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COVINA-VALLEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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COVINA-VALLEY UNIFIED SCHOOL DISTRICT
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CWDL

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Covina-Valley Unified School District
Covina, California

Report on Audit of 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 the Covina-Valley Unified School District ("the 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 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 Covina-Valley Unified 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 Covina-Valley Unified 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in the net OPEB liability and related ratios, schedule of contributions – OPEB, schedule of the proportionate share of the net pension liability, and schedule of contributions - pensions as identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Covina-Valley Unified School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and is also 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2023 on our consideration of Covina-Valley Unified 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 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 Covina-Valley Unified School District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 4, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

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

The Primary unit of the government is the Covina-Valley Unified School District

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, the District reports all of its services in this category:

Governmental Activities – Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

***Proprietary Funds* -** When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(17,004,584) for the fiscal year ended June 30, 2023. Of this amount, $(86,069,177) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position and change in net position of the District's governmental activities.

	Governmental Activities		
	2023	**2022**	**Net Change**
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	$ 230,361,297	$ 198,398,665	$ 31,962,632
Capital assets	135,799,355	141,716,909	(5,917,554)
Deferred outflows	46,890,481	38,844,724	8,045,757
Total Assets and Deferred Outflows	413,051,133	378,960,298	34,090,835
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	72,350,319	56,014,093	16,336,226
Long-term liabilities	337,561,718	312,820,767	24,740,951
Deferred inflows	20,143,680	69,364,145	(49,220,465)
Total Liabilities and Deferred Inflows	430,055,717	438,199,005	(8,143,288)
NET POSITION			
Net investment in capital assets	(53,195,052)	(38,155,115)	(15,039,937)
Restricted	122,259,645	77,160,260	45,099,385
Unrestricted	(86,069,177)	(98,243,852)	12,174,675
Total Net Position	$ (17,004,584)	$ (59,238,707)	$ 42,234,123

THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement.

	Governmental Activities		
	2023	**2022**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ 9,310,285	$ 8,886,526	$ 423,759
Operating grants and contributions	184,499,577	176,220,642	8,278,935
General revenues			
Property taxes	50,611,430	45,211,818	5,399,612
Unrestricted federal and state aid	113,070,620	100,461,288	12,609,332
Other	(1,830,732)	818,161	(2,648,893)
Total Revenues	355,661,180	331,598,435	24,062,745
EXPENSES			
Instruction	119,778,487	96,428,730	23,349,757
Instruction-related services	20,400,430	15,718,229	4,682,201
Pupil services	22,519,876	17,666,816	4,853,060
General administration	12,660,435	10,366,082	2,294,353
Plant services	20,319,469	15,134,285	5,185,184
Ancillary services	2,156,934	1,711,671	445,263
Community services	-	-	-
Enterprise services	(377,649)	-	(377,649)
Interest and other charges	10,769,367	4,938,739	5,830,628
Other outgo	92,843,062	93,626,138	(783,076)
Depreciation (Unallocated)	12,356,646	12,728,690	(372,044)
Total Expenses	313,427,057	268,319,380	45,107,677
Change in net position	42,234,123	63,279,055	(21,044,932)
Net Position - Beginning	(59,238,707)	(122,517,762)	63,279,055
Net Position - Ending	$ (17,004,584)	$ (59,238,707)	$ 42,234,123

THE DISTRICT AS A WHOLE (CONTINUED)

Governmental Activities

As reported in the *Statement of Activities*, the cost of all our governmental activities this year was $313,427,057. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $50,611,430 because the cost was paid by those who benefited from the programs in the amount of $9,310,285 or by other governments and organizations who subsidized certain programs with grants and contributions of $184,499,577. We paid for the remaining "public benefit" portion of our governmental activities with $101,279,449 in federal and state funds and with other revenues, like interest, and general entitlements.

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

	Governmental Activities	
	Net Cost of Services	
	2023	2022
Instruction	55,211,166	51,400,356
Instruction-related services	10,437,915	7,092,294
Pupil services	4,343,940	(6,227,782)
General administration	10,356,731	8,645,251
Plant services	10,189,662	6,022,251
Ancillary services	(115,997)	(301,735)
Enterprise services	(377,649)	-
Interest and other charges	10,769,367	4,938,739
Other outgo	6,445,414	(1,085,852)
Depreciation (Unallocated)	12,356,646	12,728,690
	$ 119,617,195	$ 83,212,212

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $164,548,321, which is a net increase of $31,152,983 from last year as noted below:

	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	$ 61,351,007	$ 219,038,343	$ 201,382,941	$ 79,006,409
Special Education Pass-Through Fund	-	89,734,844	89,893,467	(158,623)
Associated Student Body Fund	741,025	2,272,931	2,156,934	857,022
Adult Education Fund	4,602,486	5,302,207	5,327,613	4,577,080
Child Development Fund	933,221	4,298,564	3,666,330	1,565,455
Cafeteria Fund	7,533,950	8,487,590	8,279,253	7,742,287
Building Fund	11,330,145	(161,513)	2,457,333	8,711,299
Capital Facilities Fund	2,261,909	2,493,936	124,669	4,631,176
Special Reserve fund for Capital Outlay Projects	35,090,484	14,525,335	2,074,957	47,540,862
Bond Interest and Redemption Fund	9,551,111	15,411,769	14,887,526	10,075,354
Total	$ 133,395,338	$ 361,404,006	$ 330,251,023	$ 164,548,321

Below is a breakdown of increases and decreases:

- As the District's principal operating funding, the General Fund, is comprised of unrestricted as well as restricted dollars. The General Fund is used to account for the ordinary operations of the District. All transactions except those accounted for in other funds are accounted for in this fund.

  The General Fund is inclusive of all the financial activity for the East San Gabriel Valley SELPA. The District serves as the Administrative Unit for the SELPA and records all financial activity under a sub fund within the District's General Fund.

  In total, the General Fund balance increased by $17,655,402.

- The Associated Student Body Fund (ASB) is used to account separately for local resources to operate the ASB program. The ASB fund increased by $0.12 million.

- The Adult Education Fund is used to account separately for Federal, State, and local resources to operate the Adult Education program. The Adult Education Program decreased by $0.03 million.

THE DISTRICT'S FUNDS (CONTINUED)

- The Child Development Fund is used to account separately for state and federally subsidized child program centers, including preschool and school-age programs. The Child Development fund increased by $0.63 million.
- The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the Nutrition Services program. The Cafeteria Fund increased by $0.21 million.
- The Building Fund is primarily utilized to account bond proceeds and record expenditures in accordance with bond language. The fund balance in the Building Fund decreased by $2.62 million as the District continues to complete voter-approved capital projects.
- The Special Reserve Fund for Capital Outlay Projects is primarily utilized to account for specific Board-approved capital projects. The fund balance in the Special Reserve Fund for Capital Projects increased by $12.45 million as a result of one property exchange transaction completed in 2022-23.
- The Bond Interest and Redemption Fund are used for the repayment of bonds issued by the District. The Bond Interest and Redemption fund increased by $.52 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 71.)

The anticipated ending balance for the General Fund was projected at $62.78 million, based on final budgetary revisions through June 30, 2023. Based on year-end totals, the ending fund balance was $568.69 million, reflecting an $5.91 million decrease over earlier projections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had $135.80 million in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $5.92 million, or 4.18%, from last year as noted below:

	Governmental Activities		
	2023	**2022**	**Net Change**
CAPITAL ASSETS			
Land	$ 2,548,071	$ 2,548,071	$ -
Construction in progress	7,817,063	2,249,556	5,567,507
Land improvements	89,276,434	89,276,434	-
Buildings & improvements	207,020,887	206,595,158	425,729
Furniture & equipment	14,300,896	13,855,040	445,856
Accumulated depreciation	(185,163,996)	(172,807,350)	(12,356,646)
Total Capital Assets	$ 135,799,355	$ 141,716,909	$ (5,917,554)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

This year's additions included mainly site and building improvements.

Several capital projects are planned for the 2023-24 year. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $347.22 million in long-term liabilities outstanding versus $308.28 million last year, an increase of 12.49%. Those long-term liabilities consisted of:

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
General obligation bonds	$ 195,948,348	$ 203,233,780	$ (7,285,432)
Unamortized debt premiums	5,262,090	5,799,887	(537,797)
Finance purchase agreement	-	481,058	(481,058)
Leases	769,848	1,125,973	(356,125)
Supplemental early retirement plan	1,465,871	1,502,113	(36,242)
Compensated absences	24,500	49,000	(24,500)
Net pension liability	132,226,111	83,761,453	48,464,658
Net OPEB liability	11,525,159	12,323,237	(798,078)
Less: current portion of long-term debt	(9,660,209)	(9,971,683)	311,474
Total Long-term Liabilities, non-current	$ 339,687,376	$ 300,576,951	$ 39,110,425

The District's General Obligation Bond rating continues to be "Aa3." The State limits the amount of general obligation debt that districts can issue to 5.00% of the assessed value of all taxable property within the District's boundaries. The District's outstanding net obligation debt is below statutorily- imposed limit.

Other liabilities include payable compensated absences, aggregate net OPEB liability, and other long- term liabilities. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $132.23 million versus $83.76 million last year, an increase of $48.47 million, or 57.86% as a result of decreased investment earnings in the CalSTRS and CalPERS pension investment pools.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Adopted Budget for the 2023-24 fiscal year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

- LCFF Revenue is budgeted at $14,069 per ADA, comprised of 8.22 percent COLA and 69.50 percent Unduplicated. Enrollment projections indicate a decline in student population that directly affects the LCFF Revenue Funding. Projected Second Period Apportionment (P2 ADA) is projected at 10,200.46 not including ADA from NPS' and County Operated Programs. The District is projected to be funded on ADA of 10,810.

- LCFF income is budgeted at $152.09 million, an increase of $8.39 million. This included property tax revenues budgeted at $31.64 million.

- Federal income is budgeted at $27.44 million, a projected increase of 15.48 million from prior year due to the one-time funding from the Elementary and Secondary Schools Emergency Relief Grant.

- Other State income is budgeted at $34.59 million, a decrease of $23.06 million from prior year due to one-time funding the District was allocated for the Learning Recovery Emergency Block Grant, Arts, Music and Instructional Materials Grant, and the Kitchen Infrastructure and Training Funds.

- Other Local income is budgeted at $6.38 million, an increase of $0.44 million from the prior year.

Expenditures are based on the following forecasts:

- Health and Welfare costs are expected to increase by $2.86 million from the prior year.

- The statutory benefit rates used for the Adopted Budget are indicated in Attachment A. The current approved CalSTRS rates are 19.10% for 2023-24, 2024-25 and 2025-26. The current approved CalPERS rates are 26.68%, 27.70%, and 28.30% for 2023-24, 2024-25 and 2025-26 respectively.

- Salaries were projected to be $108.52 million which includes an anticipated increase of $1.23 million from prior year.

- Liability and property damage insurance is budgeted at $1.32 million.

- Utilities and other operating costs are budgeted at $3.54 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent Business Services/CBO at Covina-Valley Unified School District, 519 East Badillo Street, Covina, California, 91723.

FINANCIAL STATEMENTS

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 194,232,471
Accounts receivable	34,148,802
Prepaid expenses	595,765
Inventory	296,766
Lease receivable	1,087,493
Capital assets, not depreciated	10,365,134
Capital assets, net of accumulated depreciation	125,434,221
Total Assets	366,160,652
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to refunding	7,347,592
Deferred outflows related to OPEB	1,526,753
Deferred outflows related to pensions	38,016,136
Total Deferred Outflows of Resources	46,890,481
LIABILITIES	
Accrued liabilities	52,345,100
Unearned revenue	4,618,457
Interest payable	3,600,895
Claims liability	2,125,658
Long-term liabilities, current portion	9,660,209
Net pension liability	132,226,111
Net OPEB liability	11,525,159
Long-term liabilities, non-current portion	193,810,448
Total Liabilities	409,912,037
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to unavailable revenues	987,510
Deferred inflows related to leases	1,087,493
Deferred inflows related to pensions	16,409,368
Deferred inflows related to OPEB	1,659,309
Total Deferred Inflows of Resources	20,143,680
NET POSITION	
Net investment in capital assets	(53,195,052)
Restricted:	
Educational Programs	47,688,715
Debt service	10,075,354
Capital projects	60,883,337
Child nutrition	1,625,073
Other restrictions	1,987,166
Unrestricted	(86,069,177)
Total Net Position	$ (17,004,584)

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 119,778,487	$ 1,777,752	$ 62,789,569	$ -	$ (55,211,166)
Instruction-related services					
Instructional supervision and administration	7,202,403	387,039	7,143,785	-	328,421
Instructional library, media, and technology	407,938	-	-	-	(407,938)
School site administration	12,790,089	258,293	2,173,398	-	(10,358,398)
Pupil services					
Home-to-school transportation	3,174,169	50	934	-	(3,173,185)
Food services	7,587,108	24,085	7,839,070	-	276,047
All other pupil services	11,758,599	1,502,206	8,809,591	-	(1,446,802)
General administration					
Centralized data processing	3,401,781	-	12,677	-	(3,389,104)
All other general administration	9,258,654	106,899	2,184,128	-	(6,967,627)
Plant services	20,319,469	1,584,055	8,545,752	-	(10,189,662)
Ancillary services	2,156,934	-	2,272,931	-	115,997
Enterprise services	(377,649)	-	-	-	377,649
Interest on long-term debt	10,769,367	-	-	-	(10,769,367)
Other outgo	92,843,062	3,669,906	82,727,742	-	(6,445,414)
Depreciation (unallocated)	12,356,646	-	-	-	(12,356,646)
Total Governmental Activities	$ 313,427,057	$ 9,310,285	$ 184,499,577	$ -	(119,617,195)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					34,277,065
Property taxes, levied for debt service					15,246,928
Property taxes, levied for other specific purposes					1,087,437
Federal and state aid not restricted for specific purposes					113,070,620
Interest and investment earnings					(2,257,101)
Miscellaneous					426,369
Subtotal, General Revenue					161,851,318
Change in Net Position					42,234,123
Net Position - Beginning					(59,238,707)
Net Position - Ending					$ (17,004,584)

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Special Education Pass-Through Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 94,118,389	$ 3,123,612	$ 49,559,139	$ 36,968,749	$ 183,769,889
Accounts receivable	14,069,906	17,397,610	231,932	2,033,715	33,733,163
Stores inventory	71,221	-	-	225,545	296,766
Prepaid expenditures	595,765	-	-	-	595,765
Lease receivable	1,087,493	-	-	-	1,087,493
Total Assets	$ 109,942,774	$ 20,521,222	$ 49,791,071	$ 39,228,009	$ 219,483,076
LIABILITIES					
Accounts payable	$ 25,230,415	$ 20,679,845	$ 1,262,699	$ 1,068,336	$ 48,241,295
Unearned revenue	4,618,457	-	-	-	4,618,457
Total Liabilities	29,848,872	20,679,845	1,262,699	1,068,336	52,859,752
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - leases	1,087,493	-	987,510	-	2,075,003
Total Deferred Inflows of Resources	1,087,493	-	987,510	-	2,075,003
FUND BALANCES					
Nonspendable	701,986	-	-	225,545	927,531
Restricted	37,562,018	-	47,540,862	37,934,128	123,037,008
Committed	13,700,000	-	-	-	13,700,000
Assigned	11,716,357	-	-	-	11,716,357
Unassigned	15,326,048	(158,623)	-	-	15,167,425
Total Fund Balances	79,006,409	(158,623)	47,540,862	38,159,673	164,548,321
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 109,942,774	$ 20,521,222	$ 49,791,071	$ 39,228,009	$ 219,483,076

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds		$ 164,548,321
statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 320,963,351	
Accumulated depreciation	(185,163,996)	135,799,355
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(3,600,895)
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:		
General obligation bonds	$ 195,948,348	
Unamortized debt premiums	5,262,090	
Leases	769,848	
Supplemental early retirement plan	1,465,871	
Compensated absences	24,500	
Net pension liability	132,226,111	
Net OPEB liability	11,525,159	(347,221,927)
Deferred gain or loss on debt refunding:		
In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		7,347,592
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, defered outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions:	$ 38,016,136	
Deferred inflows of resources relating to pensions:	(16,409,368)	21,606,768

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):		
In governmental funds, defered outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to OPEB	$ 1,526,753	
Deferred inflows of resources relating to OPEB	(1,659,309)	(132,556)
Internal service fund:		
An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		4,648,758
Total Net Position - Governmental Activities		$ (17,004,584)

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Education Pass-Through Fund	for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 143,697,302	$ -	$ -	$ -	$ 143,697,302
Federal sources	11,953,458	18,989,851	-	6,954,328	37,897,637
Other state sources	57,652,401	70,903,617	-	8,953,904	137,509,922
Other local sources	5,735,182	(158,624)	11,932,729	22,197,252	39,706,539
Total Revenues	219,038,343	89,734,844	11,932,729	38,105,484	358,811,400
EXPENDITURES					
Current					
Instruction	125,589,780	-	-	4,462,052	130,051,832
Instruction-related services					
Instructional supervision and administration	7,234,742	-	-	379,550	7,614,292
Instructional library, media, and technology	418,462	-	-	-	418,462
School site administration	11,968,968	-	-	1,710,974	13,679,942
Pupil services					
Home-to-school transportation	3,214,896	-	-	-	3,214,896
Food services	18,129	-	-	7,639,466	7,657,595
All other pupil services	11,049,066	-	-	1,548,331	12,597,397
General administration					
Centralized data processing	3,478,378	-	-	-	3,478,378
All other general administration	8,883,960	-	-	601,493	9,485,453
Plant services	19,812,143	-	138,051	612,882	20,563,076
Facilities acquisition and maintenance	1,680,586	-	1,936,906	2,900,450	6,517,942
Ancillary services	-	-	-	2,156,934	2,156,934
Transfers to other agencies	4,568,622	89,893,467	-	-	94,462,089
Debt service					
Principal	825,081	-	-	-	825,081
Interest and other	47,522	-	-	7,644,214	7,691,736
Redemptions	-	-	-	7,243,312	7,243,312
Total Expenditures	198,790,335	89,893,467	2,074,957	36,899,658	327,658,417
Excess (Deficiency) of Revenues Over Expenditures	20,248,008	(158,623)	9,857,772	1,205,826	31,152,983
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,592,606	-	2,592,606
Transfers out	(2,592,606)	-	-	-	(2,592,606)
Net Financing Sources (Uses)	(2,592,606)	-	2,592,606	-	-
NET CHANGE IN FUND BALANCE	17,655,402	(158,623)	12,450,378	1,205,826	31,152,983
Fund Balance - Beginning	61,351,007	-	35,090,484	36,953,847	133,395,338
Fund Balance - Ending	$ 79,006,409	$ (158,623)	$ 47,540,862	$ 38,159,673	$ 164,548,321

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds		$ 31,152,983
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 6,439,092	
Depreciation expense:	(12,356,646)	(5,917,554)
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		8,965,689
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		(298,597)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(1,673,176)
Accreted interest on long-term debt:		
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		(818,574)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		36,242
Pensions:		
In government 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:		9,435,689
Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		435,975

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		537,797
Internal Service Funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		377,649
Change in Net Position of Governmental Activities	$	42,234,123

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF FUND NET POSITION
JUNE 30, 2023

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 10,462,582
Accounts receivable	415,639
Total Current Assets	10,878,221
Total Assets	10,878,221
LIABILITIES	
Current Liabilities:	
Accounts payable	4,103,805
Total Current Liabilities	4,103,805
Noncurrent Liabilities:	
Claims liability	2,125,658
Total Noncurrent Liabilities	2,125,658
Total Liabilities	6,229,463
NET POSITION	
Unrestricted (Deficit)	4,648,758
Total Net Position	$ 4,648,758

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Local revenue	$ 21,136,507
Total Revenues	21,136,507
Operating Expenses:	
Services and other operating expenses	20,418,937
Total Expenses	20,418,937
Operating Income (Loss)	717,570
Non-Operating Revenues	
Interest income	(339,921)
Total Non-Operating Revenues	(339,921)
Change in Net Position	377,649
Net Position, Beginning of Year	4,271,109
Net Position, End of Year	$ 4,648,758

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash received from grants and customers	$ 21,035,156
Cash payments for other goods and services	(20,890,782)
Net Cash Provided (Used) by Operating Activities	144,374
Cash Flows from Investing Activities	
Interest and dividends on investments	(339,921)
Net Cash Provided (Used) by Investing Activities	(339,921)
Net Decrease in Cash and Cash Equivalents	(195,547)
Cash and Cash Equivalents, Beginning of Year	10,658,129
Cash and Cash Equivalents, End of Year	$ 10,462,582
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities	
Operating loss	$ 717,570
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:	
Changes in Assets and Liabilities:	
Accounts receivable	(101,351)
Accounts payable	(325,370)
Claim liabilities	(146,475)
Total Adjustments	(573,196)
Net Cash Flows From Operating Activities	$ 144,374

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Covina-Valley Unified School District (the District) was unified on December 15, 1959 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, three middle schools, three high schools, an alternative high school, a children's center program and adult education centers.

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 Covina-Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has financial and operational relationships with the Covina-Valley Unified School District Facilities Finance Corporation (Corporation), as represented by the Qualified Zone Academy Bonds, which meets the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

For financial presentation purposes, the Corporation's financial activity has been blended, or combined, with the financial data for the District. The financial statements present the Corporation's financial activity within the Building Fund. Qualified Zone Academy Bonds issued are included as long-term obligation in the governmentwide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Special Education Pass-Through Fund The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds

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

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

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting - Measurement Focus

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Leases Receivable

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $15,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 25 to 50 years; furniture and equipment, 15 to 20 years; and vehicles, 8 years.

Interfund Balances

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Leases, continued

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Spending Order Policy

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

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and deferred charges on refunding bonds that are attributable capital activity. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $337,752,657 of restricted net position, of which is restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates

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

Property Tax

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

New Accounting Pronouncements

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented this Statement as of June 30, 2023.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

	Governmental Activities
Cash in county treasury	$ 154,959,382
Cash on hand and in banks	1,541,324
Cash in revolving fund	35,000
Cash with fiscal agent	44,698,645
Cash awaiting deposit	100
Fair market value adjustment	(7,001,980)
Total	$ 194,232,471

Policies and Practices

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

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Investment in County Treasury

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

General Authorizations

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

Authorized Investment Type	Maximum 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%	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

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 primarily investing in the Los Angeles County Treasury Investment Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Reported Amount	Weighted Average Days to Maturity
County Investment Pool	$ 147,957,402	548 days
Total	$ 147,957,402	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2023.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balance was exposed to custodial credit risk amounting to $130,015 because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

NOTE 2 – DEPOSITS AND INVESTMENTS, continued

Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, 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 specified 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 reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

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

Investment Type:	Fair Value	Uncategorized
County Investment Pool	$ 147,957,402	$ 147,957,402

NOTE 3 – RECEIVABLES

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

	General Fund	Special Education Pass-Through Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Federal Government							
Categorical aid	$ 7,185,497	$ 16,800,099	$ -	$ 1,526,522	$ 25,512,118	$ -	$ 25,512,118
State Government							
Categorical aid	5,054,530	587,876	-	221,952	5,864,358	-	5,864,358
Lottery	693,386	-	-	-	693,386	-	693,386
Local Government							
Other local sources	1,136,493	9,635	231,932	285,241	1,663,301	415,639	2,078,940
Total	$ 14,069,906	$ 17,397,610	$ 231,932	$ 2,033,715	$ 33,733,163	$ 415,639	$ 34,148,802

NOTE 4 – LEASE RECEIVABLE

The Entity, acting as lessor, leases land under a long-term, noncancelable lease agreement. The lease requires annual installments totaling $67,000 plus interest at 3.65%. During the year ended June 30, 2023, the Entity recognized lease revenue of $26,575 and interest revenue of $40,425 pursuant to the contract. The lease expires in March 2048 and provides for two renewal options of 10 years each.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 27,561	$ 39,439	$ 17,838,591
2025	28,584	38,416	17,217,902
2026	29,645	37,355	17,020,161
2027	30,745	36,255	19,418,269
2028	31,887	35,113	18,382,449
2029-2033	178,089	156,911	68,523,737
2034-2038	213,686	121,314	38,070,480
2039-2043	256,398	78,602	46,126,227
2044-2048	290,898	27,353	46,888,587
Total	$ 1,087,493	$ 570,758	$ 289,486,403

NOTE 5 – CAPITAL ASSETS

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 2,548,071	$ -	$ -	$ 2,548,071
Construction in progress	2,249,556	6,191,355	623,848	7,817,063
Total Capital Assets not Being Depreciated	4,797,627	6,191,355	623,848	10,365,134
Capital assets being depreciated				
Land improvements	89,276,434	-	-	89,276,434
Buildings and improvements	206,595,158	425,729	-	207,020,887
Furniture and equipment	13,855,040	445,856	-	14,300,896
Total Capital Assets Being Depreciated	309,726,632	871,585	-	310,598,217
Total Capital Assets	314,524,259	7,062,940	623,848	320,963,351
Less Accumulated Depreciation				
Land improvements	60,342,076	4,360,365	-	64,702,441
Buildings and improvements	99,425,788	7,693,609	-	107,119,397
Furniture and equipment	13,039,486	302,672	-	13,342,158
Total Accumulated Depreciation	172,807,350	12,356,646	-	185,163,996
Capital Assets, net	$ 141,716,909	$ (5,293,706)	$ 623,848	$ 135,799,355

NOTE 6 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2023 consisted of a $2,592,606 transfer from the General Fund to the Special Reserve For Capital Outlay Projects Fund for RDA Facilities Portion.

NOTE 7 – UNEARNED REVENUE

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

	General Fund
Federal Government	
Categorical aid	$ 2,462,207
State Government	
Other state sources	1,413,047
Local Government	
Other local sources	743,203
	$ 4,618,457

NOTE 8 – LONG-TERM LIABILITIES

Summary

A schedule of changes in long-term debt for the year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 203,233,780	$ 818,574	$ 8,104,006	$ 195,948,348	$ 9,275,000
Unamortized debt premiums	5,799,887	-	537,797	5,262,090	-
Qualified zone academy bonds	481,058	-	481,058	-	-
Finance purchase agreement	1,125,973		356,125	769,848	366,709
Compensated absences	1,502,113	-	36,242	1,465,871	-
Early retirement incentive	49,000	-	24,500	24,500	18,500
Claims liability	2,272,133	334,736	481,211	2,125,658	-
Net pension liability	83,761,453	48,464,658		132,226,111	-
Net OPEB Liability	12,323,237	-	798,078	11,525,159	-
Total	$ 310,548,634	$ 49,617,968	$ 10,819,017	$ 349,347,585	$ 9,660,209

Liabilities are liquidated by the General Fund for governmental activities, including leases, compensated absences, early retirement incentives, postemployment healthcare benefits, and net pension liability. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller’s office through the Bond Interest and Redemption Fund.

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2023
2001 Election, Series B (2003)	6/19/2003	6/1/2028	2.20% - 5.20%	$ 30,000,000	$ 17,918,348
2012 Election, Series B (2015)	7/9/2015	8/1/2044	2.00% - 5.00%	37,000,000	4,470,000
2012 Election, Series C-1 (2016)	8/10/2016	8/1/2024	N/A	6,000,000	1,520,000
2012 Election, Series C (2017)	8/31/2016	8/1/2036	3.00% - 5.00%	12,000,000	12,000,000
2012 Election, Series D (2017)	6/14/2017	8/1/2046	2.00% - 5.00%	30,000,000	28,515,000
2012 Election, Series E (2018)	9/6/2018	8/1/2046	3.13% - 4.00%	14,000,000	13,600,000
2013 Refunding (2013)	5/9/2013	8/1/2031	2.00% - 5.00%	40,500,000	2,035,000
2016 Refunding (2016)	8/31/2016	8/1/2032	3.00% - 4.00%	16,410,000	14,725,000
2019 Refunding (2019)	9/5/2019	8/1/2049	1.87% - 3.26%	58,690,000	54,525,000
2021 Refunding (2021)	12/14/2021	8/1/2044	0.45% - 3.06%	47,850,000	46,640,000
Total					$ 195,948,348

2001 Election General Obligation Bonds, Series B

On June 19, 2003, the District issued the $30,000,000 2001 Election General Obligation Bonds, Series B. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $29,170,000, and an aggregate principal debt service balance of $59,170,000. The bonds have a final maturity to occur June 1, 2028, with interest rates of 2.20% to 5.20%. Proceeds from the sale of the bonds were used to improve health and safety conditions of neighborhood schools, relieve classroom overcrowding, replace inadequate electrical, heating and ventilation systems, roofs, plumbing and sewer systems, renovate outdated science laboratories, and renovate and/or add classrooms and other facilities. At June 30, 2022, the principal balance outstanding of the 2001 Election General Obligation Bonds, Series B was $19,038,780. Unamortized premium received on issuance of the bonds amounted to $474,050 as of June 30, 2022.

2013 General Obligation Refunding Bonds

On May 9, 2013, the District issued the $40,500,000 2013 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2031, with interest rate yields of 2.00% to 5.00%. The net proceeds of $46,380,717 (representing the principal amount of $40,500,000, plus premium on issuance of $5,880,717) from the issuance were used to advance refund the District's outstanding 2006 General Obligation Bonds, 2006 Series A and to pay the costs of issuance associated with the refunding bonds. At June 30, 2022, the principal balance outstanding was $3,715,000. Unamortized premium received on issuance of the bonds amounted to $235,563 as of June 30, 2022.

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2012 General Obligation Bonds, Series B

On July 9, 2015, the District issued the 2012 General Obligation Bonds, Series B in the amount of $37,000,000 with interest rate yields of 2.00% to 5.00%. The 2012 General Obligation Bonds, Series B have a final maturity to occur on August 1, 2044. The net proceeds of $39,327,472 (representing the principal amount of $37,000,000 and premium of $2,711,727, less cost of issuance of $384,255) from the issuance will be used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the cost of issuing the bonds. At June 30, 2022, the principal balance outstanding was $4,470,000. Unamortized premium received on issuance of the bonds amounted to $517,878 as of June 30, 2022.

2012 General Obligation Bonds, Series C-1 (Qualified Zone Academy Bonds)

On August 10, 2016, the District issued the $6,000,000 2016 General Obligation Bonds, Series C-1 Tax Credit Bonds. The bonds have a final maturity to occur on August 1, 2024 and offer a tax credit rate of 3.93% and do not bear interest. The net proceeds of $5,900,434 (representing the principal amount of $6,000,000, less cost of issuance of $99,566) from the issuance will be used to finance the repair, upgrading and equipping of certain District property and facilities, and pay the cost of issuing the Bonds. At June 30, 2022, the principal balance outstanding was $2,130,000.

2012 General Obligation Bonds, Series C

On August 31, 2016, the District issued the 2012 General Obligation Bonds, Series C in the amount of $12,000,000 with interest rate yields of 3.00% to 5.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2036. The net proceeds of $12,783,927 (representing the principal amount of $12,000,000 and premium of $952,509, less cost of issuance of $168,582) from the issuance will be used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and pay the cost of issuing the Bonds. At June 30, 2022, the principal balance outstanding was $12,000,000. Unamortized premium received on issuance of the bonds amounted to $719,998 as of June 30, 2022.

2016 General Obligation Refunding Bonds (2019 Crossover)

On August 31, 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $16,410,000 with interest rate yields of 3.00% to 5.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2032. The net proceeds of $19,714,714 (representing the principal amount of $16,410,000 and premium of $3,512,981, less cost of issuance of $208,267) from the issuance will be used to advance refund on the crossover date of August 1, 2019, certain of the District's outstanding 2006 Election General Obligation Bonds, 2007 Series B, and pay the cost of issuing the Refunding Bonds. At June 30, 2022, the principal balance outstanding was $15,335,000. Unamortized premium received on issuance of the bonds amounted to $2,057,837 as of June 30, 2022.

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

2012 General Obligation Bonds, Series D

On June 14, 2017, the District issued the 2012 General Obligation Bonds, Series D in the amount of $30,000,000 with interest rate yields of 2.00% to 5.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2046. The net proceeds of $29,870,472 (representing the principal amount of $30,000,000 and premium of $198,431, less cost of issuance of $327,959) from the issuance will be used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and pay the cost of issuing the Bonds. At June 30, 2022, the principal balance outstanding was $28,515,000. Unamortized premium received on issuance of the bonds amounted to $157,619 as of June 30, 2022.

2012 General Obligation Bonds, Series E

On September 6, 2018, the District issued the 2012 General Obligation Bonds, Series E in the amount of $14,000,000 with interest rate yields of 3.13% to 4.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2046. The net proceeds of $15,697,183 (representing the principal amount of $14,000,000 and premium of $1,888,958, less cost of issuance of $191,775) from the issuance will be used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and pay the cost of issuing the Bonds. At June 30, 2022, the principal balance outstanding was $13,600,000. Unamortized premium received on issuance of the bonds amounted to $1,629,868 as of June 30, 2022.

2019 General Obligation Refunding Bonds

On September 5, 2019, the District issued the 2019 General Obligation Refunding Bonds in the amount of $58,690,000 with interest rate yields of 1.87% to 3.26%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2049. The net proceeds of $58,172,084 (representing the principal amount of $58,690,000, less cost of issuance of $517,916) from the issuance will be used to advance refund a portion of the District's outstanding 2001 Election General Obligation Refunding Bonds, 2013 General Obligation Refunding Bonds, 2012 General Obligation Bonds Series A, and to pay the cost of issuing the Refunding Bonds. At June 30, 2022, the principal balance outstanding was $56,580,000. The balance in the escrow account as of June 30, 2022, is $45,643,312. The bonds will be paid off on August 1, 2023.

2021 General Obligation Refunding Bonds

On December 14, 2021, the District issued the federally taxable 2021 General Obligation Refunding Bonds in the amount of $47,850,000 with interest rate yields of 0.45% to 3.06%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2044. The net proceeds of $47,344,169 (representing the principal amount of $47,850,000, less cost of issuance of $505,831) from the issuance will be used to advance refund a portion of the District's outstanding 2012 General Obligation Bonds Series A, 2012 General Obligation Bonds Series B and 2013 General Obligation Refunding Bonds, and to pay the cost of issuing the Refunding Bonds. The refunding resulted in a cash flow savings of $6,133,480 and a net present value gain of $4,174,390. At June 30, 2022, the principal balance outstanding was $47,850,000. The balance in the escrow account as of June 30, 2022 is $47,805,372. The bonds will be paid off on July 31, 2025.

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

The annual requirements to amortize general obligation bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2024	$ 7,259,737	$ 8,563,591	$ 2,015,263	$ 17,838,591
2025	8,084,308	7,017,902	2,115,692	17,217,902
2026	7,870,098	6,890,161	2,259,902	17,020,161
2027	8,964,697	6,728,269	3,725,303	19,418,269
2028	7,854,289	6,552,449	3,975,711	18,382,449
2029-2033	41,410,000	27,113,737	-	68,523,737
2034-2038	21,840,000	16,230,480	-	38,070,480
2039-2043	34,590,000	11,536,227	-	46,126,227
2044-2048	42,655,000	4,233,587	-	46,888,587
2049-2050	3,650,000	102,069	-	3,752,069
Total	$ 184,178,129	$ 94,968,472	$ 14,091,871	$ 293,238,472
Accreted Interest	11,770,219			
Total	$ 195,948,348			

Qualified Zone Academy Bonds (QZAB)

On December 19, 2008, the District entered into a lease-lease back agreement whereby the District is leasing Fairvalley High School from the Covina-Valley Unified School District Facilities Finance Corporation in exchange for repaying the QZABs. The purpose of the agreement was to provide $5,000,000 for financing the cost of purchasing equipment and certain improvements to the property. The financing for the improvements is proved by the issuance of QZABs, pursuant to Section 1397E of the Internal Revenue Code. The District is required to make annual repayments, which will be invested in a special fund. The repayments, along with the interest earned, is expected to be sufficient to pay the remaining principal on the bonds. The final payment of 481,058 was made during fiscal year 2022-23.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2023, amounted to $2,125,658, using a discount factor of 3.50 percent

NOTE 8 – LONG-TERM LIABILITIES, continued

Early Retirement Incentives

During the 2007-2008 school year, the District adopted a supplemental retirement plan whereby certain eligible certificated and classified employees are provided an annuity to supplement the retirement benefits they are entitled to through their respective retirement systems. The criteria for participation were as follows: employees must be employed by the District as of February 12, 2008, eligible to retire under CalSTRS or CalPERS as of June 30, 2008, have resigned from the District after the completion of the 2007-2008 school year on or before June 30, 2008, have retired from CalSTRS or CalPERS no later than July 1, 2008, and have applied for benefits under this plan. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 102 employees, were purchased from Pacific Life Insurance Company.

As of June 30, 2023, the balance of obligations associated with the supplemental retirement plans was $24,500. The early retirement incentives have future payments as follows:

Year Ending June 30,	Amount
2024	$ 18,500
2025	6,000
Total	$ 24,500

Finance Purchase Obligation

The District finances equipment valued at approximately $3,760,000 under an agreement which provides for title to pass upon expiration of the finance period. Future minimum payments are as follows:

Year Ending June 30,	Amount
2024	$ 386,734
2025	386,734
2026	25,909
Total	799,377
Less: Amount Representing Interest	(29,529)
Present Value of Net Minimum Payments	$ 769,848

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $1,465,871.

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

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

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	$ 10,926,774	$ 1,526,753	$ 1,659,309	$ (206,323)
MPP Program	598,385	-	-	(229,652)
Total	$ 11,525,159	$ 1,526,753	$ 1,659,309	$ (435,975)

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2023, the Plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	47
Active Employees	989
	1,036

Benefits Provided

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

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Covina Unified Education Association (CUEA), the local California Service Employees Association (CSEA), the Covina-Valley Associated of School Psychologists (CVASP), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, CUEA, CSEA, CVASP, and the unrepresented groups. For fiscal year 2022-23, the District paid $463,550 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,926,774 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all period included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2023
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age, level percent of pay
Inflation rate	3.00%
Discount rate	3.86%
Payroll increase	3.00%

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

Pre-retirement mortality rates were based on the Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018) or Pre-retirement Mortality Rates from CalPERS Experience Study (2000-2019). Post-retirement mortality rates were based on either the Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018) or the Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2021.

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2022	$ 11,495,200	$ -	$ 11,495,200
Changes for the year:			
Service cost	335,343	-	335,343
Interest	415,490	-	415,490
Employer contributions	-	1,151,736	(1,151,736)
Changes of assumptions	(167,523)	-	(167,523)
Expected benefit payments	(1,151,736)	(1,151,736)	-
Net change	(568,426)	-	(568,426)
Balance June 30, 2023	$ 10,926,774	$ -	$ 10,926,774

Changes of assumptions and other inputs reflect a change in the discount rate from 3.69% to 3.86% since the previous valuation. There were no changes to benefit terms since the previous valuation.

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

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

	Discount Rate 1% Lower (2.86%)	Current Discount Rate (3.86%)	Discount Rate 1% Higher (4.86%)
Net OPEB liability	$ 11,954,478	$ 10,926,774	$ 9,998,034

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

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

	Trend Rate 1% Lower (4.50%)	Current Trend Rate (5.50%)	Trend Rate 1% Higher (6.50%)
Net OPEB liability	$ 10,127,094	$ 10,926,774	$ 11,848,668

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

OPEB Expense and Deferred Outflows of Resource related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 670,348	$ 160,544
Change in assumptions	856,405	1,498,765
	$ 1,526,753	$ 1,659,309

OPEB Expense and Deferred Outflows of Resource related to OPEB, continued

For the year ended June 30, 2023, the District recognized OPEB expense of ($206,323). Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 194,580
2025	194,580
2026	(17,301)
2027	(282,279)
2028	(206,905)
Thereafter	(15,231)
	$ (132,556)

Medicare Premium Payment (MPP) Program

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability

At June 30, 2023, the District reported a liability of $598,385 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1817 percent and 0.2076 percent, resulting in a net decrease in the proportionate share of 0.0259 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(229,652).

Actuarial Methods and Assumptions

Total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

	June 30, 2021
	June 30, 2022
	Entry Age Normal
	3.54%
ırn	3.54%
Medicare Part A Premium Cost Trend Rate*	4.50%
Medicare Part B Premium Cost Trend Rate*	5.40%
Mortality Rate Table*	Derived Using CalSTRS' Membership Data

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Actuarial Methods and Assumptions , continued

In addition, assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities, and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. The MPP Program is funded on a pay-as-you-go basis as previously noted, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondybuyer.com as of June 30, 2021, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is a decrease of 1.38% from 2.16% as of June 30, 2021.

NOTE 9 – TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
› Program	$ 652,354	$ 598,385	$ 551,655

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare Costs trend rates, as well as what the net pension liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

	1% Decrease	Current Trend Rate	1% Increase
› Program	$ 549,041	$ 598,385	$ 654,320

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 84,104,349	$ 21,934,878	$ 13,484,955	$ 6,783,054
CalPERS	48,121,762	16,081,258	2,924,413	5,638,313
Total	$ 132,226,111	$ 38,016,136	$ 16,409,368	$ 12,421,367

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS) Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $15,335,816.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

District's proportionate share of the net pension liability	$	84,104,349
State's proportionate share of the net pension liability associated with the District		42,119,704
Total	$	126,224,053

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1210 percent and 0.1190 percent, resulting in an increase of 0.0020 percent in the proportionate share.

For the year ended June 30, 2023, the District recognized pension expense of $6,783,054. In addition, the District recognized pension expense and revenue of ($3,150,220) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 4,115,529
Differences between expected and actual experience	68,992	6,305,033
Changes in assumptions	4,167,852	-
Net changes in proportionate share of net pension liability	2,362,218	3,064,393
District contributions subsequent to the measurement date	15,335,816	-
Total	$ 21,934,878	$ 13,484,955

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (902,379)
2025	(4,678,310)
2026	(6,305,024)
2027	6,160,918
2028	(871,818)
Thereafter	(289,280)
	$ (6,885,893)

Actuarial Methods and Assumptions

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

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

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

Discount Rate

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

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 current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 142,840,378	$ 84,104,349	$ 35,335,785

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Plan Fiduciary Net Position

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

California Public Employees Retirement System (CalPERS) Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	25.370%	25.370%

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $6,521,240.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $87,188,442. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.1399 percent and 0.1456 percent, resulting in a net decrease in the proportionate share of 0.0057 percent.

For the year ended June 30, 2023, the District recognized pension expense of $5,638,313. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 5,681,871	$ -
Differences between expected and actual experience	217,483	1,197,331
Changes in assumptions	3,559,774	-
Net changes in proportionate share of net pension liability	100,890	1,727,082
District contributions subsequent to the measurement date	6,521,240	-
Total	$ 16,081,258	$ 2,924,413

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,519,575
2025	1,225,821
2026	738,609
2027	3,151,600
	$ 6,635,605

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized herein:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

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

Discount Rate

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

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 69,514,322	$ 48,121,762	$ 30,441,597

Pension Plan Fiduciary Net Position

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

Tax Deferred Annuity/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. District and employee contributions are determined by statute.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $6,714,441. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 11 – FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned, or unassigned as shown below:

	General Fund	Special Education Pass-Through Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	$ 35,000	$ -	$ -	$ -	$ 35,000
Stores inventory	71,221	-	-	225,545	296,766
Prepaid expenditures	595,765	-	-	-	595,765
Total non-spendable	701,986	-	-	225,545	927,531
Restricted					
Legally restricted programs	33,949,779	-	-	13,738,936	47,688,715
Debt service	-	-	-	10,075,354	10,075,354
Capital projects	-	-	47,540,862	13,342,475	60,883,337
Child nutrition	1,625,073	-	-	-	1,625,073
Student activity funds	-	-	-	777,363	777,363
Other restrictions	1,987,166	-	-	-	1,987,166
Total restricted	37,562,018	-	47,540,862	37,934,128	123,037,008
Committed					
Other commitments	13,700,000	-	-	-	13,700,000
Total committed	13,700,000	-	-	-	13,700,000
Assigned					
Site carryover	320,811	-	-	-	320,811
S&C carryover	643,936	-	-	-	643,936
SELPA	433,723	-	-	-	433,723
Other assignments	10,317,887	-	-	-	10,317,887
Total assigned	11,716,357	-	-	-	11,716,357
Unassigned					
Reserve for economic uncertainties	6,041,488	-	-	-	6,041,488
Remaining unassigned	9,284,560	(158,623)	-	-	9,125,937
Total unassigned	15,326,048	(158,623)	-	-	15,167,425
Total	$ 79,006,409	$ (158,623)	$ 47,540,862	$ 38,159,673	$ 164,548,321

NOTE 12 – INTERNAL SERVICE FUND

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ending June 30, 2023, the District was self-insured for property and liability coverage, and participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) risk management pool for amounts in excess of the District's member retention limit $25,000 for property and liability claims.

NOTE 12 – INTERNAL SERVICE FUND, continued

Workers' Compensation

For the fiscal year of 2022-23, the District was self-funded for its workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. The District's self-insured retention limit for the 2022-23 fiscal year was $250,000. Excess liability coverage for workers' compensation claims is provided by Schools Excess Liability Fund (SELF) public entity risk pool, through ASCIP.

Employee Medical Benefits

The District has contracted with various vendors to provide employee health benefits through the purchase of commercial insurance. Kaiser and Anthem Blue Cross provide medical care, Delta Dental and Delta Care provide dental care, VSP provides vision care, and Mutual of Omaha provides life insurance. In addition, the District has contracted with Southern California Schools Employee Benefits Association (SCSEBA), a joint powers authority, to provide employee medical benefits. SCSEBA obtains benefit programs on behalf of the District through the purchase of commercial insurance. Rates are set through an annual calculation process.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2023, amounted to $2,125,658, using a discount factor of 3.50%.

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

NOTE 12 – INTERNAL SERVICE FUND, continued

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance, July 1, 2021	$ 2,291,461
Claims and changes in estimates	216,356
Claim payments	(235,684)
Liability Balance, June 30, 2022	2,272,133
Claims and changes in estimates	334,736
Claim payments	(481,211)
Liability Balance, June 30, 2023	$ 2,125,658
Asset available to pay claims at June 30, 2023	$ 5,736,501

NOTE 13 – JOINT POWERS AGREEMENT

The District participates in three joint powers agreement (JPA) entities: California Schools Employee Benefits Association (CSEBA), the Alliance of Schools for Cooperative Insurance Programs (ASCIP), and the Schools Excess Liability Fund (SELF). The District pays an annual premium to CSEBA and ASCIP for its medical and property/liability and workers' compensation excess liability coverage, respectively.

California Schools Employee Benefits Association (CSEBA) provides medical liability coverage for its members. Alliance of Schools for Cooperative Insurance Programs (ASCIP) arranges for and provides property and liability insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested. ASCIP is governed by a board consisting of 25 elected members and alternatives.

The Schools' Excess Liability Fund (SELF) arranges for and provides a self-funded excess liability fund for approximately 1,100 public educational agencies. SELF is governed by a board of 32 elected voting members, elected alternates, and two ex-official members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's Board of Directors and shares surpluses and deficits proportionately to its participation in SELF.

NOTE 13 – JOINT POWERS AGREEMENT, continued

Each JPA is governed by a board consisting of representatives from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. In addition, each JPA is independently accountable for its fiscal matters. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

NOTE 14 – COMMITMENTS AND CONTINGENCIES, continued

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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 reimbursement will not be material.

NOTE 14 – COMMITMENTS AND CONTINGENCIES, continued

Purchase Commitments

As of June 30, 2023, the District was committed under various capital expenditure purchase agreements for the elementary HVAC project in the amount of $18,763,365 which is expected to be completed August 2024.

NOTE 15 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 4, 2023, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts*		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 127,828,073	$ 143,707,627	$ 143,697,302	$ (10,325)
Federal sources	15,769,179	11,020,882	11,953,458	932,576
Other state sources	30,754,613	49,627,960	57,652,401	8,024,441
Other local sources	5,517,799	8,711,165	5,947,578	(2,763,587)
Total Revenues	179,869,664	213,067,634	219,250,739	6,183,105
EXPENDITURES				
Certificated salaries	66,547,502	80,829,819	80,613,675	(216,144)
Classified salaries	24,831,486	26,422,321	26,670,713	248,392
Employee benefits	47,420,764	49,149,239	49,125,737	(23,502)
Books and supplies	7,713,061	9,795,635	9,738,244	(57,391)
Services and other operating expenditures	20,718,963	26,205,356	25,296,860	(908,496)
Capital outlay	5,124,077	1,436,300	2,426,487	990,187
Other outgo				
Excluding transfers of indirect costs	6,433,312	5,441,324	5,441,224	(100)
Transfers of indirect costs	(616,715)	(616,884)	(522,605)	94,279
Total Expenditures	178,172,450	198,663,110	198,790,335	127,225
Excess (Deficiency) of Revenues				
Over Expenditures	1,697,214	14,404,524	20,460,404	6,310,330
Other Financing Sources (Uses):				
Transfers out	(2,350,000)	(2,450,000)	(2,592,606)	(142,606)
Net Financing Sources (Uses)	(2,350,000)	(2,450,000)	(2,592,606)	(142,606)
NET CHANGE IN FUND BALANCE	(652,786)	11,954,524	17,867,798	5,913,274
Fund Balance - Beginning	50,820,724	50,820,724	50,820,724	-
Fund Balance - Ending	$ 50,167,938	$ 62,775,248	$ 68,688,522	$ 5,913,274

* General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects Fund as required by GASB Statement No. 54.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENEDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 335,343	$ 449,086	$ 391,242	$ 336,428	$ 402,196	$ 422,957
Interest	415,490	263,583	325,421	392,950	356,824	315,900
Changes of assumptions	(167,523)	(1,733,215)	566,411	1,011,503	332,926	(337,233)
Difference between expected and actual experience	-	(228,862)	-	1,742,908	-	-
Benefit payments	(1,151,736)	(1,079,069)	(697,035)	(828,102)	(727,580)	(549,129)
Net change in total OPEB liability	(568,426)	(2,328,477)	586,039	2,655,687	364,366	(147,505)
Total OPEB liability, beginning of year	11,495,200	13,823,677	13,237,638	10,581,951	10,217,585	10,365,090
Total OPEB liability, end of year (a)	$ 10,926,774	$ 11,495,200	$ 13,823,677	$ 13,237,638	$ 10,581,951	$ 10,217,585
Covered payroll	$ 95,539,844	$ 81,565,077	$ 79,539,042	$ 93,383,424	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	11%	14%	17%	14%	N/A	N/A

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

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS – MPP PROGRAM
FOR THE YEAR ENEDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)					
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
the net OPEB liability	0.1817%	0.2076%	0.1780%	0.1860%	0.2122%	0.2126%
Share of the Net OPEB Liability	$ 598,385	$ 828,037	$ 754,337	$ 692,658	$ 812,218	$ 894,352
oyee Payroll*	$ -	$ -	$ -	$ -	$ -	$ -
›ercentage of Covered Payroll*	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%	0.01%

* Plan participants are limited to retirees; therefore covered payroll is zero.

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

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.1210%	0.1190%	0.1170%	0.1210%	0.1182%
District's proportionate share of the net pension liability	$ 84,104,349	$ 54,154,520	$ 113,383,530	$ 109,282,360	$ 108,653,817
State's proportionate share of the net pension liability associated with the District	42,119,704	27,249,021	58,488,750	59,621,305	62,209,392
Total	$ 126,224,053	$ 81,403,541	$ 171,872,280	$ 168,903,665	$ 170,863,209
District's covered - employee payroll	$ 67,400,000	$ 66,200,000	$ 63,600,000	$ 66,100,000	$ 63,800,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	125%	82%	178%	165%	170%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.1399%	0.1456%	0.1467%	0.1509%	0.1481%
District's proportionate share of the net pension liability	$ 48,121,762	$ 29,606,933	$ 45,012,072	$ 43,978,675	$ 39,476,294
District's covered - employee payroll	$ 21,500,000	$ 21,500,000	$ 21,400,000	$ 20,630,000	$ 19,820,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	224%	138%	210%	213%	199%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

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

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

CalSTRS	Reporting Fiscal Year (Measurement Date) 2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.1174%	0.1135%	0.1341%	0.1182%
District's proportionate share of the net pension liability	$ 108,591,245	$ 91,798,380	$ 90,277,985	$ 69,056,755
State's proportionate share of the net pension liability associated with the District	64,241,663	52,259,180	47,747,102	41,699,450
Total	$ 172,832,908	$ 144,057,560	$ 138,025,087	$ 110,756,205
District's covered - employee payroll	$ 61,200,000	$ 58,100,000	$ 59,100,000	$ 55,800,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	177%	158%	153%	124%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

CalPERS	Reporting Fiscal Year (Measurement Date) 2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.1458%	0.1491%	0.1534%	0.1556%
District's proportionate share of the net pension liability	$ 34,812,642	$ 29,454,884	$ 22,605,993	$ 17,659,852
District's covered - employee payroll	$ 17,840,000	$ 17,750,000	$ 17,500,000	$ 16,400,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	195%	166%	129%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 15,335,816	$ 11,397,512	$ 10,699,371	$ 10,875,727	$ 10,759,954
District's contributions in relation to the statutorily required contribution	15,335,816	11,397,512	10,699,371	10,875,727	10,759,954
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 90,637,210	$ 67,400,000	$ 66,200,000	$ 63,600,000	$ 66,100,000
District's contributions as a percentage of covered-employee payroll	16.92%	16.91%	16.16%	17.10%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 6,521,240	$ 4,930,918	$ 4,464,839	$ 4,217,647	$ 3,726,234
District's contributions in relation to the statutorily required contribution	6,521,240	4,930,918	4,464,839	4,217,647	3,726,234
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 28,464,601	$ 21,500,000	$ 21,500,000	$ 21,400,000	$ 20,630,000
District's contributions as a percentage of covered-employee payroll	22.91%	22.93%	20.77%	19.71%	18.06%

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

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 9,209,588	$ 7,700,700	$ 6,234,213	$ 5,248,838
District's contributions in relation to the statutorily required contribution	9,209,588	7,700,700	6,234,213	5,248,838
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 63,800,000	$ 61,200,000	$ 58,100,000	$ 59,100,000
District's contributions as a percentage of covered-employee payroll	14.44%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 3,078,597	$ 2,477,571	$ 2,102,921	$ 2,060,153
District's contributions in relation to the statutorily required contribution	3,078,597	2,477,571	2,102,921	2,060,153
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,820,000	$ 17,840,000	$ 17,750,000	$ 17,500,000
District's contributions as a percentage of covered-employee payroll	15.53%	13.89%	11.85%	11.77%

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

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 2.45 percent to 1.92 percent from the previous valuation.

Schedule of Changes in the Net OPEB Liability and Related Ratios – MPP Program

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan. In the future, as data becomes available, 10 years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 2.45 percent to 1.92 percent from the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the Proportionate Share of the Net Pension Liability

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

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

- *Changes of Assumptions* – The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes since the previous valuation for CalSTRS.

Schedule of Contributions – Pension

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in General Fund presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	**Actual**	**Excess**
General Fund			
Classified salaries	$ 26,422,321	$ 26,670,713	$ 248,392
Capital outlay	$ 1,436,300	$ 2,426,487	$ 990,187
Other financing uses			
Transfers out	$ 2,450,000	$ 2,592,606	$ 142,606

SUPPLEMENTARY INFORMATION

ORGANIZATION

The Covina-Valley Unified School District (the District) was unified on December 15, 1959, under the laws of the state of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the state and/or federal agencies. The District operates nine elementary schools, three middle schools, three high schools, an alternative high school, a children's center program, and adult education centers. There were no boundary changes during the year.

The District Board of Education and the District Administrators for the fiscal year ended June 30, 2023, were as follow:

GOVERNING BOARD

Name	Office	Term Expires
Maria M. Caceres	President	December 2024
Maria E. Cruz	Vice President	December 2024
Simon Wright	Clerk	December 2026
Rachael Robles	Member	December 2026
Sue Maulucci	Member	December 2024

ADMINISTRATION

Elizabeth Eminhizer, Ed.D.
Superintendent

Manuel Correa, CPA
Chief Business Official
Business Services

Jonathan Blackmore, Ed.D.
Assistant Superintendent
Educational Services

Michele Doll, Ed.D.
Assistant Superintendent
Human Resources Services

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture:				
Passed Through California Department of Education				
Child Nutrition Cluster:				
National School Lunch Program	10.553	13396	$ 5,031,040	$ -
School Breakfast Needy	10.553	13526	887,303	-
National School Lunch Program - Meal Supplements	10.555	13755	11,501	-
Child and Adult Care Food Program	10.558	13666	200,274	-
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	9,538	-
Supply Chain Assistance (SCA) Funds	10.555	15655	100,088	-
Total Child Nutrition Cluster			6,239,744	-
Total U.S. Department of Agriculture			6,239,744	-
U.S. Department of Education:				
Passed Through California Department of Education				
Special Education Cluster:				
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	93,245	57,049
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	418,515	345,704
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	18,509,557	15,878,566
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	726,668	162,048
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	1,123,154	1,123,154
IDEA Preschool Staff Development, Part B, Sec 619	84.173	13431	4,811	4,054
IDEA ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,366,445	1,366,445
IDEA ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10169	16,303	16,303
IDEA ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	183,557	158,197
IDEA Alternative Dispute Resolution, Part Bm Section 611	84.027A	13007	55,365	-
Total Special Education Cluster			22,497,620	19,111,520
Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,913,917	-
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,250,048	-
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	7,491	-
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	706,420	-
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425	15566	21,152	-
Total Education Stabilization Funds			3,899,028	-
Adult Basic Education & ELA (Section 231)	84.002	14508	101,200	-
Adult Secondary Education (Section 231)	84.002	13978	139,515	-
Adult Education: English Literacy & Civics Education	84.002	14750	16,555	-
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,531,632	-
IDEA Early Intervention Grant	84.181	23761	284,328	113,731
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	102,646	-
Title III, English Learner Student Program	84.365	14346	103,545	-
Title II, Part A, Supporting Effective Instruction	84.367	14341	580,093	-
Title IV Student Support & Academic Enrichment	84.424	15396	198,879	-
Total U.S. Department of Education			30,455,041	19,225,251
U.S. Department of Health and Human Services				
Passed Through California Department of Education				
Medicaid Cluster				
Medi-Cal Billing Option	93.778	10013	774,977	162,048
Child Care and Development Fund (CCDF) Cluster				
Child Development: Federal General and State Preschool	93.596	13609	120,364	-
Total U.S. Department of Health and Human Services			895,341	-
Total Federal Financial Assistance			$ 37,590,126	$ 19,225,251

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Second Period Report	Annual Report
	Certification No. (FFAB06B5)	Certification No. (5BA49B5F)
Regular ADA		
Transitional Kindergarten through third	2,883.61	2,899.62
Fourth through Sixth	2,100.06	2,102.32
Seventh and Eighth	1,397.50	1,396.98
Ninth through twelfth	3,950.21	3,940.08
Total Regular ADA	10,331.38	10,339.00
Extended Year Special Education		
Transitional Kindergarten through third	4.70	4.70
Fourth through Sixth	2.67	2.67
Seventh and Eighth	2.96	2.96
Ninth through twelfth	8.55	8.55
Total Extended Year Special Education	18.88	18.88
Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through third	2.94	3.01
Fourth through Sixth	1.89	2.04
Seventh and Eighth	5.95	6.11
Ninth through twelfth	14.31	14.12
Total Special Education, Nonpublic, Nonsectarian Schools	25.09	25.28
Extended Year Special Education - Nonpublic		
Transitional Kindergarten through third	0.26	0.26
Fourth through Sixth	0.15	0.15
Seventh and Eighth	0.61	0.61
Ninth through twelfth	1.33	1.33
Total Extended Year Special Education - Nonpublic	2.35	2.35
ADA Totals	10,377.70	10,385.51

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	41,670	180	N/A	Complied
Grade 1	50,400	53,400	180	N/A	Complied
Grade 2	50,400	53,400	180	N/A	Complied
Grade 3	50,400	53,400	180	N/A	Complied
Grade 4	54,000	54,780	180	N/A	Complied
Grade 5	54,000	54,780	180	N/A	Complied
Grade 6	54,000	60,181	180	N/A	Complied
Grade 7	54,000	60,181	180	N/A	Complied
Grade 8	54,000	60,181	180	N/A	Complied
Grade 9	64,800	67,218	180	N/A	Complied
Grade 10	64,800	67,218	180	N/A	Complied
Grade 11	64,800	67,218	180	N/A	Complied
Grade 12	64,800	67,218	180	N/A	Complied

See note to supplementary information.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues and Other Financing Sources	$ 220,500,788	$ 219,250,739	$ 181,172,446	$ 174,424,600
Expenditures and Other Financing Uses	229,297,594	201,382,941	171,867,594	161,891,496
Net Change in Fund Balance	(8,796,806)	17,867,798	9,304,852	12,533,104
Ending Fund Balance	$ 59,891,716	$ 68,688,522	$ 50,820,724	$ 41,515,872
Available Reserves*	$ 18,815,871	$ 15,326,048	$ 17,089,990	$ 31,101,061
Available Reserves as a Percentage of Outgo	8.2%	7.6%	9.9%	19.2%
Long-term Debt	$ 339,687,376	$ 349,347,585	$ 310,548,634	$ 391,133,366
Average Daily				
District ADA at P-2	10,228	10,378	10,352	11,185
Total ADA at P-2	10,228	10,378	10,352	11,185

The General Fund balance has increased by $27,172,650 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $8,796,806, or 12.81%. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by $48,336,867 over the past two years.

Average daily attendance has decreased by 807 over the past two years. Additional decline of 150 ADA is anticipated during fiscal year 2023-2024.

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

** General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects Fund as required by GASB Statement No. 54.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

There were no reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023

The District is not the granting agency for any Charter Schools.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds				Capital Projects Funds		Debt Service Funds	
	Student Activity Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS								
Cash and cash equivalents	$ 777,363	$ 4,802,347	$ 1,485,641	$ 6,573,871	$ 8,637,792	$ 4,616,381	$ 10,075,354	$ 36,968,749
Accounts receivable	-	136,275	436,883	1,325,924	90,938	43,695	-	2,033,715
Stores inventory	79,659	15,223	-	130,663	-	-	-	225,545
Total Assets	$ 857,022	$ 4,953,845	$ 1,922,524	$ 8,030,458	$ 8,728,730	$ 4,660,076	$ 10,075,354	$ 39,228,009
LIABILITIES								
Accounts payable	$ -	$ 376,765	$ 357,069	$ 288,171	$ 17,431	$ 28,900	$ -	$ 1,068,336
Total Liabilities	-	376,765	357,069	288,171	17,431	28,900	-	1,068,336
FUND BALANCES								
Nonspendable	79,659	15,223	-	130,663	-	-	-	225,545
Restricted	777,363	4,561,857	1,565,455	7,611,624	8,711,299	4,631,176	10,075,354	37,934,128
Total Fund Balances	857,022	4,577,080	1,565,455	7,742,287	8,711,299	4,631,176	10,075,354	38,159,673
Total Liabilities and Fund Balances	$ 857,022	$ 4,953,845	$ 1,922,524	$ 8,030,458	$ 8,728,730	$ 4,660,076	$ 10,075,354	$ 39,228,009

See note to supplementary information.

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Capital Projects Funds		Debt Service Funds	
	Student Activity Special Revenue Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
REVENUES								
Federal sources	$ -	$ 484,116	$ 729,828	$ 5,740,384	$ -	$ -	$ -	$ 6,954,328
Other state sources	-	4,039,251	1,949,390	2,882,815	-	-	82,448	8,953,904
Other local sources	2,272,931	778,840	1,619,346	(135,609)	(161,513)	2,493,936	15,329,321	22,197,252
Total Revenues	2,272,931	5,302,207	4,298,564	8,487,590	(161,513)	2,493,936	15,411,769	38,105,484
EXPENDITURES								
Current								
Instruction	-	2,551,572	1,910,480	-	-	-	-	4,462,052
Instruction-related services								
Instructional supervision and administration	-	141,286	238,264	-	-	-	-	379,550
School site administration	-	1,625,111	85,863	-	-	-	-	1,710,974
Pupil services								
Food services	-	-	-	7,639,466	-	-	-	7,639,466
All other pupil services	-	320,467	1,227,864	-	-	-	-	1,548,331
General administration								
All other general administration	-	246,460	45,196	230,949	-	78,888	-	601,493
Plant services	-	442,717	109,738	60,427	-	-	-	612,882
Facilities acquisition and maintenance	-	-	48,925	348,411	2,457,333	45,781	-	2,900,450
Ancillary services	2,156,934	-	-	-	-	-	-	2,156,934
Debt service								
Interest and other	-	-	-	-	-	-	7,644,214	7,644,214
Redemptions	-	-	-	-	-	-	7,243,312	7,243,312
Total Expenditures	2,156,934	5,327,613	3,666,330	8,279,253	2,457,333	124,669	14,887,526	29,656,346
Excess (Deficiency) of Revenues Over Expenditures	115,997	(25,406)	632,234	208,337	(2,618,846)	2,369,267	524,243	8,449,138
NET CHANGE IN FUND BALANCE	115,997	(25,406)	632,234	208,337	(2,618,846)	2,369,267	524,243	8,449,138
Fund Balance - Beginning	741,025	4,602,486	933,221	7,533,950	11,330,145	2,261,909	9,551,111	36,953,847
Fund Balance - Ending	$ 857,022	$ 4,577,080	$ 1,565,455	$ 7,742,287	$ 8,711,299	$ 4,631,176	$ 10,075,354	$ 45,402,985

NOTE 1 – PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Expenditures of Federal Awards

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

Summary of Significant Accounting Policies – Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The District has not elected to use the ten percent de minimis cost rate.

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

Description	Federal Assistance Listing Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances:		$ 37,897,637
Child and Adult Care Food Program	10.558	(237,999)
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	9,538
Supply Chain Assistance (SCA) Funds	10.555	(170,983)
Medi-Cal Billing Option	93.778	(150,690)
The Preschool Child Find and Part C to B Transition Individualized Education Programs (IEPs)	84.173A	(46,717)
Child Development: ARP California State Preschool Program - Rate Supplements	93.575	(293,578)
Child Development: Federal General and State Preschool	93.596	(315,886)
Total Schedule of Expenditures of Federal Awards		$ 36,691,322

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

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

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

INDEPENDENT AUDITORS' 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
Covina-Valley Unified School District
Covina, 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 Covina-Valley Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Covina-Valley Unified School District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CWDL, Certified Public Accountants

San Diego, California
December 4, 2023

CWDL

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

Board of Trustees
Covina-Valley Unified School District
Covina, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Covina-Valley Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Covina-Valley Unified School District's major federal programs for the year ended June 30, 2023. Covina-Valley Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Covina-Valley Unified 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 Covina-Valley Unified 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 Covina-Valley Unified 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 Covina-Valley Unified School District's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Covina-Valley Unified 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 Covina-Valley Unified 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Covina-Valley Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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.

CWDL, Certified Public Accountants

San Diego, California
December 4, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Covina-Valley Unified School District
Covina, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, Covina-Valley Unified 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

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 Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider 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 Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

	PROGRAM NAME	PROCEDURES PERFORMED
	Local Education Agencies Other than Charter Schools:	
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	Yes
E.	Continuation Education	Yes
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratios of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	Not applicable
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	Not applicable
N.	Middle or Early College High Schools	Not applicable
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	Not applicable
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	Not applicable
TT.	Home to School Transportation Reimbursement	Yes
UU.	Independent Study Certification for ADA Loss Mitigation	Not applicable

	PROGRAM NAME	PROCEDURES PERFORMED
	School Districts, County Offices of Education, and Charter Schools:	
T.	California Clean Energy Jobs Act	Yes
U.	After/Before School Education and Safety Program	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Course Based	Not applicable
Z.	Immunizations	Yes
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Yes
EZ.	Transitional Kindergarten	Yes
	Charter Schools:	
AA.	Attendance	Not applicable
BB.	Mode of Instruction	Not applicable
CC.	Nonclassroom-Based Instruction/Independent Study	Not applicable
DD.	Determination of Funding for Nonclassroom-Based Instruction	Not applicable
EE.	Annual Instructional Minutes - Classroom Based	Not applicable
FF.	Charter School Facility Grant Program	Not applicable

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from 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 Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 4, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program of Cluster
84.027, 84.027A, 84.173	Child Nutrition Cluster
84.425, 84.425D, 84.425U	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,127,704
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Noted
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

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

FIVE DIGIT CODE	AB3627 FINDING TYPES
50000	Federal Compliance

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

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

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

There were no findings or questioned costs for the year ended June 30, 2022.