Financial Statements
June 30, 2023

Saugus Union School District

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Independent Auditor's Report

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saugus Union 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saugus Union 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position and fund balance of the General Fund as of July 1, 2022, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 5, 2024

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This section of Saugus Union 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 fiscal year ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government 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. They present governmental activities and business type activities separately. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of 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.

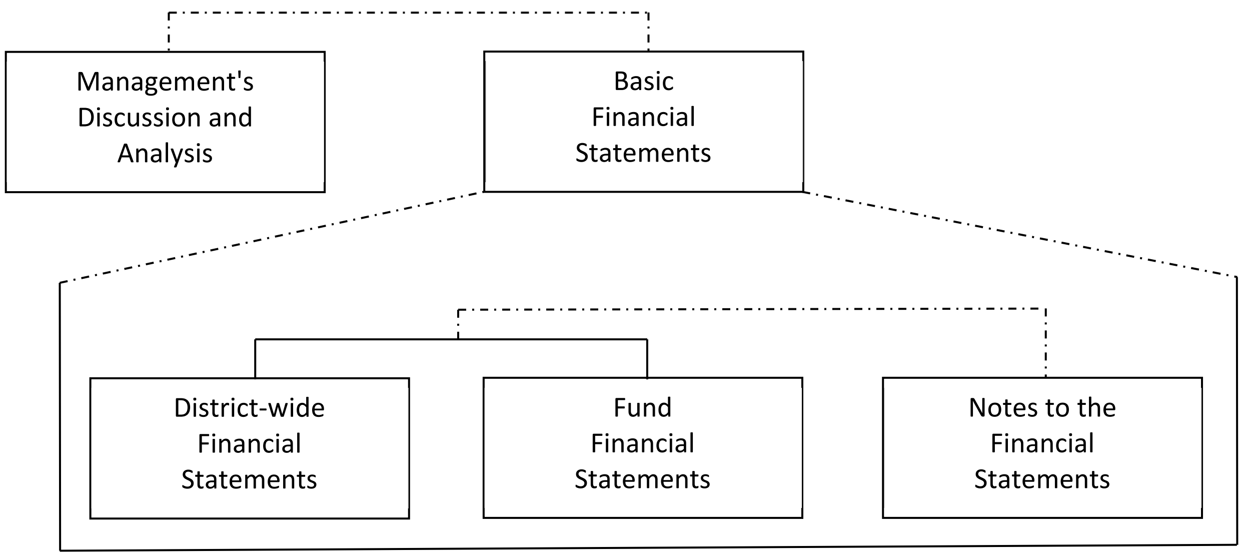
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources management 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 Saugus Union School District.

Figure 1



FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The total net position increased by $27,082,380 over the prior year for a new net position of $160,677,020.

- Revenues and other financing sources for all governmental funds totaled $166,796,340. Expenditures totaled $175,223,696.

- The General Fund audited ending balance totaled $40,323,744. This is an increase of $12,079,727 from the prior year.

- Based on 3 year prior average, the funded ADA was 9,274.06.

- The District filed a positive status with both its First and Second Interim reports in 2022-2023.

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 of resource, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade six 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.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's childcare operations are included in this category.

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position – Proprietary Funds* and the *Statement of Revenues, Expenses, and Change in Fund Net Position - Proprietary Funds*. In fact, the District’s enterprise funds are the same as business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for community facility districts (CFDs). The District's fiduciary activities are reported in the *Statement of Net Position - Fiduciary Funds* and *Statement of Changes in Net Position – Fiduciary Funds*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $160,677,020 for the fiscal year ended June 30, 2023. Of this amount, $(134,796,944) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Assets						
Current and other assets	$ 166,806,115	$ 175,994,199	$ 2,113,064	$ 1,498,675	$ 168,919,179	$ 177,492,874
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	296,624,660	275,119,508	3,106,248	3,272,723	299,730,908	278,392,231
Total assets	463,430,775	451,113,707	5,219,312	4,771,398	468,650,087	455,885,105
Deferred outflows of resources	34,130,766	25,758,000	352,939	144,483	34,483,705	25,902,483
Liabilities						
Current liabilities	16,100,603	16,916,456	146,459	71,206	16,247,062	16,987,662
Long-term liabilities other than OPEB and pensions	145,128,148	155,086,937	40,458	80,916	145,168,606	155,167,853
Net other postemployment benefits (OPEB) liability	48,626,719	52,296,094	-	-	48,626,719	52,296,094
Aggregate net pension liability	94,550,740	56,086,021	1,040,156	1,000,048	95,590,896	57,086,069
Total liabilities	304,406,210	280,385,508	1,227,073	1,152,170	305,633,283	281,537,678
Deferred inflows of resources	36,586,571	65,907,725	236,918	747,545	36,823,489	66,655,270
Net Position						
Net investment in capital assets	209,687,522	195,987,092	3,106,248	3,272,723	212,793,770	199,259,815
Restricted	82,680,194	76,472,053	-	-	82,680,194	76,472,053
Unrestricted (deficit)	(135,798,956)	(141,880,671)	1,002,012	(256,557)	(134,796,944)	(142,137,228)
Total net position	$ 156,568,760	$ 130,578,474	$ 4,108,260	$ 3,016,166	$ 160,677,020	$ 133,594,640

The $(135,798,956) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. Unrestricted (deficit) net position of governmental activities – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased $6,081,715, or 4.3% from the prior year.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022 *	2023	2022 *
Revenues						
Program revenues						
Charges for services and sales	$ 550,568	$ 689,559	$ 1,579,222	$ 1,854,457	$ 2,129,790	$ 2,544,016
Operating grants and contributions	35,699,212	22,648,260	-	-	35,699,212	22,648,260
General revenues						
Federal and State aid not restricted	67,474,105	60,115,267	4,527	463	67,478,632	60,115,730
Property taxes	46,294,196	41,034,484	-	-	46,294,196	41,034,484
Other general revenues	11,542,393	8,416,374	(1,216)	(52,867)	11,541,177	8,363,507
Total revenues	161,560,474	132,903,944	1,582,533	1,802,053	163,143,007	134,705,997
Expenses						
Instruction-related	94,005,849	82,023,271	-	-	94,005,849	82,023,271
Pupil services	10,631,202	10,703,729	-	-	10,631,202	10,703,729
Administration	12,192,094	7,263,049	-	-	12,192,094	7,263,049
Plant services	12,440,766	11,359,176	-	-	12,440,766	11,359,176
All other services	6,359,231	6,945,756	431,485	(1,275,684)	6,790,716	5,670,072
Total expenses	135,629,142	118,294,981	431,485	(1,275,684)	136,060,627	117,019,297
Transfers	58,954	-	(58,954)	-	-	-
Change in net position	$ 25,990,286	$ 14,608,963	$ 1,092,094	$ 3,077,737	$ 27,082,380	$ 17,686,700

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all governmental activities in 2022-2023 was $135,629,142. The amount that our taxpayers ultimately financed for these activities through local taxes was $46,294,196. Other cost of was paid by other governments and organizations who subsidized certain programs with $35,699,212 in grants and contributions, and $550,568 in charges for services and sales. The remaining "public benefit" portion of our governmental activities were paid with $67,474,105 in Federal and State aid and $11,542,393 with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction including instruction-related activities, 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 provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022 *	2023	2022 *
Instruction-related	$ 94,005,849	$ 82,023,271	$ (64,066,223)	$ (64,873,457)
Pupil services	10,631,202	10,703,729	(9,015,733)	(7,472,169)
Administration	12,192,094	7,263,049	(8,124,948)	(6,523,428)
Plant services	12,440,766	11,359,176	(12,425,776)	(11,175,431)
All other services	6,359,231	6,945,756	(5,746,682)	(4,912,677)
Total	$ 135,629,142	$ 118,294,981	$ (99,379,362)	$ (94,957,162)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

Upon completion of the 2022-2023 fiscal year, the District's governmental funds reported a combined fund balance of $152,426,160, a decrease of $8,427,356, or 5.2% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2022 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	$ 28,244,017	$ 143,215,080	$ 131,135,353	$ 40,323,744
Building Fund	62,759,537	2,197,022	15,137,610	49,818,949
Capital Facilities Fund	21,713,148	2,874,496	1,774,216	22,813,428
Capital Projects Fund for Blended Component Units	27,573,497	4,441,955	9,645,313	22,370,139
Child Development Fund	85,067	366,132	293,015	158,184
Special Reserve Fund for Capital Outlay Projects	4,062,588	260,377	1,867,483	2,455,482
Bond Interest and Redemption Fund	16,415,662	13,441,278	15,370,706	14,486,234
Total	$ 160,853,516	$ 166,796,340	$ 175,223,696	$ 152,426,160

The primary reasons for these changes are the following:

1. The fund balance of the General Fund increased by $12,079,727 compared to the previous year due to receipt of additional funding related to the Arts, Music, and Instructional Materials Discretionary Block Grant and Learning Recovery Emergency Block Grant.
2. The Building Fund decreased by $12,940,588 due to multi-year facilities projects.
3. The Capital Facilities Fund increased by $1,100,280 due to increase in developer fees collected.
4. The Capital Projects Fund for Blended Component Units decreased by $5,203,358 due to multi-year facilities projects.
5. The Special Reserve Fund for Capital Outlay Projects decreased by $1,607,106 due to multi-year facilities projects.

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. The final amendment to the budget was adopted on June 27, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $299,730,908 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $21,338,677, or 7.7%, from last year (Table 5).

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Land and construction in progress	$ 78,693,012	$ 75,101,617	$ -	$ -	$ 78,693,012	$ 75,101,617
Land improvements	34,723,498	29,060,140	505,273	519,971	35,228,771	29,580,111
Buildings and improvements	174,326,094	163,085,721	2,596,496	2,747,165	176,922,590	165,832,886
Furniture and equipment	6,761,427	6,473,464	4,479	5,587	6,765,906	6,479,051
Right-to-use leased assets	1,558,433	319,143	-	-	1,558,433	319,143
Right-to-use subscription IT assets	562,196	1,079,423	-	-	562,196	1,079,423
Total	$ 296,624,660	$ 275,119,508	$ 3,106,248	$ 3,272,723	$ 299,730,908	$ 278,392,231

Capital assets represent one of the largest investments for the District. This year's increase is primarily a result of facilities improvement projects, including new construction and modernization projects. We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 5 to the financial statements.

Long-Term Liabilities other than OPEB and Pensions

At the end of this year, the District had $145,168,606 in long-term liabilities outstanding versus $155,167,853 last year, a decrease of $9,999,247, or 6.4%.

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Long-Term Liabilities						
General obligation bonds	$ 131,323,681	$ 141,321,079	$ -	$ -	$ 131,323,681	141,321,079
Premium on issuance	10,306,561	10,778,809	-	-	10,306,561	10,778,809
Finance purchase agreement (private placement debt)	180,044	267,122	-	-	180,044	267,122
Leases	1,332,860	329,490	-	-	1,332,860	329,490
Subscription-based IT arrangements	111,118	111,118	-	-	111,118	111,118
Supplemental employee retirement plan	932,636	1,865,272	40,458	80,916	973,094	1,946,188
Compensated absences	941,248	414,047	-	-	941,248	414,047
Total	$ 145,128,148	$ 155,086,937	$ 40,458	$ 80,916	$ 145,168,606	$ 155,167,853

We present more detailed information about our long-term liabilities in Note 9 to the financial statements.

OPEB and Pensions

At year-end, the District has net other postemployment benefit (OPEB) liability of $48,626,719 in the governmental activities versus $52,296,094 in the previous year. This represents a decrease of $3,669,375 or 7.0%, for the governmental activities.

In addition, at year-end, the District has a net pension liability of $94,550,740 in the governmental activities and $1,040,156 in the business-type activities versus $56,086,021 and $1,000,048 in the previous year. This represents an increase of $38,464,719, or 68.6%, and an increase of $40,108, or 4.0%, for the governmental activities and business-type activities, respectively.

We present more detailed information about our OPEB and aggregated net pension liability in Note 10 and Note 14 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Table 7 lists the District's 2023-2024 budget assumptions. These assumptions were based on the most current information available to the District at the time of the budget was adopted in June 2023. Budgetary goals were developed and prioritized by the District's leadership team and governing board. Input provided by these two groups was used as the framework to develop the District's 2023-2024 budget, which includes site and department allocations for both staffing and operating budgets:

Table 7

Enrollment	9,520
Enrollment Growth	5%
ADA – Average Daily Attendance	9,224.98
ADA – Funded	9,224.98
ADA Percentage	96.90%
Certificated Salary Increase	2.00%
Classified Salary Increase	2.50%
Deferred/Routine Maintenance - Percent of Total Expenditures	3.00%

Multi-year projections (MYP) for expenditures are based on the following forecasts:

MYP Budget Assumptions

Planning Factor	2024-2025	2025-2026	2026-2027
Enrollment (CALPADS)	9,146	9,576	9,819
P2 ADA	8,862	9,279	9,514
Lottery Revenue-Unrestricted; per ADA	$ 1,573,519	$ 1,647,554	$ 1,638,311
Lottery Revenue-Restricted; per ADA	$ 620,152	$ 649,330	$ 666,432
Certificated Step and Column Movement	2.00%	2.00%	2.00%
Classified Step and Column Movement	2.50%	2.50%	2.50%
STRS	19.10%	19.10%	19.10%
PERS	27.70%	28.30%	28.70%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional information, contact the Assistant Superintendent of Business Services, Nick Heinlein (nheinlein@saugususd.org), Saugus Union School District, 24930 Avenue Stanford, Santa Clarita, California, 91355.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 157,379,693	$ 2,103,200	$ 159,482,893
Receivables	9,380,954	9,864	9,390,818
Prepaid expense	45,468	-	45,468
Capital assets not depreciated	78,693,012	-	78,693,012
Capital assets, net of accumulated depreciation	215,811,019	3,106,248	218,917,267
Right-to-use leased assets, net of accumulated amortization	1,558,433	-	1,558,433
Right-to-use subscription IT assets, net of accumulated amortization	562,196	-	562,196
Total assets	463,430,775	5,219,312	468,650,087
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	6,743,837	-	6,743,837
Deferred outflows of resources related to pensions	27,386,929	352,939	27,739,868
Total deferred outflows of resources	34,130,766	352,939	34,483,705
Liabilities			
Accounts payable	13,116,651	145,653	13,262,304
Accrued interest payable	1,720,648	-	1,720,648
Unearned revenue	1,263,304	806	1,264,110
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	13,013,930	40,458	13,054,388
Long-term liabilities other than OPEB and pensions due in more than one year	132,114,218	-	132,114,218
Net other postemployment benefits (OPEB) liability	48,626,719	-	48,626,719
Aggregate net pension liability	94,550,740	1,040,156	95,590,896
Total liabilities	304,406,210	1,227,073	305,633,283
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	23,288,970	-	23,288,970
Deferred inflows of resources related to pensions	13,297,601	236,918	13,534,519
Total deferred inflows of resources	36,586,571	236,918	36,823,489
Net Position			
Net investment in capital assets	209,687,522	3,106,248	212,793,770
Restricted for			
Debt service	12,765,586	-	12,765,586
Capital projects	47,639,049	-	47,639,049
Educational programs	22,117,375	-	22,117,375
Other activities	158,184	-	158,184
Unrestricted (deficit)	(135,798,956)	1,002,012	(134,796,944)
Total net position	$ 156,568,760	$ 4,108,260	$ 160,677,020

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities						
Instruction	$ 83,758,466	$ 417,187	$ 28,428,536	$ (54,912,743)	$ -	$ (54,912,743)
Instruction-related activities						
Supervision of instruction	2,104,688	7,382	754,156	(1,343,150)	-	(1,343,150)
Instructional library, media, and technology	477,347	1,521	147,573	(328,253)	-	(328,253)
School site administration	7,665,348	20	183,251	(7,482,077)	-	(7,482,077)
Pupil services						
Home-to-school transportation	1,480,632	-	1,563	(1,479,069)	-	(1,479,069)
All other pupil services	9,150,570	90,983	1,522,923	(7,536,664)	-	(7,536,664)
Administration						
Data processing	2,486,671	-	-	(2,486,671)	-	(2,486,671)
All other administration	9,705,423	8,582	4,058,564	(5,638,277)	-	(5,638,277)
Plant services	12,440,766	-	14,990	(12,425,776)	-	(12,425,776)
Ancillary services	10,482	-	-	(10,482)	-	(10,482)
Community services	208	-	-	(208)	-	(208)
Enterprise services	9,137	-	4,585	(4,552)	-	(4,552)
Interest on long-term liabilities	4,862,801	-	-	(4,862,801)	-	(4,862,801)
Other outgo	1,476,603	24,893	583,071	(868,639)	-	(868,639)
Total governmental activities	135,629,142	550,568	35,699,212	(99,379,362)	-	(99,379,362)
Business-Type Activities						
Enterprise services	431,485	1,579,222	-	-	1,147,737	1,147,737
Total primary government	$ 136,060,627	$ 2,129,790	$ 35,699,212	(99,379,362)	1,147,737	(98,231,625)
General Revenues and Subventions						
Property taxes, levied for general purposes				32,957,295	-	32,957,295
Property taxes, levied for debt service				13,198,574	-	13,198,574
Taxes levied for other specific purposes				138,327	-	138,327
Federal and State aid not restricted to specific purposes				67,474,105	4,527	67,478,632
Interest, investment earnings and change in fair market valuations				3,163,307	(1,216)	3,162,091
Miscellaneous				8,379,086	-	8,379,086
Subtotal, general revenues and subventions				125,310,694	3,311	125,314,005
Transfers				58,954	(58,954)	-
Total general revenues and subventions				125,369,648	(55,643)	125,314,005
Change in Net Position				25,990,286	1,092,094	27,082,380
Net Position - Beginning, as restated				130,578,474	3,016,166	133,594,640
Net Position - Ending				$ 156,568,760	$ 4,108,260	$ 160,677,020

	General Fund	Building Fund	Capital Facilities Fund
Assets			
Deposits and investments	$ 42,645,139	$ 50,808,751	$ 23,651,418
Receivables	8,327,587	559,533	349,538
Prepaid expenditures	45,468	-	-
Total assets	$ 51,018,194	$ 51,368,284	$ 24,000,956
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 9,587,852	$ 1,549,335	$ 1,187,528
Unearned revenue	1,106,598	-	-
Total liabilities	10,694,450	1,549,335	1,187,528
Fund Balances			
Nonspendable	47,968	-	-
Restricted	22,117,375	49,818,949	22,813,428
Committed	2,808,228	-	-
Assigned	2,329,891	-	-
Unassigned	13,020,282	-	-
Total fund balances	40,323,744	49,818,949	22,813,428
Total liabilities and fund balances	$ 51,018,194	$ 51,368,284	$ 24,000,956

	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 22,996,961	$ 17,277,424	$ 157,379,693
Receivables	113,582	30,714	9,380,954
Prepaid expenditures	-	-	45,468
Total assets	$ 23,110,543	$ 17,308,138	$ 166,806,115
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 740,404	$ 51,532	$ 13,116,651
Unearned revenue	-	156,706	1,263,304
Total liabilities	740,404	208,238	14,379,955
Fund Balances			
Nonspendable	-	-	47,968
Restricted	22,370,139	17,099,900	134,219,791
Committed	-	-	2,808,228
Assigned	-	-	2,329,891
Unassigned	-	-	13,020,282
Total fund balances	22,370,139	17,099,900	152,426,160
Total liabilities and fund balances	$ 23,110,543	$ 17,308,138	$ 166,806,115

Total Fund Balance - Governmental Funds		$ 152,426,160
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 379,312,936	
Accumulated depreciation is	(84,808,905)	
Net capital assets		294,504,031
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	2,084,975	
Accumulated amortization is	(526,542)	
Net right-to-use leased assets		1,558,433
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	1,079,423	
Accumulated amortization is	(517,227)	
Net right-to-use subscription IT assets		562,196
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,720,648)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Net other postemployment benefits (OPEB) liability	6,743,837	
Aggregate net pension liability	27,386,929	
Total deferred outflows of resources		34,130,766
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net other postemployment benefits (OPEB) liability	(23,288,970)	
Aggregate net pension liability	(13,297,601)	
Total deferred inflows of resources		(36,586,571)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (94,550,740)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(48,626,719)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (124,825,504)	
Premium on issuance	(10,306,561)	
Finance purchase agreement (private placement debt)	(180,044)	
Leases	(1,332,860)	
Subscription-based IT arrangements	(111,118)	
Supplemental employee retirement plan	(932,636)	
Compensated absences (vacations)	(941,248)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(6,498,177)	
Total long-term liabilities		(145,128,148)
Total net position - governmental activities		$ 156,568,760

	General Fund	Building Fund	Capital Facilities Fund
Revenues			
Local Control Funding Formula	$ 97,836,261	$ -	$ -
Federal sources	6,106,172	-	-
Other State sources	27,447,210	-	-
Other local sources	10,259,980	1,963,740	2,874,496
Total revenues	141,649,623	1,963,740	2,874,496
Expenditures			
Current			
Instruction	82,496,715	-	-
Instruction-related activities			
Supervision of instruction	2,114,951	-	-
Instructional library, media, and technology	627,849	-	-
School site administration	7,971,162	-	-
Pupil services			
Home-to-school transportation	1,450,708	-	-
All other pupil services	8,921,289	-	-
Administration			
Data processing	2,499,229	-	-
All other administration	9,324,333	-	74,174
Plant services	11,901,071	-	-
Other outgo	1,461,469	-	-
Enterprise services	9,137	-	-
Facility acquisition and construction	1,751,429	15,137,610	1,700,042
Debt service			
Principal	590,211	-	-
Interest and other	15,800	-	-
Total expenditures	131,135,353	15,137,610	1,774,216
Excess (Deficiency) of Revenues Over Expenditures	10,514,270	(13,173,870)	1,100,280
Other Financing Sources (Uses)			
Transfers in	58,954	233,282	-
Other sources - leases	1,506,503	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	1,565,457	233,282	-
Net Change in Fund Balances	12,079,727	(12,940,588)	1,100,280
Fund Balance - Beginning, as restated	28,244,017	62,759,537	21,713,148
Fund Balance - Ending	$ 40,323,744	$ 49,818,949	$ 22,813,428

	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ -	$ 97,836,261
Federal sources	-	88,516	6,194,688
Other State sources	-	349,245	27,796,455
Other local sources	4,441,955	13,630,026	33,170,197
Total revenues	4,441,955	14,067,787	164,997,601
Expenditures			
Current			
Instruction	-	261,977	82,758,692
Instruction-related activities			
Supervision of instruction	-	-	2,114,951
Instructional library, media, and technology	-	-	627,849
School site administration	-	-	7,971,162
Pupil services			
Home-to-school transportation	-	-	1,450,708
All other pupil services	-	-	8,921,289
Administration			
Data processing	-	-	2,499,229
All other administration	-	14,242	9,412,749
Plant services	-	-	11,901,071
Other outgo	15,134	-	1,476,603
Enterprise services	-	-	9,137
Facility acquisition and construction	9,395,831	1,884,279	29,869,191
Debt service			
Principal	-	11,175,000	11,765,211
Interest and other	1,066	4,195,706	4,212,572
Total expenditures	9,412,031	17,531,204	174,990,414
Excess (Deficiency) of Revenues Over Expenditures	(4,970,076)	(3,463,417)	(9,992,813)
Other Financing Sources (Uses)			
Transfers in	-	-	292,236
Other sources - leases	-	-	1,506,503
Transfers out	(233,282)	-	(233,282)
Net Financing Sources (Uses)	(233,282)	-	1,565,457
Net Change in Fund Balances	(5,203,358)	(3,463,417)	(8,427,356)
Fund Balance - Beginning, as restated	27,573,497	20,563,317	160,853,516
Fund Balance - Ending	$ 22,370,139	$ 17,099,900	$ 152,426,160

Total Net Change in Fund Balances - Governmental Funds		$ (8,427,356)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets is reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the current period.		
Capital outlay	$ 29,854,001	
Depreciation and amortization expense	(7,168,919)	
Net expense adjustment		22,685,082
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(1,179,930)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,506,503)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (supplemental employee retirement plan), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used and special termination benefits paid.		405,435
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		6,178,571

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	$ (3,279,995)
Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	472,248
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	11,175,000
Finance purchase agreement (private placement debt)	87,078
Leases	503,133
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(1,122,477)
Change in net position of governmental activities	$ 25,990,286

	Business-Type Activities Childcare Enterprise Fund
Assets	
Current assets	
Deposits and investments	$ 2,103,200
Receivables	9,864
Total current assets	2,113,064
Noncurrent assets	
Capital assets, net of accumulated depreciation	3,106,248
Total assets	5,219,312
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	352,939
Liabilities	
Current liabilities	
Accounts payable	145,653
Unearned revenue	806
Current portion of long-term liabilities other than pension	40,458
Total current liabilities	186,917
Noncurrent liabilities	
Aggregate net pension liability	1,040,156
Total liabilities	1,227,073
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	236,918
Net Position	
Net investment in capital assets	3,106,248
Unrestricted	1,002,012
Total net position	$ 4,108,260

	Business-Type Activities Childcare Enterprise Fund
Operating Revenues	
Charges for services	$ 1,579,222
Operating Expenses	
Payroll costs	265,010
Depreciation	166,475
Total operating expenses	431,485
Operating Income	1,147,737
Nonoperating Revenues (Expenses)	
State and local grants	4,527
Unrealized loss on investments	(42,493)
Interest income	41,277
Total nonoperating revenues (expenses)	3,311
Income before transfers	1,151,048
Transfers out	(58,954)
Change in Net Position	1,092,094
Total Net Position - Beginning	3,016,166
Total Net Position - Ending	$ 4,108,260

		Business-Type Activities
		Childcare Enterprise Fund
Operating Activities		
Cash receipts from customers	$	1,579,222
Cash payments to other suppliers of goods or services		75,680
Cash payments to employees for services		(984,443)
Net Cash From Operating Activities		670,459
Noncapital Financing Activities		
Transfers out		(58,954)
State and local grants		4,527
Net Cash Used for Noncapital Financing Activities		(54,427)
Investing Activities		
Loss on investments		(42,493)
Interest income		31,425
Net Cash Used for Investing Activities		(11,068)
Net Change in Cash and Cash Equivalents		604,964
Cash and Cash Equivalents, Beginning		1,498,236
Cash and Cash Equivalents, Ending	$	2,103,200
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	$	1,147,737
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense		166,475
Pension expense		(678,975)
Changes in assets and liabilities		
Prepaid expenses		427
Accounts payable		75,253
Long-term liabilities other than pension		(40,458)
Net Cash From Operating Activities	$	670,459

	Custodial Funds
Assets	
Deposits and investments	$ 24,004,286
Receivables	72,310
Other assets	12,902
Total assets	24,089,498
Liabilities	
Accounts payable	208,402
Net Position	
Restricted for individuals, organizations, and other governments	$ 23,881,096

	Custodial Funds
Additions	
Contributions	
Special tax assessments	$ 13,670,180
Other local revenues	141,015
Total contributions	13,811,195
Investment earnings	
Interest	550,182
Unrealized loss on investments	(89,095)
Total investment earnings	461,087
Total additions	14,272,282
Deductions	
Payments to bondholders	14,719,796
Payments to other governments	1,663,083
Total deductions	16,382,879
Change In Fiduciary Position	(2,110,597)
Net Position - Beginning	25,991,693
Net Position - Ending	$ 23,881,096

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Saugus Union School District (the District) was established on November 12, 1908, 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-6 as mandated by the State and/or Federal agencies. The District operates fifteen elementary schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Saugus Union School District, this includes general operations 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. For financial reporting purposes, the component units discussed below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component* Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Saugus/Hart School Facilities Financing Authority (the Saugus/Hart Authority), Saugus/Castaic School Facilities Financing Authority (the Saugus/Castaic Authority), and the Saugus Union School District Financing Authority (the Authority) financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units. Individually prepared financial statements are not prepared for the Saugus/Hart Authority, the Saugus/Castaic Authority or the Authority.

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, proprietary, and fiduciary.

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.

Two funds currently defined as a special revenue fund in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 Special Revenue Fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund and, accordingly, have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $5,389,697.

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).

Capital Project Fund for Blended Component Units The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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.

- **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.

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).

- **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).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the retirement 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:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the childcare program activities of the District.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds account for the accumulation of resource for payment of the principal and interest on the special tax bonds issued by the Community Facilities Districts and pass-through revenues held on behalf of other agencies.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation of capital assets and amortization of right-to-use leased assets and right-to-use subscription IT assets. 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a 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 management focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using a 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 change 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.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

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.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. 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 of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

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

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net 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 pension related items and for OPEB related items.

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 District Plan and the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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 recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial implementation costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from two to four years.

Fund Balances - Governmental Funds

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

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

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

Committed- amounts that can be used only for specific purpose 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 any other action as approved by the governing board.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $82,680,194 of net position 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 charges for childcare fees. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 5 and 9.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 157,379,693
Proprietary funds	2,103,200
Fiduciary funds	24,004,286
Total deposits and investments	$ 183,487,179

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

Cash with fiscal agent	$ 30,998,347
Cash in revolving	2,500
Investments	152,486,332
Total deposits and investments	$ 183,487,179

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.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County 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.

Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity in Days
First American Money Market Funds	$ 2,209,582	20
Los Angeles County Investment Pool	150,276,750	753
Total	$ 152,486,332	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Treasury Investment Pool are not required to be rated, nor has it been rated as of June 30, 2023, and the First American Money Market Funds are rated AAA-mf by Moody's Investors Service.

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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, As, the District's bank balance of $32,407,841 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

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

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

Investment Type	Reported Amount	Fair Value Measurement Using Level 1 Inputs	Uncategorized
First American Money Market Funds	$ 2,209,582	$ 2,209,582	$ -
Los Angeles County Investment Pool	150,276,750	-	150,276,750
Total	$ 152,486,332	$ 2,209,582	$ 150,276,750

Note 4 - 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	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units
Federal Government				
Categorical aid	$ 3,377,398	$ -	$ -	$ -
State Government				
Categorical aid	3,892,220	-	-	-
Lottery	567,645	-	-	-
Local Government				
Interest	324,348	559,533	244,141	50,210
Other local sources	165,976	-	105,397	63,372
Total	$ 8,327,587	$ 559,533	$ 349,538	$ 113,582

	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund	Custodial Funds
Federal Government				
Categorical aid	$ -	$ 3,377,398	$ -	$ -
State Government				
Categorical aid	-	3,892,220	-	-
Lottery	-	567,645	-	-
Local Government				
Interest	30,714	1,208,946	9,864	72,310
Other local sources	-	334,745	-	-
Total	$ 30,714	$ 9,380,954	$ 9,864	$ 72,310

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 50,583,601	$ -	$ -	$ 50,583,601
Construction in progress	24,518,016	16,135,853	(12,544,458)	28,109,411
Total capital assets not being depreciated	75,101,617	16,135,853	(12,544,458)	78,693,012
Capital assets being depreciated				
Land improvements	37,688,227	6,423,074	-	44,111,301
Buildings and improvements	226,004,301	15,780,363	(233,007)	241,551,657
Furniture and equipment	15,351,050	2,552,666	(2,946,750)	14,956,966
Total capital assets being depreciated	279,043,578	24,756,103	(3,179,757)	300,619,924
Total capital assets	354,145,195	40,891,956	(15,724,215)	379,312,936
Accumulated depreciation				
Land improvements	(8,628,087)	(759,716)	-	(9,387,803)
Buildings and improvements	(62,918,580)	(4,539,876)	232,893	(67,225,563)
Furniture and equipment	(8,877,586)	(1,084,887)	1,766,934	(8,195,539)
Total accumulated depreciation	(80,424,253)	(6,384,479)	1,999,827	(84,808,905)
Net depreciable capital assets	198,619,325	18,371,624	(1,179,930)	215,811,019
Right-to-use leased assets being amortized				
Furniture and equipment	578,472	1,506,503	-	2,084,975
Accumulated amortization				
Furniture and equipment	(259,329)	(267,213)	-	(526,542)
Net right-to-use leased assets	319,143	1,239,290	-	1,558,433
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	1,079,423	-	-	1,079,423
Accumulated amortization	-	(517,227)	-	(517,227)
Net right-to-use subscription IT assets	1,079,423	(517,227)	-	562,196
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 275,119,508	$ 35,229,540	$ (13,724,388)	$ 296,624,660

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Business-Type Activities				
Capital assets being depreciated				
Land improvements	$ 751,556	$ -	$ -	751,556
Buildings and improvements	5,347,204	-	-	5,347,204
Furniture and equipment	74,023	-	-	74,023
Total capital assets being depreciated	6,172,783	-	-	6,172,783
Accumulated depreciation				
Land improvements	(231,585)	(14,698)	-	(246,283)
Buildings and improvements	(2,600,039)	(150,669)	-	(2,750,708)
Furniture and equipment	(68,436)	(1,108)	-	(69,544)
Total accumulated depreciation	(2,900,060)	(166,475)	-	(3,066,535)
Business-type activities capital assets, net	$ 3,272,723	$ (166,475)	$ -	$ 3,106,248

Depreciation and amortization expense was charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	$ 5,125,287
Supervision of instruction	104,067
All other pupil services	638,448
All other administration	505,462
Plant services	795,655
Total depreciation and amortization expense governmental activities	7,168,919
Business-Type Activities	
Enterprise services	166,475
Total depreciation expense all activities	$ 7,335,394

Note 6 - Interfund Transactions

Operating Transfers

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

The Childcare Enterprise Fund transferred to the General Fund for charged administrative fees.	$ 58,954
The Capital Projects Fund for Blended Component Units transferred to the Building Fund for reimbursement of construction costs.	233,282
Total	$ 292,236

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units
Salaries and benefits	$ 5,302,767	$ 7,439	$ 11	$ -
LCFF apportionment	1,338,621	-	-	-
Due to CDE	861,644	-	-	-
Construction	-	1,541,896	-	-
Other vendor paybles	2,084,820	-	1,187,517	740,404
Total	$ 9,587,852	$ 1,549,335	$ 1,187,528	$ 740,404

	Non-Major Governmental Funds	Total Governmental Activities	Chlidcare Enterprise Fund	Custodial Funds
Salaries and benefits	$ 10,235	$ 5,320,452	$ 102,146	$ -
LCFF apportionment	-	1,338,621	-	-
Due to CDE	-	861,644	-	-
Construction	-	1,541,896	-	-
Other vendor paybles	41,297	4,054,038	43,507	208,402
Total	$ 51,532	$ 13,116,651	$ 145,653	$ 208,402

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund
Federal financial assistance	$ 359,104	$ -	$ 359,104	$ -
State categorical aid	747,494	156,706	904,200	-
Other local	-	-	-	806
Total	$ 1,106,598	$ 156,706	$ 1,263,304	$ 806

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

A schedule of changes in long-term liabilities other than OPEB and pensions for the year ended June 30, 2023, is shown below:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Governmental Activities					
Long-Term Liabilities					
General obligation bonds	$ 141,321,079	$ 1,177,602	$ (11,175,000)	$ 131,323,681	$ 11,510,000
Premium on issuance	10,778,809	-	(472,248)	10,306,561	-
Finance purchase agreement (private placement debt)	267,122	-	(87,078)	180,044	89,037
Leases	329,490	1,506,503	(503,133)	1,332,860	431,356
Subscription-based IT arrangements	111,118	-	-	111,118	50,901
Supplemental employee retirement plan	1,865,272	-	(932,636)	932,636	932,636
Compensated absences	414,047	527,201	-	941,248	-
Total	$ 155,086,937	$ 3,211,306	$ (13,170,095)	$ 145,128,148	$ 13,013,930
Business-Type Activities					
Long-Term Liabilities					
Supplemental employee retirement plan	$ 80,916	$ -	$ (40,458)	$ 40,458	$ 40,458

Payments on general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues from property tax levies. Payments on the finance purchase agreement, leases, and subscription-based IT arrangements are made by the General Fund. Payments for the supplemental employee retirement plan are made in the General Fund and Childcare Enterprise Fund. The compensated absences will be paid by the General Fund and Child Development Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
8/23/2006	8/1/2024	4.50-5.25%	$ 38,256,729	$ 13,291,079	$ 1,177,602	$ (6,765,000)	$ 7,703,681
6/11/2015	8/1/2044	3.00-5.00%	20,000,000	12,215,000	-	(40,000)	12,175,000
5/24/2018	8/1/2043	3.38-5.00%	25,600,000	17,890,000	-	-	17,890,000
9/24/2020	8/1/2044	2.38-4.00%	102,400,000	97,925,000	-	(4,370,000)	93,555,000
				$ 141,321,079	$ 1,177,602	$ (11,175,000)	$ 131,323,681

2006 General Obligation Refunding Bonds

On August 23, 2006, the District issued $38,256,729 in 2006 General Obligation Refunding Bonds. Proceeds from the bonds were used to refund certain maturities related to the 2002 General Obligation Bonds, Series A and 2002 General Obligation Bonds, Series B. The bonds have a final maturity to occur on August 1, 2024, with interest rates ranging from 4.50 to 5.25%. At June 30, 2023, the principal balance outstanding was $7,703,681.

2014 General Obligation Bonds, Series A

On June 11, 2015, the District issued $20,000,000 in 2014 General Obligation Bonds, Series A. Proceeds from the bonds were used to finance the acquisition, construction and modernization of property and school facilities. The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $12,175,000 and unamortized premium was $1,081,342.

2014 General Obligation Bonds, Series B

On May 24, 2018, the District issued $25,600,000 in 2014 General Obligation Bonds, Series B. Proceeds from the bonds were used to finance the costs of renovating, acquiring, constructing, repairing and equipping of the District's buildings and other facilities. The bonds have a final maturity to occur on August 1, 2043, with interest rates ranging from 3.38 to 5.00%. At June 30, 2023, the principal balance outstanding was $17,890,000 and unamortized premium was $659,317.

2014 General Obligation Bonds, Series C

On September 24, 2020, the District issued $102,400,000 in 2014 General Obligation Bonds, Series C. Proceeds from the bonds will be used to finance the costs of renovating, acquiring, constructing, repairing and equipping of the District's buildings and other facilities. The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 2.38 to 4.00%. At June 30, 2023, the principal balance outstanding was $93,555,000 and unamortized premium was $8,565,902.

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2045 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2024	$ 11,096,018	$ 413,982	$ 3,530,381	$ 15,040,381
2025	3,407,663	192,337	3,419,206	7,019,206
2026	1,885,000	-	3,337,906	5,222,906
2027	2,130,000	-	3,263,006	5,393,006
2028	2,450,000	-	3,255,106	5,705,106
2029-2033	17,880,000	-	14,194,100	32,074,100
2034-2038	29,690,000	-	10,289,506	39,979,506
2039-2043	44,830,000	-	5,034,469	49,864,469
2044-2045	17,955,000	-	325,484	18,280,484
Total	$ 131,323,681	$ 606,319	$ 46,649,164	$ 178,579,164

Finance Purchase Agreement (Private Placement Debt)

The District entered into an agreement to finance the purchase of school buses for five years beginning December 20, 2020 with an interest rate of 2.25%. Under the finance purchase agreement, the District pays an annual payment of $93,088. The District's outstanding finance purchase agreement of $180,044 contains a provision that in an event of default, the remaining outstanding obligation will immediately come due and the lender may take possession of the school buses without demand or notice.

The remaining principal and interest payment requirements for the finance purchase agreement as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 89,037	$ 4,051	$ 93,088
2025	91,007	2,081	93,088
Total	$ 180,044	$ 6,132	$ 186,176

Leases

The District has entered into agreements to lease equipment. The District's liability on lease agreements is summarized below:

Leases	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Equipment	$ 329,490	$ 1,506,503	$ (503,133)	$ 1,332,860

Copiers

The District entered into various agreements to lease copiers for three years. At June 30, 2023, the District has recognized a right-to-use asset of $158,333 and a lease liability of $165,686 related to these agreements. During the fiscal year, the District recorded $164,504 in amortization expense and $9,480 in interest expense for the right-to-use the copiers. The District used interest rates ranging from 3.25% to 5.50% based on the rates available to finance machinery and equipment over the same time periods.

Postage Equipment

The District entered an agreement to lease a postage machine for five years, beginning December 2020. At June 30, 2023, the District has recognized a right-to-use asset of $7,241 and a lease liability of $7,565 related to the agreement. During the fiscal year, the District recorded $3,219 in amortization expense and $311 in interest expense for the right-to-use the postage machine. The District used an interest rate of 3.25% based on the rates available to finance machinery and equipment over the same time periods.

Interactive Flat Panels

The District entered an agreement to lease interactive flat panels for five years, beginning March 2023. At June 30, 2023, the District has recognized a right-to-use asset of $1,392,859 and a lease liability of $1,159,609 related to the agreement. During the fiscal year, the District recorded $99,490 in amortization expense no interest expense for the right-to-use the interactive flat panels. The District used an interest rate of 5.75% based on the rates available to finance machinery and equipment over the same time periods.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 431,356	$ 79,552	$ 510,908
2025	288,450	80,316	368,766
2026	298,407	35,205	333,612
2027	314,647	18,092	332,739
Total	$ 1,332,860	$ 213,165	$ 1,546,025

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITA agreements for various software related to digital licensing for student curriculum, school management, and project management. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $562,196 and a SBITA liability of $111,118 related to these agreements. During the fiscal year, the District recorded $517,227 in amortization expense. The District is required to make annual principal and interest payments through July 2025. The subscriptions have an interest rate ranging from 5.25% to 6.00%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 50,901	$ 11,599	$ 62,500
2025	29,339	3,161	32,500
2026	30,878	1,622	32,500
Total	$ 111,118	$ 16,382	$ 127,500

Supplemental Employee Retirement Plan

The District offered a retirement incentive to qualified employees to be administered through Keenan & Associates. The District purchased qualified 403(b) annuity contracts from United of Omaha Life Insurance Company payable in annual installments as shown below. Eligibility requirements are that the employee attain age 55 with at least five years of service with the District. 82 employees qualified and accepted the incentive. At June 30, 2023, the remaining balance of the payments is $973,094.

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2024	$ 932,636	$ 40,458	$ 973,094

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $941,248.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 48,225,492	$ 6,743,837	$ 23,288,970	$ 3,343,388
Medicare Premium Payment (MPP) Program	401,227	-	-	(63,393)
Total	$ 48,626,719	$ 6,743,837	$ 23,288,970	$ 3,279,995

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 and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	182
Active employees	808
Total	990

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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Saugus Teachers Association (STA), the local California Service Employees Association (CSEA), 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, STA, CSEA, and the unrepresented group. For the measurement period of June 30, 2023, the District paid $1,578,056 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $48,225,492 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.80% average, including inflation
Discount rate	4.13%
Healthcare cost trend rates	6.50% for 2023

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021 for general employees and retirees and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 for surviving spouses.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actual experience study for the period July 2, 2022 to July 1, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 51,831,474
Service cost	2,456,022
Interest	2,188,411
Changes of benefit terms	2,339,683
Differences between expected and actual experience	(3,863,665)
Changes of assumptions	(5,148,377)
Benefit payments	(1,578,056)
Net change in total OPEB liability	(3,605,982)
Balance, June 30, 2023	$ 48,225,492

Change in benefit terms reflect a change in benefits cap from $7,800 in 2022 to $10,800 in 2023. Changes of assumptions reflect a change in discount rate from 4.09% in 2022 to 4.13% in 2023.

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	Total OPEB Liability
1% decrease (3.13%)	$ 54,461,485
Current discount rate (4.13%)	48,225,492
1% increase (5.13%)	43,040,624

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:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (5.50%)	$ 42,241,099
Current healthcare cost trend rate (6.50%)	48,225,492
1% increase (7.50%)	60,260,339

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

For the year ended June 30, 2023, the District recognized OPEB expense of $3,343,388. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 492,148	$ 7,471,541
Changes of assumptions	6,251,689	15,817,429
Total	$ 6,743,837	$ 23,288,970

The 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	$ (2,062,673)
2025	(1,969,635)
2026	(2,627,536)
2027	(2,627,536)
2028	(2,627,536)
Thereafter	(4,630,217)
Total	$ (16,545,133)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

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

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

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.

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, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $401,227 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 0.1218%, and 0.1165%, resulting in a net increase in the proportionate share of 0.0053%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(63,393).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, 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 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

Sensitivity of the District's Proportionate Share 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 OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 437,415
Current discount rate (3.54%)	401,227
1% increase (4.54%)	369,893

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 368,141
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	401,227
1% increase (5.50% Part A and 6.40% Part B)	438,732

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bond holders and may initiate foreclosure proceedings. Special assessment debt of $143,355,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Revolving cash	$ 2,500	$ -	$ -	$ -	$ -	$ 2,500
Prepaid expenditures	45,468	-	-	-	-	45,468
Total nonspendable	47,968	-	-	-	-	47,968
Restricted						
Legally restricted programs	22,117,375	-	-	-	158,184	22,275,559
Food service	-	-	-	-	-	-
Capital projects	-	49,818,949	22,813,428	22,370,139	2,455,482	97,457,998
Debt service	-	-	-	-	14,486,234	14,486,234
Total restricted	22,117,375	49,818,949	22,813,428	22,370,139	17,099,900	134,219,791
Committed						
Student chromebook refresh	600,000	-	-	-	-	600,000
Teacher laptop refresh	500,000	-	-	-	-	500,000
Technology drive and infrastructure refresh	350,000	-	-	-	-	350,000
School bus replacement	498,228	-	-	-	-	498,228
White fleet replacement	860,000	-	-	-	-	860,000
Total committed	2,808,228	-	-	-	-	2,808,228
Assigned						
Deferred maintenance	2,329,891	-	-	-	-	2,329,891
Unassigned						
Reserve for economic uncertainties	6,965,892	-	-	-	-	6,965,892
Remaining unassigned	6,054,390	-	-	-	-	6,054,390
Total unassigned	13,020,282	-	-	-	-	13,020,282
Total	$ 40,323,744	$ 49,818,949	$ 22,813,428	$ 22,370,139	$ 17,099,900	$ 152,426,160

Note 13 - Risk Management

Description

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with the Self Insurance Risk Management Authority (SIRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Protected Insurance Program for Schools (PIPS). The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the Self Insurance Risk Management Authority (SIRMA) to provide employee medical benefits.

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 56,393,332	$ 13,383,667	$ 9,953,806	$ 3,682,978
CalPERS	39,197,564	14,356,201	3,580,713	3,782,164
Total	$ 95,590,896	$ 27,739,868	$ 13,534,519	$ 7,465,142

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $8,983,343.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 56,393,332
State's proportionate share of the net pension liability	28,241,560
Total	$ 84,634,892

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 0.0812% and 0.0775%, resulting in a net increase in the proportionate share of 0.0037%.

For the year ended June 30, 2023, the District recognized pension expense of $3,682,978. In addition, the District recognized pension expense and revenue of $2,277,663 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,983,343	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,557,365	2,967,740
Differences between projected and actual earnings on pension plan investments	-	2,757,743
Differences between expected and actual experience in the measurement of the total pension liability	46,260	4,228,323
Changes of assumptions	2,796,699	-
Total	$ 13,383,667	$ 9,953,806

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (2,025,767)
2025	(2,194,576)
2026	(3,296,699)
2027	4,759,299
Total	$ (2,757,743)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,173,813
2025	(1,236,692)
2026	(1,215,190)
2027	(1,013,472)
2028	(556,195)
Thereafter	51,997
Total	$ (2,795,739)

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, 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%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 95,776,794
Current discount rate (7.10%)	56,393,332
1% increase (8.10%)	23,693,218

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $5,339,345.

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 $39,197,564. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1139% and 0.1073%, resulting in a net increase in the proportionate share of 0.0066%.

For the year ended June 30, 2023, the District recognized pension expense of $3,782,164. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,339,345	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,311,926	2,605,427
Differences between projected and actual earnings on pension plan investments	4,628,167	-
Differences between expected and actual experience in the measurement of the total pension liability	177,150	975,286
Changes of assumptions	2,899,613	-
Total	$ 14,356,201	$ 3,580,713

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 771,831
2025	684,561
2026	349,683
2027	2,822,092
Total	$ 4,628,167

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

Year Ended June 30,	Deferred Outflows of Resources
2024	$ (444,839)
2025	294,489
2026	946,292
2027	12,034
Total	$ 807,976

Actuarial Methods and Assumptions

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

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

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 56,622,867
Current discount rate (6.90%)	39,197,564
1% increase (7.90%)	24,796,193

Alternative Retirement Plan

Plan Description

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.

Effective January 1, 1992, and amended and restated as of December 2003, the District adopted the Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE Plan) as an alternative to Social Security. The District pays 50% of the cost of the plan and the benefits are designated to be paid out at age 60. However, benefits can be received upon termination or retirement. All benefits are 100% vested beginning on the date of participation. All employees who are not participating in any other retirement plan are immediately eligible for participation. Employees who are members of, or retired from, CalPERS or CalSTRS are generally not eligible for participation. The APPLE Plan is administered by MidAmerica Administrative & Retirement Solutions.

Funding Policy

Employees contribute 3.75% of their annual payroll into the APPLE Plan and the District also contributes 3.75% of the eligible member's annual payroll into the plan. During the year, the District's required and actual contributions amounted to was $122,442.

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 $4,530,533 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Activity Turf Area - Charles Helmers	$ 92,160	2023 - 2024
Asphalt/Concrete Pavement/Play Courts - Skyblue Mesa, Cedarcreek, and Rio Vista	531,627	2023 - 2024
Casework/Countertop - Cedarcreek	34,493	2023 - 2024
Classroom and Library Building Addition - Skyblue Mesa	1,106,006	2023 - 2024
Classroom Building Addition - Charles Helmers	6,122,999	2023 - 2024
Classroom Building Addition - Rosedell	5,932,604	2023 - 2024
Flex Classroom (Science Lab) - Tesoro, West Creek, and Cedarcreek	151,557	2023 - 2024
Flooring - Cedarcreek, Tesoro, and West Creek	763,469	2023 - 2024
Landscaping - Cedarcreek	54,125	2023 - 2024
Single Point of Entry - West Creek, Emblem, and Plum Canyon	54,372	2023 - 2024
Modernization with Science/Flex Lab - Highlands	134,971	2023 - 2024
Maintenance and Operations Parking Lot	114,446	2023 - 2024
Preschool Inclusion Playground - Bouquet Canyon	349,703	2023 - 2024
Seismic Upgrade - Various Sites	190,605	2023 - 2024
Shade Structure - Cedarcreek and Charles Helmers	115,747	2023 - 2024
Signage - Charles Helmers	1,492	2023 - 2024
M&O Projects - West Creek, North Park, and Bridgeport	57,682	2023 - 2024
Solar Project - Various Sites	1,533,097	2023 - 2024
Walk Track - Rio Vista	1,874,499	2023 - 2024
Activity Turf Area - Cedarcreek and James Foster	373,425	2024 - 2025
Asphalt/Concrete Pavement/Play Courts - James Foster	258,455	2024 - 2025
Classroom Building Addition 2 Story - James Foster	15,046,065	2024 - 2025
Flex Classroom (Science Lab) - James Foster	934,979	2024 - 2025
Kindergarten Modernization - Mountainview	46,485	2024 - 2025
Roofing Replacement - Rosedell	35,050	2024 - 2025
Walk Track - James Foster	2,394,367	2024 - 2025
Track and Playground Addition - Rosedell	2,346	2025 - 2026
Total	$ 38,306,826	

Note 16 - Participation Joint Powers Authority

The District is a member of the Protected Insurance Programs for Schools (PIPS), Self-Insurance Risk Management Authority (SIRMA), and the Santa Clarita Valley School Food Services Agency (SCVSFSA) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation coverage, property and liability coverage, employee medical benefits, and food services. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2023, the District made payments of $2,576,921 and $2,072,118 to PIPS and SIRMA, respectively, for workers' compensation, property and liability, and employee medical benefits. The District did not receive reimbursements from SCVSFSA for costs related to food services in the current fiscal year.

Note 17 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position and fund balance were restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 129,663,854
Prepaid asset	(53,685)
Right-to-use subscription IT assets, net of amortization	1,079,423
Subscription liabilities	(111,118)
Net Position - Beginning, as restated on July 1, 2022	$ 130,578,474
General Fund	
Fund Balance - Beginning, as previously reported on June 30, 2022	$ 28,297,702
Prepaid asset	(53,685)
Fund Balance - Beginning, as restated on July 1, 2022	$ 28,244,017

Required Supplementary Information
June 30, 2023

Saugus Union School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 91,316,580	$ 97,891,331	$ 97,836,261	$ (55,070)
Federal sources	6,916,121	6,278,068	6,106,172	(171,896)
Other State sources	13,393,334	21,717,744	27,447,210	5,729,466
Other local sources	9,179,706	10,607,455	10,259,980	(347,475)
Total revenues [1]	120,805,741	136,494,598	141,649,623	5,155,025
Expenditures				
Current				
Certificated salaries	48,516,593	49,510,063	49,813,247	(303,184)
Classified salaries	20,217,051	22,848,378	23,019,857	(171,479)
Employee benefits	32,363,479	32,844,541	32,655,661	188,880
Books and supplies	3,034,295	3,803,935	4,225,495	(421,560)
Services and operating expenditures	15,583,810	15,805,732	17,171,612	(1,365,880)
Other outgo	1,186,316	1,595,561	2,230,359	(634,798)
Capital outlay	757,413	1,349,925	1,413,111	(63,186)
Debt service				
Debt service - principal	87,078	87,078	590,211	(503,133)
Debt service - interest and other	6,011	6,011	15,800	(9,789)
Total expenditures [1]	121,752,046	127,851,224	131,135,353	(3,284,129)
Excess (Deficiency) of Revenues Over Expenditures	(946,305)	8,643,374	10,514,270	1,870,896
Other Financing Sources (Uses)				
Transfers in	69,864	830,965	58,954	(772,011)
Other sources	-	-	1,506,503	1,506,503
Transfers out	(372,151)	(1,114,408)	-	1,114,408
Net Financing Sources (Uses)	(302,287)	(283,443)	1,565,457	1,848,900
Net Change in Fund Balances	(1,248,592)	8,359,931	12,079,727	3,719,796
Fund Balance - Beginning, as restated	28,244,017	28,244,017	28,244,017	-
Fund Balance - Ending	$ 26,995,425	$ 36,603,948	$ 40,323,744	$ 3,719,796

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 2,456,022	$ 3,681,521	$ 3,132,175
Interest	2,188,411	1,444,499	1,873,066
Changes of benefit terms	2,339,683	283,380	-
Difference between expected and actual experience	(3,863,665)	(351,390)	(5,660,444)
Changes of assumptions	(5,148,377)	(14,864,073)	8,142,053
Benefit payments	(1,578,056)	(1,272,700)	(1,799,773)
Net change in total OPEB liability	(3,605,982)	(11,078,763)	5,687,077
Total OPEB Liability - Beginning	51,831,474	62,910,237	57,223,160
Total OPEB Liability - Ending	$ 48,225,492	$ 51,831,474	$ 62,910,237
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 3,040,640	$ 2,683,879	$ 2,656,393
Interest	1,771,214	1,686,381	1,549,920
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	1,722,518	-
Changes of assumptions	-	2,882,795	(651,267)
Benefit payments	(1,554,124)	(1,017,142)	(955,063)
Net change in total OPEB liability	3,257,730	7,958,431	2,599,983
Total OPEB Liability - Beginning	53,965,430	46,006,999	43,407,016
Total OPEB Liability - Ending	$ 57,223,160	$ 53,965,430	$ 46,006,999
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1218%	0.1165%	0.1360%
Proportionate share of the net OPEB liability	$ 401,227	$ 464,620	$ 576,392
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1445%	0.1464%	0.1480%
Proportionate share of the net OPEB liability	$ 538,125	$ 560,515	$ 622,058
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0812%	0.0775%	0.0781%	0.0817%	0.0816%
Proportionate share of the net pension liability	$ 56,393,332	$ 35,265,880	$ 75,644,022	$ 73,775,269	$ 75,529,650
State's proportionate share of the net pension liability	28,241,560	17,744,423	38,994,502	40,249,334	44,682,703
Total	$ 84,634,892	$ 53,010,303	$ 114,638,524	$ 114,024,603	$ 120,212,353
Covered payroll	$ 46,030,313	$ 42,854,588	$ 43,615,281	$ 43,926,357	$ 43,153,299
Proportionate share of the net pension liability as a percentage of its covered payroll	122.51%	82.29%	173.43%	167.95%	175.03%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0817%	0.0815%	0.0881%	0.0859%
Proportionate share of the net pension liability	$ 75,529,650	$ 65,896,728	$ 59,316,881	$ 50,204,680
State's proportionate share of the net pension liability	44,682,703	37,513,832	31,372,091	30,315,753
Total	$ 120,212,353	$ 103,410,560	$ 90,688,972	$ 80,520,433
Covered payroll	$ 42,638,219	$ 40,489,795	$ 39,971,250	38,397,903
Proportionate share of the net pension liability as a percentage of its covered payroll	177.14%	162.75%	148.40%	130.75%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.1139%	0.1073%	0.1177%	0.1293%	0.1280%
Proportionate share of the net pension liability	$ 39,197,564	$ 21,820,189	$ 36,127,011	$ 37,687,573	$ 34,134,257
Covered payroll	$ 17,076,447	$ 15,419,232	$ 16,970,666	$ 16,754,623	$ 16,803,998
Proportionate share of the net pension liability as a percentage of its covered payroll	229.54%	141.51%	212.88%	224.94%	203.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.1289%	0.1249%	0.1297%	0.1256%
Proportionate share of the net pension liability	$ 30,770,226	$ 24,671,198	$ 19,110,558	$ 14,262,471
Covered payroll	$ 16,551,591	$ 14,794,648	$ 14,223,770	14,360,824
Proportionate share of the net pension liability as a percentage of its covered payroll	185.90%	166.76%	134.36%	99.32%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 8,983,343	$ 7,788,329	$ 6,921,016	$ 7,458,213	$ 7,151,211
Less contributions in relation to the contractually required contribution	8,983,343	7,788,329	6,921,016	7,458,213	7,151,211
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 47,033,209	$ 46,030,313	$ 42,854,588	$ 43,615,281	$ 43,926,357
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 6,227,021	$ 5,363,888	$ 4,344,555	$ 3,549,447
Less contributions in relation to the contractually required contribution	6,227,021	5,363,888	4,344,555	3,549,447
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 43,153,299	$ 42,638,219	$ 40,489,795	$ 39,971,250
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 5,339,345	$ 3,912,214	$ 3,191,781	$ 3,346,785	$ 3,026,220
Less contributions in relation to the contractually required contribution	5,339,345	3,912,214	3,191,781	3,346,785	3,026,220
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 21,045,901	$ 17,076,447	$ 15,419,232	$ 16,970,666	$ 16,754,623
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 2,609,829	$ 2,298,685	$ 1,752,722	$ 1,674,280
Less contributions in relation to the contractually required contribution	2,609,829	2,298,685	1,752,722	1,674,280
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 16,803,998	$ 16,551,591	$ 14,794,648	$ 14,223,770
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

At June 30, 2023, the following District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Fund	Budget	Actual	Excess
General Fund	$ 128,965,632	$ 131,135,353	$ 2,169,721

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

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

- *Change in Benefit Terms* – Change in benefit terms reflects a change in the benefits cap from $7,800 in 2022 to $10,800 in 2023.
- *Change of Assumptions* – The discount rate changed from 4.09% in 2022 to 4.13% in 2023.

Schedule of the District’s Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District’s proportionate share of the net OPEB Liability – MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in* Benefit Terms – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Saugus Union School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Santa Clarita Valley Special Education Local Plan Area			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	$ 1,905,006
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10169	440
Subtotal			1,905,446
Preschool Grants, Part B, Sec 619	84.173	13430	97,128
Preschool Staff Development, Part B, Sec 619	84.173A	13431	917
Subtotal			98,045
Total Special Education (IDEA) Cluster			2,003,491
Early Intervention Grants, Part C	84.181	23761	258,305
COVID-19: ARP IDEA Part C, Early Education Program	84.181X	25657	63,622
Subtotal			321,927
Passed Through California Department of Education (CDE)			
COVID-19: Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	15536	52,168
COVID-19: Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	724,599
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	846,800
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	940,928
COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	38,815
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	6,234
Subtotal			2,609,544
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	606,789
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	281,451
Title III, English Learner Student Program	84.365	14346	242,116
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	23,488
Total U.S. Department of Education			6,088,806
U.S. Department of Agriculture			
Passed Through Los Angeles County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	17,366
Total Forest Service Schools and Roads Cluster			17,366
Total Federal Financial Assistance			$ 6,106,172

Organization

The Saugus Union School District was established on November 12, 1908 and consists of an area comprising approximately 99 square miles. The District operates fifteen elementary schools. There were no boundary changes during the year.

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Katherine Cooper	President	2024
Matthew Watson	Clerk	2024
Christopher Trunkey	Member	2026
Anna Griese	Member	2026
Cassandra Love	Member	2026

Administration

Dr. Colleen Hawkins, Ed.D.	Superintendent
Nick Heinlein	Assistant Superintendent of Business Services
Edwin T. Clement	Assistant Superintendent of Education Services
Dr. Jennifer Stevenson, Ed.D	Assistant Superintendent of Human Resources
Michelle Barries	Assistant Superintendent of Student Support Services
Roseann Zarasua	Director of Fiscal Services

	Final Report	
	Second Period Report	Annual Report
	E0DACF6	965A45E2
Regular ADA		
Transitional kindergarten through third	4,881.74	4,897.15
Fourth through sixth	3,776.24	3,787.10
Total Regular ADA	8,657.98	8,684.25
Extended Year Special Education		
Transitional kindergarten through third	10.17	10.17
Fourth through sixth	3.65	3.65
Total Extended Year Special Education	13.82	13.82
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.77	0.67
Fourth through sixth	1.29	0.94
Total Special Education, Nonpublic, Nonsectarian Schools	2.06	1.61
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.02	0.02
Fourth through sixth	0.18	0.18
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.20	0.20
Total ADA	8,674.06	8,699.88

District-wide except for Plum Canyon Elementary

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	51,390	-	51,390	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		51,390	-	51,390	180	-	180	-	-	-	Complied
Grade 2		51,390	-	51,390	180	-	180	-	-	-	Complied
Grade 3		57,808	-	57,808	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,808	-	57,808	180	-	180	-	-	-	Complied
Grade 5		57,840	-	57,840	180	-	180	-	-	-	Complied
Grade 6		57,840	-	57,840	180	-	180	-	-	-	Complied

Plum Canyon Elementary

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	51,258	294	51,552	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		51,258	294	51,552	179	1	180	-	-	-	Complied
Grade 2		51,258	294	51,552	179	1	180	-	-	-	Complied
Grade 3		57,808	344	58,152	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,808	344	58,152	179	1	180	-	-	-	Complied
Grade 5		57,496	344	57,840	179	1	180	-	-	-	Complied
Grade 6		57,496	344	57,840	179	1	180	-	-	-	Complied

* The District received an approved J-13A for 1 day and 294 minutes for grades K-2 and 344 minutes for grades 3-6.

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

	General Fund	Bond Interest and Redemption Fund	Childcare Enterprise Fund
Fund Balance			
Balance, June 30, 2023,Unaudited Actuals	$ 40,377,429	$ 15,221,880	$ 3,388,827
Increase in			
Deferred outflows of resources related to pensions	-	-	208,456
Aggregate net pension liability	-	-	(40,108)
Decrease in			
Prepaid expenditures	(53,685)	-	-
Fair value adjustments to cash in county	-	(735,646)	-
Deferred inflows of resources related to pensions	-	-	510,627
Long-term liabilities	-	-	40,458
Balance, June 30, 2023, Audited Financial Statements	$ 40,323,744	$ 14,486,234	$ 4,108,260

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 135,312,904	$ 141,558,436	$ 119,432,268	$ 112,980,034
Other sources	88,708	1,565,457	363,668	20,054
Total revenues and other sources	135,401,612	143,123,893	119,795,936	113,000,088
Expenditures	133,615,205	129,665,263	115,300,514	107,073,346
Other uses	372,151	1,833,620	1,893,317	379,936
Total expenditures and other uses	133,987,356	131,498,883	117,193,831	107,453,282
Increase in Fund Balance	1,414,256	11,625,010	2,602,105	5,546,806
Ending Fund Balance	$ 36,348,303	$ 34,934,047	$ 23,309,037	$ 20,706,932
Available Reserves [2]	$ 10,258,929	$ 13,020,282	$ 11,715,387	$ 18,675,969
Available Reserves as a Percentage of Total Outgo	7.66%	9.90%	10.00%	17.38%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 289,386,221	$ 264,550,016	$ 341,099,842
K-12 Average Daily Attendance at P-2	8,833	8,674	8,761	9,446

The General Fund balance has increased by $14,227,115 over the past two years. The fiscal year 2023-2024 budget projects a further increase of $1,414,256 (4.0%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $51,713,621 over the past two years.

Average daily attendance has decreased by 772 over the past two years. An additional decline of 159 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances and funds designated for economic uncertainties contained within the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, and Fund 17 Special Reserve Fund for Other Than Capital Outlay Projects, as required by GASB Statement No. 54.

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 326,255	$ 2,464,935	$ 14,486,234	$ 17,277,424
Receivables	3,482	27,232	-	30,714
Total assets	$ 329,737	$ 2,492,167	$ 14,486,234	$ 17,308,138
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 14,847	$ 36,685	$ -	$ 51,532
Unearned revenue	156,706	-	-	156,706
Total liabilities	171,553	36,685	-	208,238
Fund Balances				
Restricted	158,184	2,455,482	14,486,234	17,099,900
Total liabilities and fund balances	$ 329,737	$ 2,492,167	$ 14,486,234	$ 17,308,138

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	$ 88,516	$ -	$ -	$ 88,516
Other State sources	282,651	-	66,594	349,245
Other local sources	(5,035)	260,377	13,374,684	13,630,026
Total revenues	366,132	260,377	13,441,278	14,067,787
Expenditures				
Current				
Instruction	261,977	-	-	261,977
Administration				
All other administration	14,242	-	-	14,242
Facility acquisition and construction	16,796	1,867,483	-	1,884,279
Debt service				
Principal	-	-	11,175,000	11,175,000
Interest and other	-	-	4,195,706	4,195,706
Total expenditures	293,015	1,867,483	15,370,706	17,531,204
Net Change in Fund Balances	73,117	(1,607,106)	(1,929,428)	(3,463,417)
Fund Balance - Beginning	85,067	4,062,588	16,415,662	20,563,317
Fund Balance - Ending	$ 158,184	$ 2,455,482	$ 14,486,234	$ 17,099,900

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Saugus Union 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 or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District 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. The reconciling amounts consist primarily of COVID-19: ARP California State Preschool Program - Rate Supplements that have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 6,194,688
COVID-19: ARP California State Preschool Program - Rate Supplements	93.575	(88,516)
Total federal financial assistance		$ 6,106,172

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor’s Reports
June 30, 2023

Saugus Union School District

eidebailly.com

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

To the Governing Board
Saugus Union School District
Santa Clarita, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, (*Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Saugus Union 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 and have issued our report thereon dated February 5, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position and fund balance of the General Fund as of July 1, 2022, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 5, 2024

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

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 5, 2024

Independent Auditor's Report on State Compliance

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on Compliance

Opinion on State Compliance

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

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

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 *(Government Auditing Standards),* and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 5, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Saugus Union School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Special Education (IDEA) Cluster	84.027, 84.173, 84.173A
COVID-19: Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W

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

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Federal Awards Findings

2022-001 50000 – Program Reporting (Noncompliance and Material Weakness in Internal Controls over Compliance)

Federal Program Affected

Federal Program: COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases
Assistance Listing Number: 93.323
Federal Agency: U.S. Department of Human Services
Pass-Through Entity: Los Angeles County Office of Education

Criteria or Specific Requirements

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

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

Condition

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

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our examination on weekly report created by the District under Section 4.2.4 and through inquiry with District's personnel.

Effect

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

Cause

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

Recommendation

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

Current Status

Not applicable as the District did not have expenditures related to the program in the current year as the program funds have been spent in its entirety in the prior year.

2022-002 **50000 – Approval of Automatic Payroll System (Noncompliance and Significant Deficiency in Internal Controls over Compliance)**

Federal Program Affected

Federal Program: Title I, Part A, Basic Grants Low-Income and Neglected
Assistance Listing Number: 84.010
Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education

Criteria or Specific Requirements

Per Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430(i)(1), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition

Through review of wages charged to the federal programs, it was noted that employee timecards are not consistently reviewed and approved by supervisors and department heads.

Questioned Costs

This finding represents a significant deficiency in internal control over federal compliance. However, there were no questioned costs associated with this finding as we did not identify any unallowable expenditures as a result of the finding.

Context

A significant amount of the federal expenditures related to the program are derived from payroll costs. While the wages appear to be reasonable and necessary for the program objectives, the District did not provide documentation that indicates review and approval of the charged earnings.

Effect

The District has not complied with the requirements identified in Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1).

Cause

The identified condition appears to have materialized due to ineffective monitoring of timecard approval statuses within District's automated payroll processing system related to the program.

Recommendation

The District should monitor the status of timecard approvals within the automated payroll system and procedures should be implemented to ensure that all timecards have been reviewed and approved prior to processing payroll.

Current Status

Implemented