - June 30, 2022	0.0869%	0.0110%
Proportion - June 30, 2021	0.0794%	0.0111%
Change - Increase (Decrease)	0.0075%	-0.0001%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$3,727,650 and \$422,400 for governmental activities and the business-type activities, respectively. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 3,728,246		\$ 470,052	
Differences between expected and actual experience	93,239	\$ 747,946	12,764	\$ 94,984
Changes of assumptions	2,231,616		282,360	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,575,117	504,156		47,849
Net differences between projected and actual earnings on plan investments	3,993,130		440,180	
Totals	<u>\$ 11,621,348</u>	<u>\$ 1,252,102</u>	<u>\$ 1,205,356</u>	<u>\$ 142,833</u>

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

Year Ended June 30	Governmental Activities	Business-Type Activities
2024	\$ 1,556,965	\$ 127,128
2025	1,471,479	106,573
2026	1,459,166	86,307
2027	2,153,390	272,463

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of June 30, 2022. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age and Service
Mortality Rate Table	Derived Using CalPERS' Membership Data For All Funds
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter

Mortality rate table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate

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

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1, 2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, 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 one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RETIREMENT PLANS (CONCLUDED)

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

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

	Governmental Activities		
	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 43,205,922	\$ 29,909,593	\$ 18,920,666

	Business-Type Activities		
	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 5,466,743	\$ 3,784,390	\$ 2,393,987

Pension Plan Fiduciary Net Position

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

C. Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$4,044,665 to CalSTRS. These contributions are recorded in the General Fund and Adult Education Fund as revenues and expenditures. The District is not legally responsible for these contributions.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023 were as follows:

A. Governmental Activities

	Balances July 1, 2022	Additions	Deductions	Balances June 30, 2023	Due within One Year
Long-Term Debt:					
General Obligation Bonds	\$ 147,608,542		\$ 6,127,168	\$ 141,481,374	\$ 4,637,168
Lease Liabilities	704,947		180,455	524,492	185,837
Notes Payable	3,378,801		535,112	2,843,689	366,216
Other Long-Term Liabilities:					
Compensated Absences	409,267	\$ 439,640	409,267	439,640	439,640
Net OPEB Liability	20,236,057		4,871,659	15,364,398	
Net Pension Liabilities	48,830,177	31,424,953		80,255,130	
Totals	<u>\$ 221,167,791</u>	<u>\$ 31,864,593</u>	<u>\$ 12,123,661</u>	<u>\$ 240,908,723</u>	<u>\$ 5,628,861</u>

The general obligation bonds and bond premium are obligations of the Bond Interest and Redemption Fund and will be financed primarily with local property tax collections.

The lease liabilities are obligations of the General Fund.

The notes payable are obligations of the General Fund and Capital Facilities Fund, as appropriate.

The net OPEB liability is primarily an obligation of the General Fund.

The net pension liabilities are obligations of whichever fund the related employee's payroll is normally charged to.

B. Business-Type Activities

	Balances July 1, 2022	Additions	Deductions	Balances June 30, 2023	Due within One Year
Other Long-Term Liabilities:					
Net Pension Liabilities	<u>\$ 2,262,204</u>	<u>\$ 1,522,186</u>	<u>\$</u>	<u>\$ 3,784,390</u>	<u>\$ 0</u>

The net pension liabilities are an obligation of the Enterprise Fund.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - FUND BALANCES

The fund balances as of June 30, 2023 are as follows:

	General Fund	Capital Facilities Fund	Building Fund	Non-Major Governmental Funds	Totals
Nonspendable:					
Revolving Cash	\$ 10,000				\$ 10,000
Stores Inventory				\$ 4,879	4,879
Total Nonspendable	10,000			4,879	14,879
Restricted:					
Categorical Programs	14,454,953			518,423	14,973,376
Food Services Program				1,909,201	1,909,201
Debt Service				6,688,972	6,688,972
Measure U Projects			\$ 17,022,296		17,022,296
Student Activities				2,910,443	2,910,443
Capital Projects		\$ 9,146,575		2,020,516	11,167,091
Total Restricted	14,454,953	9,146,575	17,022,296	14,047,555	54,671,379
Assigned:					
Deferred Maintenance				1,497,221	1,497,221
Site Programs	219,942				219,942
Technology	2,343,875				2,343,875
Adult Education				943,735	943,735
Capital Projects				5,021,673	5,021,673
Total Assigned	2,563,817	0	0	7,462,629	10,026,446
Unassigned:					
Economic Uncertainties	6,658,474				6,658,474
Other Unassigned	8,020,323				8,020,323
Total Unassigned	14,678,797	0	0	0	14,678,797
Totals	\$ 31,707,567	\$ 9,146,575	\$ 17,022,296	\$ 21,515,063	\$ 79,391,501

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022-23, the District participated in two joint powers authorities (JPAs) for purposes of pooling risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 16 - JOINT VENTURES

The District participates in three joint ventures under joint powers agreements (JPAs); the Contra Costa County Schools Insurance Group (CCCSIG) for workers' compensation insurance, the Contra Costa Solano Schools Insurance Authority (CCSSIA) for property and liability insurance, and Schools Self-Insurance of Contra Costa County (SSICCC) for dental and vision insurance. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 - JOINT VENTURES (CONCLUDED)

The JPAs arrange for and/or provide coverage for its members. Each JPA is governed by a Board, which controls the operations of the JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

The District is subject to various other legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these other actions will not materially affect the financial position or results of operations of the District.

NOTE 18 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 13, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure or adjustment to the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
LCFF Sources:				
State Apportionment / Transfers	\$ 47,959,665	\$ 47,656,948	\$ 46,328,281	\$ (1,328,667)
Local Sources	44,451,877	49,090,526	50,432,881	1,342,355
Total LCFF Sources	92,411,542	96,747,474	96,761,162	13,688
Federal Revenue	6,195,615	6,708,236	5,996,293	(711,943)
Other State Revenue	10,379,085	21,000,867	20,524,510	(476,357)
Other Local Revenue	6,268,942	10,029,433	10,793,031	763,598
Total Revenues	115,255,184	134,486,010	134,074,996	(411,014)
<u>Expenditures</u>				
Current:				
Certificated Salaries	48,546,637	50,438,007	48,911,647	1,526,360
Classified Salaries	14,268,178	14,088,538	14,001,809	86,729
Employee Benefits	30,999,376	30,998,575	30,665,904	332,671
Books and Supplies	3,022,383	5,365,461	4,510,748	854,713
Services and Other				
Operating Expenditures	15,216,356	22,181,946	19,957,376	2,224,570
Capital Outlay	6,240,191	6,550,874	5,442,993	1,107,881
Debt Service:				
Principal Retirement	354,040	534,495	534,495	
Interest and Fiscal Charges	109,277	194,269	110,557	83,712
Other Expenditures	2,420,020	1,946,667	2,163,520	(216,853)
Total Expenditures	121,176,458	132,298,832	126,299,049	5,999,783
Net Change in Fund Balances	(5,921,274)	2,187,178	7,775,947	\$ 5,588,769
Fund Balances - July 1, 2022	23,931,620	23,931,620	23,931,620	
Fund Balances - June 30, 2023	\$ 18,010,346	\$ 26,118,798	\$ 31,707,567	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS *

JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 1,545,784	\$ 1,606,647	\$ 1,270,616	\$ 1,147,683	\$ 1,055,417	\$ 999,679
Interest on Total OPEB Liability	559,755	486,448	546,152	469,831	460,086	414,946
Changes in Benefit Terms					694,880	
Differences Between Expected and Actual Experience	(2,244,432)		(1,456,420)		(1,185,860)	
Changes in Assumptions or Other Inputs	(4,252,619)	(959,802)	4,318,752	714,169	(607,429)	
Benefit Payments	(274,824)	(225,176)	(182,878)	(199,759)	(169,798)	(133,100)
Net Change in Total OPEB Liability	(4,666,336)	908,117	4,496,222	2,131,924	247,296	1,281,525
Total OPEB Liability - Beginning	20,486,057	19,577,940	15,081,718	12,949,794	12,702,498	11,420,973
Total OPEB Liability - Ending	\$ 15,819,721	\$ 20,486,057	\$ 19,577,940	\$ 15,081,718	\$ 12,949,794	\$ 12,702,498
Plan Fiduciary Net Position						
Employer Contributions	\$ 524,824	\$ 475,176				
Net Investment Income	(44,608)					
Benefit Payments (including implicit subsidy)	(274,824)	(225,176)				
Administrative Expenses	(69)					
Net Change	205,323	250,000				
Net Position - Beginning	250,000	0				
Net Position - Ending	\$ 455,323	\$ 250,000				
District's Net OPEB Liability	\$ 15,364,398	\$ 20,236,057				
Plan Fiduciary Net Position as a % of Total OPEB Liability	2.88%	1.22%				
Covered-employee Payroll	\$ 57,719,453	\$ 49,150,671	\$ 47,835,203	\$ 46,554,942	\$ 45,308,946	\$ 43,947,481
District's Total OPEB Liability as a % of Covered-employee Payroll	27.41%	41.68%	40.93%	32.40%	28.58%	28.90%
District's Net OPEB Liability as a % of Covered-employee Payroll	26.62%	41.17%				

The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end reporting date. This is a 10-year schedule, however prior valuations were not rerun in accordance with GASB 75 and are therefore not presented. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District OPEB plan does not currently have any actuarially determined, contracted, or statutorily required contribution requirements.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Year Ended June 30	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2022	-14.00%
2021	25.60%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS *

JUNE 30, 2023

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2023	0.0725%	\$ 50,345,537	\$25,212,848	\$ 75,558,385	\$ 41,952,470	120.01%	81.20%
2022	0.0718%	32,694,051	16,450,378	49,144,429	38,629,276	84.64%	87.21%
2021	0.0692%	67,037,755	34,557,971	101,595,726	37,421,398	179.14%	71.82%
2020	0.0668%	60,374,706	32,938,433	93,313,139	36,923,870	163.51%	72.56%
2019	0.0693%	63,687,940	36,464,324	100,152,264	36,013,250	176.85%	70.99%
2018	0.0670%	61,934,547	36,639,955	98,574,502	34,985,922	177.03%	69.46%
2017	0.0641%	51,829,470	29,505,593	81,335,063	33,236,449	155.94%	70.04%
2016	0.0678%	45,656,767	24,147,396	69,804,163	30,897,140	147.77%	74.02%
2015	0.0609%	35,607,982	21,501,636	57,109,618	27,140,158	131.20%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS *

JUNE 30, 2023

Governmental Activities:

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2023	0.0869%	\$ 29,909,593	\$ 13,376,901	223.59%	69.76%
2022	0.0794%	16,136,126	11,405,667	141.47%	80.97%
2021	0.0824%	25,291,671	11,860,778	213.24%	70.00%
2020	0.0806%	23,494,999	11,192,542	209.92%	70.05%
2019	0.0796%	21,233,733	10,653,776	199.31%	70.85%
2018	0.0809%	19,311,819	10,429,515	185.17%	71.87%
2017	0.0786%	15,524,815	9,535,030	162.82%	73.90%
2016	0.0793%	11,685,897	8,767,683	133.28%	79.43%
2015	0.0767%	8,708,399	8,052,587	108.14%	83.38%

Business-Type Activities:

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Payroll	District's Proportionate Share of the NPL as a % of Covered Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2023	0.0110%	\$ 3,784,390	\$ 1,692,549	223.59%	69.76%
2022	0.0111%	2,262,204	1,599,019	141.47%	80.97%
2021	0.0116%	3,462,213	1,623,640	213.24%	70.00%
2020	0.0109%	3,175,955	1,512,961	209.92%	70.05%
2019	0.0118%	3,151,644	1,581,295	199.31%	70.85%
2018	0.0107%	2,555,621	1,380,184	185.17%	71.87%
2017	0.0104%	2,060,315	1,265,409	162.82%	73.90%
2016	0.0109%	1,604,119	1,203,534	133.28%	79.43%
2015	0.0105%	1,195,397	1,105,375	108.14%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2023	\$ 8,713,897	\$ 8,713,897	\$ 0	45,622,497	19.10%
2022	7,098,358	7,098,358	0	41,952,470	16.92%
2021	6,238,628	6,238,628	0	38,629,276	16.15%
2020	6,399,059	6,399,059	0	37,421,398	17.10%
2019	6,011,206	6,011,206	0	36,923,870	16.28%
2018	5,196,712	5,196,712	0	36,013,250	14.43%
2017	4,401,229	4,401,229	0	34,985,922	12.58%
2016	3,566,271	3,566,271	0	33,236,449	10.73%
2015	2,743,666	2,743,666	0	30,897,140	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities:

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2023	\$ 3,728,246	\$ 3,728,246	\$ 0	\$ 14,695,491	25.370%
2022	3,064,648	3,064,648	0	13,376,901	22.910%
2021	2,360,973	2,360,973	0	11,405,667	20.700%
2020	2,339,064	2,339,064	0	11,860,778	19.721%
2019	2,021,597	2,021,597	0	11,192,542	18.062%
2018	1,654,638	1,654,638	0	10,653,776	15.531%
2017	1,448,451	1,448,451	0	10,429,515	13.888%
2016	1,129,615	1,129,615	0	9,535,030	11.847%
2015	1,032,044	1,032,044	0	8,767,683	11.771%

Business-Type Activities:

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions As a % of Covered Payroll
2023	\$ 470,052	\$ 470,052	\$ 0	\$ 1,852,787	25.370%
2022	387,763	387,763	0	1,692,549	22.910%
2021	330,997	330,997	0	1,599,019	20.700%
2020	320,198	320,198	0	1,623,640	19.721%
2019	273,271	273,271	0	1,512,961	18.062%
2018	245,591	245,591	0	1,581,295	15.531%
2017	191,680	191,680	0	1,380,184	13.888%
2016	149,913	149,913	0	1,265,409	11.847%
2015	141,668	141,668	0	1,203,534	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in the Fund Balances budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). Excess of expenditures over appropriations as of June 30, 2023, were as follows:

<u>General Fund</u>	<u>Excess Expenditures</u>
Other Expenditures	\$ 216,853

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classification for which the budget was not revised.

B. Schedule of Changes in Net OPEB Liability and Related Ratios

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the net OPEB liability, the total OPEB liability, the OPEB plan's fiduciary net position, the net OPEB liability, the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, the covered-employee payroll, the total OPEB liability as a percentage of the District's covered-employee payroll, and the net OPEB liability as a percentage of the District's covered-employee payroll.

C. Schedule of OPEB Contributions

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes the actuarial determined contribution, the amount of contributions recognized by the OPEB plan in relation to the actuarial determined contribution, the difference between the actuarial determined contribution and the amount recognized by the OPEB plan, the District's covered-employee payroll, and the amount of contributions recognized by the OPEB plan in relation to the actuarial determined contribution as a percentage of the District's covered-employee payroll. The OPEB plan does not have any actuarially determined, contracted, or statutorily required contributions.

D. Schedule of OPEB Investment Returns

In accordance with Governmental Accounting Standards Board Statement No. 74, the District is required to present a schedule covering each of the 10 most recent fiscal years that includes the annual money-weighted rate of return on OPEB plan investments for each year.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

F. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Benefit Terms

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

Changes in Assumptions or Other Inputs

The discount rate changed from 2.65% at June 30, 2021 to 4.05% at June 30, 2022.

NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the CalSTRS or the CalPERS.

Changes of Assumptions

There were no changes in assumptions since the previous valuation for CalSTRS. In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. These changes were implemented in the June 30, 2021 actuarial valuation for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The discount rate changed from 7.15% at June 30, 2021, to 6.90% at June 30, 2022 for CalPERS.

SUPPLEMENTARY INFORMATION SECTION

LIBERTY UNION HIGH SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

ORGANIZATION

The Liberty Union High School District was established in 1902 and is comprised of an area of approximately 350 square miles in Contra Costa County. There was no change in District boundaries during the year. The District operates three comprehensive high schools, one continuation high school, an independent study program, and an adult education program.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Yolanda Peña-Mendrek	President	November 2024
Tamela H. Hawley	Clerk	November 2024
Pauline Allred	Member	November 2026
Susan Wallace	Member	November 2026
Sandy McCaslin	Member	November 2026

ADMINISTRATION

Eric Volta
Superintendent

Erik Faulkner
Assistant Superintendent, Educational Services

Denise Rugani
Associate Superintendent, Human Resources

Cynthia Cabello
Assistant Superintendent, Administrative Services

Dina Stewart
Chief Business Officer

LIBERTY UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Adult Education</u>
<u>Assets</u>			
Deposits and Investments	\$ 1,559,207	\$ 1,520,930	\$ 1,307,551
Receivables		410,933	163,757
Stores Inventory		4,879	
	<u>1,559,207</u>	<u>1,936,742</u>	<u>1,471,308</u>
Total Assets	<u>\$ 1,559,207</u>	<u>\$ 1,936,742</u>	<u>\$ 1,471,308</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	<u>\$ 61,986</u>	<u>\$ 22,662</u>	<u>\$ 9,150</u>
Fund Balances:			
Nonspendable		4,879	
Restricted		1,909,201	518,423
Assigned	<u>1,497,221</u>		<u>943,735</u>
	<u>1,497,221</u>	<u>1,914,080</u>	<u>1,462,158</u>
Total Fund Balances	<u>\$ 1,559,207</u>	<u>\$ 1,936,742</u>	<u>\$ 1,471,308</u>
Total Liabilities and Fund Balances	<u>\$ 1,559,207</u>	<u>\$ 1,936,742</u>	<u>\$ 1,471,308</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

Student Activity	Bond Interest and Redemption	County School Facilities	Capital Projects - Special Reserve	Total Non-Major Governmental Funds
\$ 2,910,443	\$ 6,688,972	\$ 2,020,516	\$ 5,047,367	\$ 21,054,986
				574,690
				4,879
<u>\$ 2,910,443</u>	<u>\$ 6,688,972</u>	<u>\$ 2,020,516</u>	<u>\$ 5,047,367</u>	<u>\$ 21,634,555</u>
			\$ 25,694	\$ 119,492
				4,879
\$ 2,910,443	\$ 6,688,972	\$ 2,020,516		14,047,555
			5,021,673	7,462,629
<u>2,910,443</u>	<u>6,688,972</u>	<u>2,020,516</u>	<u>5,021,673</u>	<u>21,515,063</u>
<u>\$ 2,910,443</u>	<u>\$ 6,688,972</u>	<u>\$ 2,020,516</u>	<u>\$ 5,047,367</u>	<u>\$ 21,634,555</u>

LIBERTY UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Adult Education</u>
<u>Revenues</u>			
LCFF Sources:			
State Apportionment / Transfers	\$ 1,200,000		
Federal Revenue		\$ 1,083,303	\$ 237,999
State Revenue		1,686,642	1,388,789
Local Revenue	40,425	158,647	266,615
Total Revenues	<u>1,240,425</u>	<u>2,928,592</u>	<u>1,893,403</u>
<u>Expenditures</u>			
Current:			
Instruction			708,573
School Site Administration			690,129
Food Services		2,020,859	
Other General Administration		52,959	56,225
Plant Services	709,606	11,841	219,154
Facilities Acquisition and Construction	739,399		
Ancillary Services			
Debt Service:			
Principal Retirement			
Interest and Issuance Costs			
Total Expenditures	<u>1,449,005</u>	<u>2,085,659</u>	<u>1,674,081</u>
Excess of Revenues Over (Under) Expenditures	(208,580)	842,933	219,322
<u>Other Financing Sources</u>			
Other Sources			
Net Change in Fund Balances	(208,580)	842,933	219,322
Fund Balances - July 1, 2022	<u>1,705,801</u>	<u>1,071,147</u>	<u>1,242,836</u>
Fund Balances - June 30, 2023	<u>\$ 1,497,221</u>	<u>\$ 1,914,080</u>	<u>\$ 1,462,158</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

<u>Student Activity</u>	<u>Bond Interest and Redemption</u>	<u>County School Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
				\$ 1,200,000
				1,321,302
	\$ 35,891	\$ 2,119,847		5,231,169
\$ 6,729,004	7,730,911	14,350	\$ (11,466)	14,928,486
<u>6,729,004</u>	<u>7,766,802</u>	<u>2,134,197</u>	<u>(11,466)</u>	<u>22,680,957</u>
				708,573
				690,129
				2,020,859
				109,184
		21,198	343,940	1,305,739
		92,483	391,570	1,223,452
6,486,613				6,486,613
	5,895,000			5,895,000
	4,007,101			4,007,101
<u>6,486,613</u>	<u>9,902,101</u>	<u>113,681</u>	<u>735,510</u>	<u>22,446,650</u>
242,391	(2,135,299)	2,020,516	(746,976)	234,307
			1,200,290	1,200,290
242,391	(2,135,299)	2,020,516	453,314	1,434,597
2,668,052	8,824,271	0	4,568,359	20,080,466
<u>\$ 2,910,443</u>	<u>\$ 6,688,972</u>	<u>\$ 2,020,516</u>	<u>\$ 5,021,673</u>	<u>\$ 21,515,063</u>

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>District Provided</u>	<u>District Provided</u>
	<u>P-2 Report</u>	<u>Annual Report</u>
	<u>9 - 12</u>	<u>9 - 12</u>
Regular	7,629.59	7,529.59
Special Education - Nonpublic / LCI	19.95	21.91
Extended Year Special Education - Nonpublic / LCI	<u>1.05</u>	<u>1.05</u>
Totals	<u><u>7,650.59</u></u>	<u><u>7,552.55</u></u>
	<u>Audited</u>	<u>Audited</u>
	<u>P-2 Report</u>	<u>Annual Report</u>
	<u>9 - 12</u>	<u>9 - 12</u>
Regular	7,550.91	7,529.59
Special Education - Nonpublic / LCI	23.86	24.26
Extended Year Special Education - Nonpublic / LCI	<u>1.40</u>	<u>1.05</u>
Totals	<u><u>7,576.17</u></u>	<u><u>7,554.90</u></u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2022-23 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>J-13A Credited</u>	<u>Number of of Days Multitrack Calendar</u>	<u>Status</u>
Grade 9	64,800	64,980	180	0	N/A	In Compliance
Grade 10	64,800	64,980	180	0	N/A	In Compliance
Grade 11	64,800	64,980	180	0	N/A	In Compliance
Grade 12	64,800	64,980	180	0	N/A	In Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance	Pass-Through Entity	Federal Expenditures
	Listing Number	Identification Number	
Passed Through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	\$ 707,850
School Breakfast Needy	10.553	13526	76,921
Supply Chain Assistance	10.555	15655	202,038
USDA Food Commodities	10.555	*	96,494
Subtotal Child Nutrition Cluster			1,083,303
U.S. Department of Education:			
Passed Through CDE:			
ESSA: Title I Programs:			
ESSA: Title I Part A Basic Grants Low-Income & Neglected	84.010	14329	426,762
ESSA: School Improvement Funding for LEAs	84.010	15438	29,190
Subtotal ESSA: Title I Programs			455,952
ESSA: Title II Part A Supporting Effective Instruction	84.367	14341	94,066
ESSA: Title IV Part A Student Support & Academic Enrichment	84.424	15396	93,497
ESSA: Title III Immigrant Student Program	84.365	15146	77,816
ESEA: Title IX, Part A McKinney-Vento Homeless Assistance	84.196	14332	25,230
Strengthening Career and Technical Education, Section 132	84.048	14893	120,015
Education Stabilization Fund Programs:			
Covid-19 ESSER II	84.425D	15547	125
Covid-19 ESSER III	84.425U	15559	1,098,036
Covid-19 ESSER III: Learning Loss	84.425U	10155	56,610
Covid-19 ELO ESSER II: State Reserve	84.425D	15618	738,326
Covid-19 ELO GEER II	84.425C	15619	137,887
Covid-19 ELO ESSER III: State Reserve Emergency Needs	84.425U	15620	141,506
Covid-19 ELO ESSER III: State Reserve Learning Loss	84.425U	15621	933,472
Subtotal Education Stabilization Funds Programs			3,105,962
Adult Education Programs:			
Adult Basic Education and ELA	84.002A	14508	132,740
Adult Secondary Education	84.002	13978	70,845
English Literacy & Civics Education	84.002A	14109	34,195
Subtotal Adult Education Programs			237,780
Passed Through Contra Costa County SELPA:			
Special Education Cluster:			
ARP IDEA Part B Local Assistance	84.027	15638	326,520
IDEA Part B Local Assistance	84.027	13379	1,601,192
IDEA Part B Mental Health Allocation Plan	84.027A	15197	96,262
Subtotal Special Education Cluster			2,023,974
Total U.S. Department of Education			
Total			\$ 7,317,595

* Pass-Through Identification Number is not available or not applicable

The District provided no federal awards to subrecipients.

SEE NOTES TO SUPPLEMENTARY INFORMATION

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

	General Fund	Special Revenue - Special Reserve Fund
June 30, 2023 Annual Financial and Budget Report Fund Balance	\$ 29,363,692	\$ 2,343,875
Adjustments and Reclassifications Increasing (Decreasing) Fund Balances:		
Reclassification of Fund Balances	<u>2,343,875</u>	<u>(2,343,875)</u>
June 30, 2023 Audited Financial Statements Fund Balance	<u><u>\$ 31,707,567</u></u>	<u><u>\$ 0</u></u>

Auditor's Comments

The fund balances of the General Fund and Special Revenue - Special Reserve Fund have been combined for financial reporting purposes in accordance with Governmental Accounting Standards Board Statement No. 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2023.

LIBERTY UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND			
	(Budget) 2023-24	2022-23	2021-22	2020-21
Revenues and Other Financial Sources	\$ 126,594,608	\$ 134,074,996	\$ 111,513,332	\$ 105,265,005
Expenditures	131,969,472	126,299,049	113,179,768	97,344,126
Other Uses and Transfers Out	1,200,000	0	0	465,824
Total Outgo	133,169,472	126,299,049	113,179,768	97,809,950
Change in Fund Balance	(6,574,864)	7,775,947	(1,666,436)	7,455,055
Ending Fund Balance	\$ 25,132,703	\$ 31,707,567	\$ 23,931,620	\$ 25,598,056
Available Reserves	\$ 13,616,277	\$ 14,678,797	\$ 8,195,213	\$ 10,143,524
Reserve for Economic Uncertainties *	\$ 6,658,473	\$ 6,658,474	\$ 5,658,988	\$ 4,844,125
Available Reserves as a Percentage of Total Outgo	10.2%	11.6%	7.2%	10.4%
Total Long-Term Liabilities **	\$ 235,279,862	\$ 240,908,723	\$ 221,167,791	\$ 273,685,272
Average Daily Attendance at P-2	7,515	7,576	7,530	N/A

* Reported balances are a component of available reserves.

** Reported balances reflect the long-term liabilities of governmental activities only.

The fund balance of the General Fund increased \$6,109,511 (24%) over the past two years. The fiscal year 2023-24 budget projects a decrease of \$6,574,864. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of \$7,775,947 and \$7,455,055 during fiscal years 2022-23 and 2020-21, respectively, and incurred an operating deficit of \$1,666,436 during fiscal year 2021-22.

Average daily attendance (ADA) increased 46 ADA over the past year. The 2023-24 budget projects 7,515 ADA.

Total long-term liabilities decreased \$32,776,549 over the past two years.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Combining Statements

Combining statements are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

B. Schedule of Average Daily Attendance

Average daily attendance is a measure 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 spans and in different programs.

C. Schedule of Instructional Time

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has not elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

LIBERTY UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

F. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the District. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Liberty Union High School District
Brentwood, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Liberty Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as **Finding 2023-001** to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as **Findings 2023-002**, **2023-003**, and **2023-004** to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Liberty Union High School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Liberty Union High School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2023

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Liberty Union High School District
Brentwood, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Liberty 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 Liberty Union High School District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Liberty 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 Liberty 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 Liberty Union High School District's federal 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 Liberty Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect 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 Liberty Union High School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Liberty 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 Liberty 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 Liberty Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Concluded)

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2023

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Liberty Union High School District
Brentwood, California

Report on State Compliance

Opinion on State Compliance

We have audited Liberty Union High School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state programs identified below for the year ended June 30, 2023.

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

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-23 Guide for Annual Audits of K-12 Local Educational 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* will always detect material noncompliance when it exists.

Auditor's Responsibilities for the Audit of Compliance (Concluded)

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and;
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Not Applicable

<u>Description (Concluded)</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools (Concluded):	
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home To School Transportation Reimbursement	Yes
Independent Study Certification For ADA Loss Mitigation	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2023-005** and **2023-006**.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2023

FINDINGS AND QUESTIONED COSTS SECTION

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Numbers

84.425
10.553 / 10.555

Federal Programs

Education Stabilization Fund Programs
Child Nutrition Cluster

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 auditor's report issued on compliance for state programs: Unmodified

Any audit findings required to be reported in accordance with the 2022-23 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting? X Yes No

Internal control over state programs:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

2023 - 001 / 30000

MATERIAL WEAKNESS

STUDENT BODY - CASH RECEIPTS

<u>Criteria:</u>	Cash receipts collected from student body related activities should be maintained to support all deposits.
<u>Condition:</u>	Cash deposit summaries could not be located for the majority of the 2022-23 school year. The student body account had about \$2.5 million in receipts deposited during the 2022-23 school year.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The condition was noted throughout fiscal year 2022-23 at Liberty High School.
<u>Effect:</u>	Errors and/or improprieties may occur and not be detected when appropriate internal controls are not in place.
<u>Cause:</u>	The District experienced turnover in the student body account clerk position, and the cash deposit summaries could not be located.
<u>Recommendation:</u>	The District should actively enforce student body procedures, which require cash deposit summary sheets to be completed, signed, and retained to support all student body deposits.
<u>District Response:</u>	The District has provided guidance to the Financial Clerks at each site outlining expectations for record keeping and monthly bank reconciliations. The District has also provided FCMAT training in the areas of Associated Student Body and Student Connected Organizations to provide guidance on proper internal controls and account management.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023 - 002 / 30000

SIGNIFICANT DEFICIENCY

SCHOOL NUTRITION PROGRAM - CLAIM SUBMISSION DEADLINES

<u>Criteria:</u>	Districts are required to submit monthly claims for reimbursement to the State by the applicable submission deadline date specified on the California Department of Education website. Claims submitted after the submission deadline, are not paid unless the District meets certain criteria, circumstances, or conditions that allow the claim to be considered for payment.
<u>Condition:</u>	The October 2022 claim for reimbursement was not successfully transmitted to the California Department of Education prior to the specified submission deadline.
<u>Questioned Costs:</u>	None. As a result of not filing the October 2022 claim prior to the specified submission deadline, the District will not receive reimbursements totaling \$52,875 of federal revenue and \$114,918 of state revenue, a total of \$167,793.
<u>Context:</u>	The condition is limited to the October 2022 claim for reimbursement.
<u>Effect:</u>	The District incurred costs to provide meals to students of the District, during October 2022, but failed to receive reimbursement from the California Department of Education due to not filing the claim.
<u>Cause:</u>	The District has not established policies and procedures to ensure that all monthly claims for reimbursement are filed to the State by applicable submission deadline date.
<u>Recommendation:</u>	The District should establish policies and procedures to ensure that all monthly claims for reimbursement are submitted by the required due dates.
<u>District Response:</u>	Claim submissions are monitored monthly by the District office in order to ensure the timely submission of claims. By having access to the School Nutrition Management platform the Chief Business Officer will be able to address any delay in claims submissions.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023 - 003 / 30000

SIGNIFICANT DEFICIENCY

STUDENT BODY - CASH DISBURSEMENTS

<u>Criteria:</u>	<p>The District is responsible for the general oversight of the student body activities. In this capacity, the District should ensure that the appropriate internal controls are in place to:</p> <ul style="list-style-type: none">➤ Safeguard the organization's assets➤ Promote success of fund-raising ventures➤ Promote reliable financial information➤ Reduce the risk of fraud and abuse
<u>Conditions:</u>	<ol style="list-style-type: none">1. Reimbursements to employees and parents were made for goods delivered directly to the employees' and parents' residences.2. Student body expenses were not approved by a student body representative, an activity account advisor or the official of the district designated by the governing board, in a consistent manner during 2022-23.
<u>Questioned Cost:</u>	None.
<u>Context:</u>	The conditions were noted throughout fiscal year 2022-23 at Liberty High School.
<u>Effect:</u>	Internal controls for student body disbursements do not adequately safeguard the organization's assets and reduce the risk of fraud and abuse.
<u>Cause:</u>	Established student body internal control procedures were not followed.
<u>Recommendation:</u>	Training should be provided to all individuals responsible for maintaining or supervising student body accounts to ensure that appropriate internal controls are being followed.
<u>District Response:</u>	The District has provided guidance to the Financial Clerks at each site outlining expectations for record keeping and monthly bank reconciliations. The District has also provided FCMAT training in the areas of Associated Student Body and Student Connected Organizations to provide guidance on proper internal controls and account management.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2023 - 004 / 30000

SIGNIFICANT DEFICIENCY

STUDENT BODY ACCOUNT RECONCILIATIONS

<u>Criteria:</u>	Student body account bank statements should be reconciled on a monthly basis. The process of reconciling is to ascertain the differences between the register balance and the bank balance.
<u>Condition:</u>	Although the student body account bank statements are reconciled on a monthly basis, the reconciliations are difficult to follow and include deposits in transit that carry over from month to month without being cleared, and a plug number that also carries over from month to month on the bank reconciliations.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The condition occurred throughout fiscal year 2022-23 at Liberty High School.
<u>Effect:</u>	Errors or irregularities may occur and not be detected in a timely manner.
<u>Cause:</u>	The District business office is not reviewing the monthly reconciliations to ensure they are completed accurately and only include outstanding checks, deposits in transit from the prior month, bounced checks, and bank fees.
<u>Recommendation:</u>	Reconciling items between the register balance and the bank balance should only include outstanding checks, deposits in transit from the prior month, bounced checks, and bank fees. The District should review and clear all outstanding items on the most recent bank statement to ensure that the remaining reconciling items only relate to the items mentioned at the beginning of this paragraph.
<u>District Response:</u>	The District has provided guidance to the Financial Clerks at each site outlining expectations for record keeping and monthly bank reconciliations. The District has also provided FCMAT training in the areas of Associated Student Body and Student Connected Organizations to provide guidance on proper internal controls and account management.

**LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2023.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2023 - 005 / 10000

ATTENDANCE REPORTING

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education.

Condition: Monthly attendance summary reports used by the District to calculate and report average daily attendance (ADA) on the P-2 attendance report were not complete and did not calculate the accurate school days up the March 31, 2023 P-2 cutoff date of 133 days. The reports for Freedom and Heritage High Schools showed divisors of 25 and 125 days, respectively, and the report for La Paloma High School showed a divisors of 110 days. In addition, the worksheet used to calculate the special education non-public licensed children's institutions ADA for regular and extended year students contained numerous mathematical errors. As a result, all of the ADA reported on the District's original P-2 attendance report had to be revised. The District also has to revise the Annual attendance report for the special education non-public licensed children's institutions ADA for regular and extended year students.

Questioned Costs: \$646,932. Questioned costs were determined by multiplying the overstated P-2 ADA by the derived value of ADA amount provided by the CDE (53.81 ADA x \$12,022.52).

Context: The errors were noted during the review of all supporting documents for the P-2 and Annual attendance reports. In addition, the District has already filed a revised P-2 attendance report to reflect the ADA presented on page 82.

Effect: Errors in attendance reporting to the state occurred and were not detected by the District.

Cause: The District did not investigate the reason that the divisor on the monthly attendance summary reports was not the same for all schools. In addition, the District did not review the worksheet used to track and report the ADA for regular and extended year special education non-public licensed children's institutions students.

Recommendation: The District should establish procedures to ensure that attendance worksheets and the attendance reports are independently reviewed for accuracy and completeness prior to submitting the attendance reports to the state. In addition, the District should file a revised Annual attendance report to report the audited ADA reflected on page 82.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

ATTENDANCE REPORTING (CONCLUDED)

District Response:

In response to the errors that were present with the P-2 and Annual data, the District office staff is conducting quarterly meetings with the attendance clerks to review common issues as well as double checking the sheets prior to upload to make sure that the data is reasonable.

LIBERTY UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2023 - 006 / 10000

PERIOD ATTENDANCE

<u>Criteria:</u>	Attendance secretaries should always use the “all day” code to record student attendance, whenever a student is absent for the entire school day.
<u>Condition:</u>	The attendance secretary did not always use the “all day” code to record student attendance, whenever a student was absent for the entire school day. Accordingly, the average daily attendance (ADA) reported on the P-2 attendance report was overstated by 20.61 ADA.
<u>Questioned Costs:</u>	\$247,784. Questioned costs were determined by multiplying the overstated ADA by the derived value of ADA amount provided by the CDE (20.61 ADA x \$12,022.52).
<u>Context:</u>	The condition appears to be limited to all day absences at Liberty High School.
<u>Effect:</u>	The District improperly claimed apportionment attendance for students who were absent from school for the entire school day.
<u>Cause:</u>	The attendance secretary was unaware of the correct procedure to follow when reporting all day absences.
<u>Recommendation:</u>	The District should remind the attendance secretary about the correct procedure to follow when reporting all day absences. The District has already filed a revised P-2 attendance report for fiscal year 2022-23 to reflect the audited ADA presented on page 82.
<u>District Response:</u>	In response to the errors that were present with the P-2 and Annual data, the District office staff is conducting quarterly meetings with the attendance clerks to review common issues as well as double checking the sheets prior to upload to make sure that the data is reasonable.

**LIBERTY UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

There were no matters reported in the prior year audit report.