Financial Statements
June 30, 2022

Hanford Elementary School District

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Hanford Elementary School District
Hanford, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hanford Elementary School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hanford Elementary School District, as of June 30, 2022, 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hanford Elementary School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Hanford Elementary School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hanford Elementary School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hanford Elementary School 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of Hanford Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hanford Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hanford Elementary School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fresno, California
December 15, 2022

Hanford Elementary School District

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P.O. Box 1067
Hanford, CA 93232

(559) 585-3600

Superintendent
Joy C. Gabler

Governing Board
Robert "Bobby" Garcia
Jeff Garner
Lupe Hernandez
Timothy L. Revious
Greg Strickland

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTION

The Hanford Elementary School District's goal is to provide, in an atmosphere of care and concern, an opportunity for every student to recognize and fully develop his/her particular academic, technical, physical and social skills. Hanford Elementary School District students graduate prepared to continue on to high school.

The Management Discussion and Analysis of Hanford Elementary School District's financial statements provide an overall review of the District's financial activities for the fiscal year ended June 30, 2022, with comparative information for the fiscal year ended June 30, 2021. This analysis will look at the District's financial performance as a whole. The management discussion and analysis should be reviewed in conjunction with the auditor's transmittal letter, notes to the basic financial statements and the basic governmental wide financial statements to enhance the understanding of the District's financial performance.

The Hanford Elementary School District is a medium-sized rural school district offering instruction to students from kindergarten through eighth grade. During the 2021-2022 school year, the District operated eight elementary schools, one k-8 magnet school, two junior high schools, and one community day school on the traditional August through June schedule, for the instruction of approximately 5,546 students.

USING THE ANNUAL FINANCIAL REPORT

- This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

- The Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances and to show the District's accountability for the money it receives.

FINANCIAL HIGHLIGHTS

- The Hanford Elementary School District's Government-wide Statement of Net Position illustrates total net position of $13,673,639, the result of assets and deferred outflows of $139,260,961 minus liabilities and deferred inflows of $125,587,322.
- General Revenues accounted for $71,197,901 or 73.99% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $25,023,464 or 26.01% of total revenues of $96,221,365.
- The District had $82,476,417 in expenses related to governmental activities.
- The General Fund reported a positive fund balance of $38,388,628.

STUDENT ENROLLMENT AND DEMOGRAPHIC TRENDS

- The School District has an enrollment of approximately 5,546 students for the current 2021-2022 school year, with enrollment projected to remain at 5,546 for the upcoming 2021-2022 school year.
- In addition to tracking enrollment, the District also watches actual Average Daily Attendance (ADA). The ADA is typically lower than a District's enrollment, although the two terms are often (though incorrectly) used interchangeably. The anticipated 2021-2022 ADA for the District is 4,966 excluding ADA from County run programs. The ratio of actual attendance to enrollment summarizes the District's changes and efforts to increase attendance. Figure 1 summarizes a historical analysis of the District's enrollment to actual positive attendance ratios. Due to the pandemic, the District will be funded at 2019-2020 ADA level for the 2020-2021 and the 2021-2022 school years.

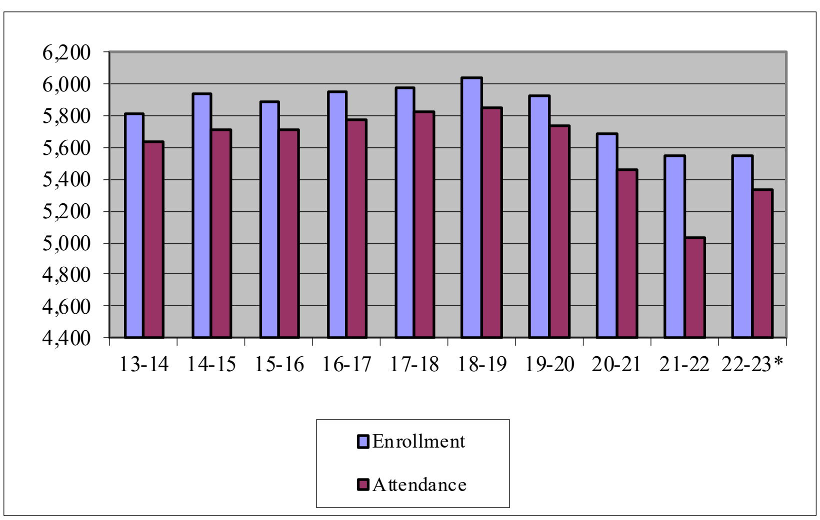

Figure 1. District Enrollment to Actual Attendance Data

School districts have traditionally placed great importance on the accurate projection of student enrollment for the ensuing budget year, due to the broad range of funding and programs impacted by this number. These impacts range from the very basic funding for California school districts which calculates the number of days attended by the enrolled students times a unique "revenue amount", to how much a particular special program will receive, to the amount of one-time monies a district may receive. Increased ADA is intended to generate additional dollars to help offset normal inflationary costs of operating the business of education, and related growth cost for the additional enrollment.

REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

  One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position and the Statement of Activities" reports information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

  These two statements report the Hanford Elementary School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors, such as property tax base, current property tax laws, student enrollment, and facility conditions in arriving at their conclusion regarding the overall health of the District.

- 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 statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various provisions. The District's two types of funds, governmental and proprietary, use different accounting approaches as further described in the notes to the financial statements.

- GOVERNMENTAL FUNDS

  Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's program. The Relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the notes to the financial statements.

Governmental funds include most of the major funds of the District. A more detailed discussion of Governmental funds follows.

- PROPRIETARY FUNDS

Proprietary funds use the same basis of accounting as business-type activities, therefore the statements will essentially match. Our District has only one such Internal Service Fund – the Self-Insurance Employee Benefits – Dental Fund.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provided additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position for fiscal years 2021-2022 and 2020-2021, respectively.

Table 1. Net Position

	Governmental Activities	
	2022	2021
Assets		
Current and other assets	$ 56,819,408	$ 49,253,399
Capital assets	64,286,611	58,344,205
Total assets	121,106,019	107,597,604
Deferred outflows of resources	18,154,942	21,006,054
Liabilities		
Current liabilities	9,359,280	6,389,232
Long-term liabilities	85,785,241	120,031,840
Total liabilities	95,144,521	126,421,072
Deferred inflows of resources	30,442,801	2,253,895
Net Position		
Net investment in capital assets	39,161,298	38,361,293
Restricted	14,532,280	9,097,846
Unrestricted	(40,019,939)	(47,530,448)
Total net position	$ 13,673,639	$ (71,309)

Table 2 shows the changes in net position for fiscal years 2021-2022 and 2020-2021, respectively.

Table 2. Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues		
Program revenues		
Charges for services	$ 441,801	$ 133,610
Operating grants and contributions	24,624,125	23,097,498
Capital grants and contributions	(42,462)	7,626
General revenues		
Federal and State aid not restricted	64,195,221	61,961,064
Property taxes	4,985,113	5,110,020
Other general revenues	2,017,567	1,145,579
Total revenues	96,221,365	91,455,397
Expenses		
Instruction-related	52,757,415	59,101,725
Pupil services	13,001,565	11,400,014
Administration	4,647,748	4,965,152
Plant services	7,989,854	8,355,659
All other services	4,079,835	3,505,699
Total expenses	82,476,417	87,328,249
Change in net position	$ 13,744,948	$ 4,127,148

GOVERNMENTAL FUNDS

- The District's Governmental Funds include Special Revenue Funds for Deferred Maintenance and Cafeteria, Debt Service Funds for repayments of general obligation bonds, Capital Projects Funds, and most importantly, the General Fund. Figure 2 summarizes District Revenue by source of the District's Governmental Funds. Figure 3 summarize the District's Governmental Expenditures by function.

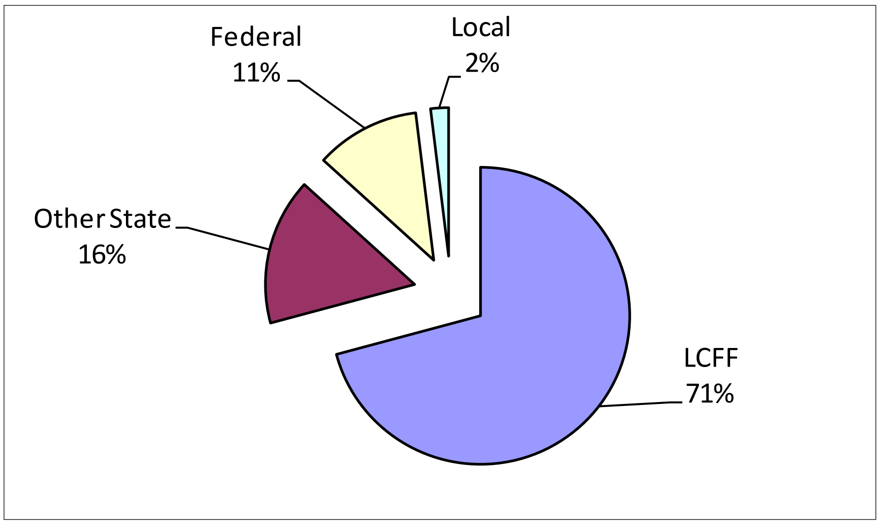

Figure 2. Revenues by Source

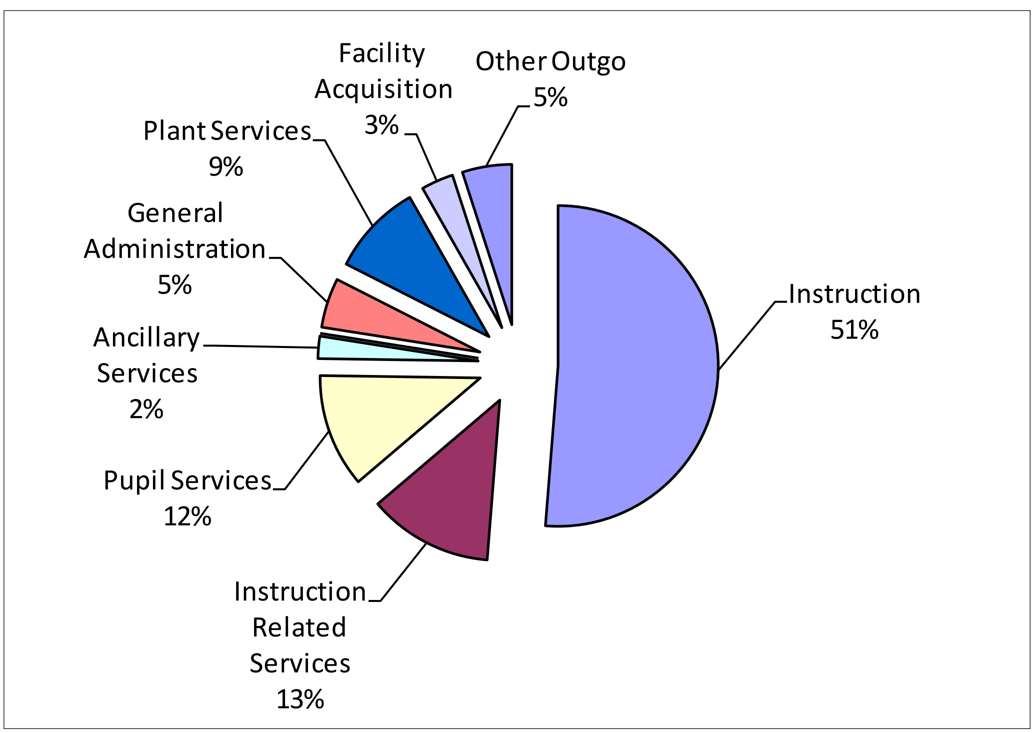

Figure 3. Expenditures by Function

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30. After updating of the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students. The schools and departments provide input to the superintendent and to Fiscal Services for their budget needs. The site and department budgets are reviewed monthly to ensure management becomes aware of any significant variations during the year.

- GENERAL FUND BUDGET VARIATIONS

  In June of each year, a Budget is adopted by the District's Board of Trustees, effective July 1 through June 30. The Budget is based on year-ending projections from the previous year's budget. As the school year progresses, the Budget is revised and updated, with numerous financial reports made public outlining the revisions. Finally, in August of the following year, the books are closed for the July 1 – June 30 fiscal year, and the results are audited, yielding actual final numbers.

  There are several reasons for Budget revisions. Most notable are any salary increases granted by the Board of Trustees for district employees for the original budget does not presume salary increases unless they have already been agreed to in a multi-year contract. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also yield budget revisions.

  The implementation of new instructional or categorical programs can also affect budget projections. For the Hanford Elementary School District, the increased emphasis on closing the achievement gap for all of our students continue to push forward several academic-focused programs that impact expenditures in personnel, instructional materials, outside services and supplies.

  The State and Federal budget issues have an impact on the District's General Fund budget. As revenues from these two sources change, so do District revenues, since 96% of District revenues come from State and Federal revenue streams.

  The final actual numbers of the General Fund that will be certified by February of the next year will be the reflection of the culmination of these several factors.

  The net difference in fund balance between the adopted budget and the final budget was an increase of $12,313,896 and may be summarized as follows:

  $13,113,339 increase in total revenue and other sources mainly due to increases in state and federal revenue.

  $799,443 increase in total expenditures and other uses due primarily to projected increased spending for capital outlay.

CAPITAL ASSETS AND DEBT ADMINISTRATION

- CAPITAL ASSETS

At June 30, 2021, the District had $58,344,205 in a broad range of capital assets, including land, buildings, and furniture and equipment, net of accumulated depreciation. At June 30, 2022, the District's net capital assets were $64,286,611. This amount represents a net increase (including additions and deductions) of $5,942,406, or 10.19%, from last year. Table 3 presents capital asset balances for each year and the net change. The year's major additions included $12,289,956 for completed projects and purchases during the year.

Table 3. Changes in Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2022	2021
Land and construction in progress	$ 6,008,266	$ 9,878,875
Buildings and improvements	53,917,079	43,706,825
Equipment	4,361,266	4,758,505
Total	$ 64,286,611	$ 58,344,205

- LONG-TERM LIABILITIES

At the end of this year, the District had $85,785,241 in long-term liabilities outstanding versus $120,031,840 last year, a decrease of $34,246,599. Table 4 summarizes these obligations.

Table 4. Outstanding Obligations

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	$ 23,165,000	$ 24,220,000
Unamortized premiums	1,589,268	1,667,130
Compensated absences	475,257	472,747
Financed purchases	2,473,151	618,288
Claims liability	74,531	66,980
Net OPEB liability	16,696,441	14,484,325
Aggregate net pension liability	41,311,593	78,502,370
Total	$ 85,785,241	$ 120,031,840

The District's general obligation bond insured S&P bond rating at the time of their last issuance was "AA".

At year-end, the District had a net pension liability of $41,311,593 versus $78,502,370 last year, a decrease of $37,190,771, or 47.38%. The District also reported deferred outflows of resources from pension activities of $14,990,831, and deferred inflows of resources from pension activities of $30,203,551.

We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

FOR THE FUTURE

The District's system of budgeting and internal controls is well regarded and it will take all of the District's financial abilities to meet the challenges of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Hanford Elementary School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Endo, Chief Business Officer, Hanford Elementary School District, P. O. Box 1067, Hanford, CA 93232.

	Governmental Activities
Assets	
Deposits and investments	$ 50,836,217
Receivables	5,681,720
Prepaid expense	49,831
Stores inventories	251,640
Capital assets not depreciated	6,008,266
Capital assets, net of accumulated depreciation	58,278,345
Total assets	121,106,019
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	3,164,111
Deferred outflows of resources related to pensions	14,990,831
Total deferred outflows of resources	18,154,942
Liabilities	
Accounts payable	6,262,422
Unearned revenue	3,096,858
Long-term liabilities	
Claims liabilities	74,531
Long-term liabilities other than OPEB and pensions due within one year	865,000
Long-term liabilities other than OPEB and pensions due in more than one year	26,837,676
Net other postemployment benefits liability (OPEB)	16,696,441
Aggregate net pension liabilities	41,311,593
Total liabilities	95,144,521
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	239,250
Deferred inflows of resources related to pensions	30,203,551
Total deferred inflows of resources	30,442,801
Net Position	
Net investment in capital assets	39,161,298
Restricted for	
Debt service	1,616,929
Capital projects	1,800,251
Educational programs	8,807,538
Child nutrition program	2,274,569
Student activities	32,993
Unrestricted (deficit)	(40,019,939)
Total net position	$ 13,673,639

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$42,230,855	$ 50	$11,282,782	$ (42,462)	$ (30,990,485)
Instruction-related activities					
Supervision of instruction	2,996,920	371	2,925,270	-	(71,279)
Instructional library, media, and technology	1,837,666	-	63,133	-	(1,774,533)
School site administration	5,691,974	2,405	300,548	-	(5,389,021)
Pupil services					
Home-to-school transportation	1,783,285	-	413,360	-	(1,369,925)
Food services	3,639,859	15,661	4,067,159	-	442,961
All other pupil services	7,578,421	1,157	1,285,143	-	(6,292,121)
Administration					
Data processing	985,386	-	16,561	-	(968,825)
All other administration	3,662,362	946	1,240,060	-	(2,421,356)
Plant services	7,989,854	16,837	824,845	-	(7,148,172)
Ancillary services	1,945,639	17,710	1,742,676	-	(185,253)
Interest on long-term liabilities	945,526	-	-	-	(945,526)
Other outgo	1,188,670	386,664	462,588	-	(339,418)
Total governmental activities	$82,476,417	$ 441,801	$24,624,125	$ (42,462)	(57,452,953)
General Revenues and Subventions					
Property taxes, levied for general purposes					3,446,790
Property taxes, levied for debt service					1,516,748
Taxes levied for other specific purposes					21,575
Federal and State aid not restricted to specific purposes					64,195,221
Interest and investment earnings					(1,476,147)
Miscellaneous and unspent state entitlement revenues					3,493,714
Subtotal, general revenues and subventions					71,197,901
Change in Net Position					13,744,948
Net Position - Beginning (Deficit)					(71,309)
Net Position - Ending					$ 13,673,639

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 42,706,180	$ 2,102,106	$ 5,379,218	$ 50,187,504
Receivables	4,552,280	-	1,129,125	5,681,405
Due from other funds	-	-	66	66
Prepaid expenditures	49,831	-	-	49,831
Stores inventories	162,428	-	89,212	251,640
Total assets	$ 47,470,719	$ 2,102,106	$ 6,597,621	$ 56,170,446
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 5,895,347	$ -	$ 358,075	$ 6,253,422
Due to other funds	89,886	-	7,740	97,626
Unearned revenue	3,096,858	-	-	3,096,858
Total liabilities	9,082,091	-	365,815	9,447,906
Fund Balances				
Nonspendable	217,309	-	89,622	306,931
Restricted	8,807,536	2,102,106	5,724,744	16,634,386
Committed	11,336,605	-	339,382	11,675,987
Assigned	11,428,322	-	78,058	11,506,380
Unassigned	6,598,856	-	-	6,598,856
Total fund balances	38,388,628	2,102,106	6,231,806	46,722,540
Total liabilities and fund balances	$ 47,470,719	$ 2,102,106	$ 6,597,621	$ 56,170,446

Total Fund Balance - Governmental Funds		$ 46,722,540
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	$ 99,364,177	
Accumulated depreciation is	(35,077,566)	
Net capital assets		64,286,611
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities (excluding claims liability) of the internal service fund are included with governmental activities in the statement of net position.		663,057
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		
Other postemployment benefits (OPEB)	3,164,111	
Net pension liability	14,990,831	
Total deferred outflows of resources		18,154,942
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(239,250)	
Net pension liability	(30,203,551)	
Total deferred inflows of resources		(30,442,801)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,311,593)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(16,696,441)
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, including unamortized premiums/(discounts), at year-end consist of		
General obligation bonds including unamortized premiums	(24,754,268)	
Financed purchases	(2,473,151)	
Compensated absences (vacations)	(475,257)	
Total long-term liabilities		(27,702,676)
Total net position - governmental activities		$ 13,673,639

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 66,109,651	$ -	$ 300,000	$ 66,409,651
Federal sources	10,558,614	-	4,006,510	14,565,124
Other State sources	14,880,251	-	228,103	15,108,354
Other local sources	1,396,630	(62,048)	1,896,466	3,231,048
Total revenues	92,945,146	(62,048)	6,431,079	99,314,177
Expenditures				
Current				
Instruction	45,987,509	-	-	45,987,509
Instruction-related activities				
Supervision of instruction	3,247,413	-	-	3,247,413
Instructional library, media, and technology	1,899,025	-	-	1,899,025
School site administration	6,093,931	-	-	6,093,931
Pupil services				
Home-to-school transportation	1,706,380	-	-	1,706,380
Food services	202,015	-	3,331,212	3,533,227
All other pupil services	8,360,442	-	-	8,360,442
Administration				
Data processing	1,003,932	-	-	1,003,932
All other administration	3,479,710	-	100,602	3,580,312
Plant services	8,330,168	-	159,653	8,489,821
Ancillary services	2,015,724	-	14,145	2,029,869
Other outgo	1,188,671	-	-	1,188,671
Facility acquisition and construction	2,914,093	176,424	4,428,460	7,518,977
Debt service				
Principal	-	-	1,055,000	1,055,000
Interest and other	-	-	945,526	945,526
Total expenditures	86,429,013	176,424	10,034,598	96,640,035
Excess (Deficiency) of Revenues Over Expenditures	6,516,133	(238,472)	(3,603,519)	2,674,142
Other Financing Sources (Uses)				
Transfers in	1,100,000	-	5,154,547	6,254,547
Sources from financed purchases	1,854,863	-	-	1,854,863
Transfers out	(66)	(4,181,928)	(2,072,553)	(6,254,547)
Net Financing Sources (Uses)	2,954,797	(4,181,928)	3,081,994	1,854,863
Net Change in Fund Balances	9,470,930	(4,420,400)	(521,525)	4,529,005
Fund Balance - Beginning	28,917,698	6,522,506	6,753,331	42,193,535
Fund Balance - Ending	$ 38,388,628	$ 2,102,106	$ 6,231,806	$ 46,722,540

Total Net Change in Fund Balances - Governmental Funds		$ 4,529,005
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expenses exceed capital outlays in the period.		
Depreciation and amortization expenses	$ (2,473,686)	
Capital outlays	8,419,347	
Net expense adjustment		5,945,661
Gain(Loss) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(3,255)
Some of the capital assets acquired this year were financed. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,854,863)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(2,510)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		5,140,610
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.		(1,201,967)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	77,862
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	1,055,000
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	59,405
Change in net position of governmental activities	$ 13,744,948

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 648,713
Receivables	315
Due from other funds	97,560
Total assets	746,588
Liabilities	
Current liabilities	
Accounts payable	9,000
Noncurrent liabilities	
Claims liabilities	74,531
Total liabilities	83,531
Net Position	
Restricted for claims payments	$ 663,057

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 784,384
Operating Expenses	
Other operating cost	703,413
Operating Income	80,971
Nonoperating Revenues	
Fair market value adjustments	(26,001)
Interest income	4,435
Total nonoperating revenues	(21,566)
Change in Net Position	59,405
Total Net Position - Beginning	603,652
Total Net Position - Ending	$ 663,057

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from operating funds	$ 687,899
Cash payments for claims	(695,192)
Net Cash Used for Operating Activities	(7,293)
Investing Activities	
Fair market value adjustments	(26,001)
Interest on investments	4,435
Net Cash Used for Investing Activities	(21,566)
Net Change in Cash and Cash Equivalents	(28,859)
Cash and Cash Equivalents, Beginning	677,572
Cash and Cash Equivalents, Ending	$ 648,713
Reconciliation of Operating Income to Net Cash used for operating activities	
Operating income	$ 80,971
Changes in assets and liabilities	
Accounts receivable	1,075
Accounts payable	670
Claims liability	7,551
Due from other fund	(97,560)
Net Cash Used For Operating Activities	$ (7,293)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Hanford Elementary School District (the District) was organized 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 - 8 as mandated by the State and/or Federal agencies. The District operates eight elementary schools, one K - 8 magnet school, two junior high schools, and one community day school.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for 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 special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 15, Pupil Transportation Equipment Fund, and Fund 20, Special Reserve Fund for Postemployment Benefits, 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 $7,734,368.

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.

Non-Major Governmental Funds

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

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

- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter school that would otherwise be reported in the authorizing District's General Fund.

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

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

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **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 payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*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 internal service fund:

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

Basis of Accounting - Measurement Focus

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

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function. 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 and amortization of leased 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 and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

- **Proprietary Funds** Proprietary funds are accounted for using 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 changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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 expenses, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

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

Investments

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

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.

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/infrastructure, 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, 2022.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

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 as long-term liabilities.

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.

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums are amortized over the life of the bonds using the straight-line 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. Premiums received on debt issuance are also reported as other financing sources.

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.

The deferred amounts related to pension and OPEB relate to differences between expected and actual experience, changes of assumptions, and other pension and OPEB related changes.

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 primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and 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.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or Assistant Superintendent, Fiscal 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 one-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 $14,532,280 of restricted net position.

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 dental premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of 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 Kings 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities	$ 50,187,504
Proprietary fund	648,713
Total deposits and investments	$ 50,836,217

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	$ 50,493
Cash in revolving	5,460
Investments	50,780,264
Total deposits and investments	$ 50,836,217

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 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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times 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. The District maintains an investment of $50,780,264 in the Kings County Treasury Investment Pool that has an average weighted maturity of 721 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Kings County Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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 agency. 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, 2022, none of the District's bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent.

Note 3 - Receivables

Receivables at June 30, 2022, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Governmental Activities Total
Federal Government					
Categorical aid	$ 3,687,218	$ 785,157	$ 4,472,375	$ -	$ 4,472,375
State Government					
Categorical aid	705,629	-	705,629	-	705,629
Other State	-	28,673	28,673	-	28,673
Local Sources	159,433	315,295	474,728	315	475,043
Total	$ 4,552,280	$ 1,129,125	$ 5,681,405	$ 315	$ 5,681,720

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,016,579	$ -	$ -	$ 3,016,579
Construction in progress	6,862,296	2,790,688	(6,661,297)	2,991,687
Total capital assets not being depreciated	9,878,875	2,790,688	(6,661,297)	6,008,266
Capital assets being depreciated				
Land improvements	8,694,601	3,534,399	-	12,229,000
Buildings and improvements	63,067,577	8,424,344	-	71,491,921
Furniture and equipment	9,366,464	331,213	(62,687)	9,634,990
Total capital assets being depreciated	81,128,642	12,289,956	(62,687)	93,355,911
Total capital assets	91,007,517	15,080,644	(6,723,984)	99,364,177
Accumulated depreciation				
Land improvements	(5,610,572)	(249,939)	-	(5,860,511)
Buildings and improvements	(22,444,781)	(1,498,550)	-	(23,943,331)
Furniture and equipment	(4,607,959)	(725,197)	59,432	(5,273,724)
Total accumulated depreciation	(32,663,312)	(2,473,686)	59,432	(35,077,566)
Net depreciable capital assets	48,465,330	9,816,270	(3,255)	58,278,345
Governmental activities capital assets, net	$ 58,344,205	$ 12,606,958	$ (6,664,552)	$ 64,286,611

Depreciation was charged to the following functions as follows:

Governmental Activities	
Instruction	$ 1,164,104
Supervision of instruction	86,615
School site administration	182,131
Home-to-school transportation	113,450
Food services	178,489
All other pupil services	71,451
Ancillary services	35,586
All other administration	240,053
Plant services	401,807
Total depreciation expense - governmental activities	$ 2,473,686

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds and internal service funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	$ -	$ 89,886
Non-Major Governmental Funds		
Charter Schools	66	-
Cafeteria	-	7,740
Proprietary Fund		
Internal Service-Self Insurance	97,560	-
Total	$ 97,626	$ 97,626

The General Fund owes the Self Insurance Proprietary Fund dental premiums.	$ 89,820
The General Fund owes the Charter Non-Major Governmental Fund for investment losses.	66
The Cafeteria Non-Major Governmental Fund owes the Self Insurance Proprietary Fund dental premiums.	7,740
Total Interfund Receivables/Payables	$ 97,626

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2022, consist of the following:

The Building Fund transferred to the County School Facilities Non-Major Governmental Fund for potential state funded projects.	$ 4,181,928
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund transferred to the County School Facilities Non-Major Governmental Fund for potential state funded projects.	972,553
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund transferred to the General Fund for future capital outlay projects.	1,100,000
The General Fund transferred to the Charter Non-Major Governmental Fund for loss on investments.	66
Total	$ 6,254,547

Note 6 - Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) at June 30, 2022, consist of the following:

	General Fund
Technology	$ 44,915
Subscriptions/Licenses	4,916
Total	$ 49,831

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

	General Fund	Non-Major Governmental Funds	Governmental Funds Total	Proprietary Funds	Governmental Activities Total
Vendor payables	$ 3,115,765	$ 358,075	$ 3,473,840	$ 4,089	$ 3,477,929
LCFF apportionment	495,528	-	495,528	-	495,528
Salaries and benefits	2,284,054	-	2,284,054	4,911	2,288,965
Total	$ 5,895,347	$ 358,075	$ 6,253,422	$ 9,000	$ 6,262,422

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund
Federal financial assistance	$ 1,952,207
State categorical aid	1,144,651
Total	$ 3,096,858

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

Summary

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 24,220,000	$ -	$ (1,055,000)	$ 23,165,000	$ 865,000
Unamortized debt premiums	1,667,130	-	(77,862)	1,589,268	-
Financed purchases	618,288	1,854,863	-	2,473,151	-
Compensated absences	472,747	2,510	-	475,257	-
Claims liability (Note 12)	66,980	7,551	-	74,531	-
Total	$ 27,045,145	$ 1,864,924	$ (1,132,862)	$ 27,777,207	$ 865,000

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The premium will be amortized over the life of the related debt. The financed purchases will be paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by Self Insurance Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Redeemed	Bonds Outstanding June 30, 2022
2010	9/2024	2.0-5.0%	$ 5,740,000	$ 1,595,000	$ (505,000)	$ 1,090,000
2017	8/2047	2.0-5.0%	8,800,000	8,085,000	-	8,085,000
2019	8/2049	1.875-5.250%	7,600,000	6,940,000	(550,000)	6,390,000
2020	8/2045	2.375-4.00%	7,600,000	7,600,000	-	7,600,000
Total				$ 24,220,000	$ (1,055,000)	$ 23,165,000

Debt Service Requirements to Maturity

<u>2010 General Obligation Bonds</u>

On December 9, 2010, the District issued general obligation refunding bonds in the amount of $5,740,000 for the purpose of refunding the outstanding 1998 General Obligation Bonds of the District originally issued to fund improvements to real property for school purposes. The bond interest rates range from 2.0% to 5.0%. Interest on the Bonds is payable semiannually each March 1 and September 1, commencing on March 1, 2011.

The bonds were sold at a premium of $210,148 which is being amortized over the life of the bonds at $15,010 per year. The unamortized premium as of June 30, 2022, amounted to $30,020.

<u>2016A General Obligation Bonds</u>

On May 24, 2017, the District issued $8,800,000 Election of 2016, Series A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2018.

The bonds were sold at a premium of $452,164 which is being amortized over the life of the bonds at $15,072 per year. The unamortized premium as of June 30, 2022, amounted to $376,804.

2016B General Obligation Bonds

On March 27, 2019, the District issued $7,600,000 Election of 2016, Series B General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2018.

The bonds were sold at a premium of $626,269 which is being amortized over the life of the bonds at $20,876 per year. The unamortized premium as of June 30, 2022, amounted to $563,641.

2016C General Obligation Bonds

On September 9, 2020, the District issued $7,600,000 Election of 2016, Series C General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2018.

The bonds were sold at a premium of $672,611 which is being amortized over the life of the bonds at $26,904 per year. The unamortized premium as of June 30, 2021, amounted to $618,803.

The bonds have debt service payments as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 865,000	$ 904,400	$ 1,769,400
2024	680,000	868,050	1,548,050
2025	160,000	848,475	1,008,475
2026	200,000	841,275	1,041,275
2027	245,000	831,850	1,076,850
2028-2032	1,970,000	3,938,321	5,908,321
2033-2037	3,515,000	3,412,185	6,927,185
2038-2042	5,495,000	2,611,657	8,106,657
2043-2047	7,345,000	1,473,059	8,818,059
2048-2050	2,690,000	144,118	2,834,118
Total	$ 23,165,000	$ 15,873,390	$ 39,038,390

Financed Purchases

During the 2020-2021 fiscal year, the District entered into an arrangement with the California Energy Commission for an energy efficiency project not to exceed $2,473,151. As of June 30, 2022, the District has submitted invoices for reimbursement of $2,473,151.

Principal payments are due and payable in semiannual installments beginning on or before December 22 of the fiscal year following the year in which the project is completed and continuing thereafter on each June 22 and December 22 until said principal shall be paid in full. As of June 30, 2022, the project was in progress and the estimated date of completion is July 30, 2022. As such, the below payment schedule is estimated until the completion of the project:

Fiscal Year	Principal
2023	$ -
2024	-
2025	137,397
2026	137,397
2027	137,397
2028-2032	686,985
2033-2037	686,397
2038-2042	687,578
Total	$ 2,473,151

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $475,257.

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, 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	$ 16,359,852	$ 3,164,111	$ 239,250	$ 1,601,957
Medicare Premium Payment (MPP) Program	336,589	-	-	(72,708)
Total	$ 16,696,441	$ 3,164,111	$ 239,250	$ 1,529,249

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees 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 June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	38
Active employees	461
Total	499

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.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Hanford Elementary Teachers Association (HETA), 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, HETA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid $527,282 to the plan which includes $23,092 related to the implicit rate subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of $16,359,852 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of the same date.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	3.00 percent, average
Discount rate	1.92 percent
Healthcare cost trend rates	4.50 percent for 2021-2023, 5.20 for 2024-2069 and 4.00 for 2070 and later

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

Mortality rates for certificated employees were based on CalSTRS Experience Analysis (2015-2018). Mortality rates for classified employees were based on CalPERS Experience Study (2000-2019).

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 14,075,028
Service cost	870,370
Interest	359,742
Differences between expected and actual experience	632,998
Changes of assumptions or other inputs	948,996
Benefit payments	(527,282)
Net change in total OPEB liability	2,284,824
Balance, June 30, 2021	$ 16,359,852

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The discount rate changed from 2.45% to 1.92% since the previous valuation. The inflation rate changed from 3.00% to 2.75%. The healthcare cost trend rate changed from 5.90% to 4.50%.

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 (0.92%)	$ 17,837,668
Current discount rate (1.92%)	16,359,852
1% increase (2.92%)	14,636,049

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.50%)	$ 14,165,706
Current healthcare cost trend rate (4.50%)	16,359,852
1% increase (5.50%)	18,523,720

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 527,526 [1]	$ -
Differences between expected and actual experience	630,429	-
Changes of assumptions	2,006,156	239,250
Total	$ 3,164,111	$ 239,250

[1] Includes $23,103 for an implicit rate subsidy.

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

The deferred outflows of resources and deferred inflows of resources related to changes of assumptions and the difference between expected and actual experience 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 and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2023	$ 435,644
2024	435,644
2025	435,644
2026	435,644
2027	435,646
Thereafter	458,363
Total	$ 2,636,585

Year Ended June 30,	Deferred Inflows of Resources
2023	$ (64,663)
2024	(64,663)
2025	(64,663)
2026	(45,261)
Total	$ (239,250)

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, 2020, 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, 2022, the District reported a liability of $336,589 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 and June 30, 2020, respectively, was 0.0844% and 0.0966%, resulting in a net decrease in the proportionate share of 0.0122%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(72,708).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	June 30, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
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, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 371,013
Current discount rate (2.16%)	336,589
1% increase (3.16%)	307,176

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 current 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 Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 306,088
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	336,589
1% increase (5.50% Part A and 6.40% Part B)	371,557

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 5,050	$ -	$ 410	$ 5,460
Stores inventories	162,428	-	89,212	251,640
Prepaid expenditures	49,831	-	-	49,831
Total nonspendable	217,309	-	89,622	306,931
Restricted				
Legally restricted programs	8,807,536	-	912,795	9,720,331
Student activities	-	-	32,993	32,993
Food service	-	-	2,274,569	2,274,569
Capital projects	-	2,102,106	887,458	2,989,564
Debt services	-	-	1,616,929	1,616,929
Total restricted	8,807,536	2,102,106	5,724,744	16,634,386
Committed				
Declining enrollment	8,863,454	-	-	8,863,454
Deferred maintenance program	-	-	339,382	339,382
CEC solar loan	2,473,151	-	-	2,473,151
Total committed	11,336,605	-	339,382	11,675,987
Assigned				
Retiree postemployment benefits	11,428,322	-	-	11,428,322
Capital projects	-	-	78,058	78,058
Total assigned	11,428,322	-	78,058	11,506,380
Unassigned	6,598,856	-	-	6,598,856
Total	$ 38,388,628	$ 2,102,106	$ 6,231,806	$ 46,722,540

Note 12 - Risk Management

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, 2022, the District contracted with Northern California Regional Excess Liability Fund 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 2022, the District participated in the Kings County Self-Insured Schools (KCSIC), an insurance purchasing pool. The intent of KCSIC is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in KCSIC. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in KCSIC. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of KCSIC. Participation in KCSIC is limited to districts that can meet KCSIC's selection criteria.

Employee Medical and Vision Benefits

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee medical benefits. SISC III is a shared risk pool comprised of agencies in California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool. The District has a contract with Keenan-Medical Eye Services for employee vision benefits. The plan is fully insured.

Employee Dental Benefits Claims Liabilities

The District records an estimated liability for dental claims paid out of the Internal Service Fund of the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. The following represent the changes in approximate aggregate liabilities for the District from June 30, 2020 to June 30, 2022 (in thousands):

	Dental Care
Liability Balance, July 1, 2020	$ 73,128
Claims and changes in estimates	(6,148)
Liability Balance, June 30, 2021	66,980
Claims and changes in estimates	7,551
Liability Balance, June 30, 2022	$ 74,531
Assets available to pay claims at June 30, 2022	$ 746,588

Note 13 - 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, 2022, 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	$ 25,547,989	$ 11,579,709	$ 23,274,138	$ 2,043,063
CalPERS	15,763,604	3,411,122	6,929,413	1,374,595
Total	$ 41,311,593	$ 14,990,831	$ 30,203,551	$ 3,417,658

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
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, 2022, are presented above and the District's total contributions were $5,674,360.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 25,547,989
State's proportionate share of the net pension liability	12,854,757
Total	$ 38,402,746

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement periods June 30, 2021 and June 30, 2020, respectively, was 0.0561% and 0.0554%, resulting in a net increase in the proportionate share of 0.0007%.

For the year ended June 30, 2022, the District recognized pension expense of $2,043,063. In addition, the District recognized pension expense and revenue of $439,810 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,674,360	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,221,471	346,181
Differences between projected and actual earnings on pension plan investments	-	20,209,118
Differences between expected and actual experience in the measurement of the total pension liability	63,999	2,718,839
Changes of assumptions	3,619,879	-
Total	$ 11,579,709	$ 23,274,138

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 of resources and deferred 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
2023	$ (5,131,904)
2024	(4,694,016)
2025	(4,810,505)
2026	(5,572,693)
Total	$ (20,209,118)

The deferred outflows of resources and deferred 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
2023	$ 1,568,162
2024	1,652,414
2025	77,995
2026	(44,590)
2027	(106,139)
Thereafter	(307,513)
Total	$ 2,840,329

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	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%)	$ 52,006,561
Current discount rate (7.10%)	25,547,989
1% increase (8.10%)	3,587,879

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, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, 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%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $2,883,908.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $15,763,604. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0775% and 0.0808%, resulting in a net decrease in the proportionate share of 0.0033%.

For the year ended June 30, 2022, the District recognized pension expense of $1,374,595. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,883,908	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	56,630	842,650
Differences between projected and actual earnings on pension plan investments	-	6,049,602
Differences between expected and actual experience in the measurement of the total pension liability	470,584	37,161
Total	$ 3,411,122	$ 6,929,413

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

The deferred outflows of resources and deferred 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
2023	$ (1,517,235)
2024	(1,395,234)
2025	(1,454,622)
2026	(1,682,511)
Total	$ (6,049,602)

The deferred outflows of resources and deferred 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 95,822
2024	(188,543)
2025	(236,087)
2026	(23,789)
Total	$ (352,597)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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 (6.15%)	$ 26,579,650
Current discount rate (7.15%)	15,763,604
1% increase (8.15%)	6,783,965

Social Security

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

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 $3,610,483 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

Note 14 - 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, 2022.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Simas Shade Structure	$ 4,308	July 1, 2022
Wilson Shade Structure	13,538	July 1, 2022
Roosevelt Modernization	721,288	September 1, 2022
MLK Shade Structure	38,745	July 1, 2022
Monroe Shade Structure	43,856	July 1, 2022
Richmond Modernization - Phase II	507,901	August 1, 2023
Roosevelt Modernization - Phase II	765,604	August 1, 2023
Wilson HVAC GYM/LOCKER RM	1,754,915	August 1, 2023
Kennedy HVAC GYM/LOCKER RM	511,592	August 1, 2023
HVAC Replacement	200,606	December 1, 2022
Core Switch Replacement	14,200	December 1, 2022
Exterior Paint Project	3,200	August 1, 2022
Vehicle Charging Station - Kennedy	7,970	December 1, 2022
Vehicle Charging Station - Hamilton	7,970	December 1, 2022
Vehicle Charging Station - King	7,970	December 1, 2022
Vehicle Charging Station - Lincoln	7,970	December 1, 2022
Total	$ 4,611,631	

Note 15 - Participation in Joint Powers Authorities

The District is a member of the Northern California Regional Excess Liability Fund (NorCal ReLiEF), the Self-Insured Schools of California (SISC III), the Kings County Self-Insured Schools (KCSIS), and the Kings Schools Transportation Authority (KSTA) joint powers authorities (JPAs). The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPAs 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.

The District has an appointed representative to the governing board of NorCal ReLiEF.

During the year ended June 30, 2022, the District made payment of $453,822 to NorCal ReLiEF for property and liability insurance.

The District has appointed no members to the governing board of SISC III.

During the year ended June 30, 2022, the District made payment of $7,611,825 to SISC III for health insurance.

The District has an appointed representative to the governing board of KCSIS.

During the year ended June 30, 2022, the District made payment of $857,092 to KCSIS for workers' compensation insurance.

The District has an appointed representative to the governing board of KSTA.

During the year ended June 30, 2022, the District made payment of $623,589 to KSTA for student transportation services.

Required Supplementary Information
June 30, 2022

Hanford Elementary School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 66,270,770	$ 66,109,651	$ 66,109,651	$ -
Federal sources	4,758,476	10,558,614	10,558,614	-
Other State sources	8,365,698	14,880,251	14,880,251	-
Other local sources	2,563,473	1,807,202	1,396,630	(410,572)
Total revenues [1]	81,958,417	93,355,718	92,945,146	(410,572)
Expenditures				
Current				
Certificated salaries	34,549,758	34,985,652	34,985,652	-
Classified salaries	13,492,603	13,613,011	13,613,011	-
Employee benefits	22,749,893	22,383,623	22,383,623	-
Books and supplies	4,858,540	4,425,974	4,425,974	-
Services and operating expenditures	5,880,148	6,109,119	6,109,119	-
Other outgo	1,520,258	1,097,172	1,097,172	-
Capital outlay	2,293,437	3,814,462	3,814,462	-
Total expenditures [1]	85,344,637	86,429,013	86,429,013	-
Excess (Deficiency) of Revenues Over Expenditures	(3,386,220)	6,926,705	6,516,133	(410,572)
Other Financing Sources (Uses)				
Transfers in	-	1,100,000	1,100,000	-
Sources from financed purchases	1,238,825	1,854,863	1,854,863	-
Transfers out	(285,000)	(66)	(66)	-
Net financing sources (uses)	953,825	2,954,797	2,954,797	-
Net Change in Fund Balances	(2,432,395)	9,881,502	9,470,930	(410,572)
Fund Balance - Beginning	28,917,698	28,917,698	28,917,698	-
Fund Balance - Ending	$ 26,485,303	$ 38,799,200	$ 38,388,628	$ (410,572)

[1] Due to the consolidation of Fund 15, Pupil Transportation Fund and Fund 20, Special Reserve Fund for Postemployment Benefits 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.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 870,370	$ 711,522	$ 600,382	$ 634,895	$ 616,403
Interest	359,742	408,564	406,651	334,563	321,583
Difference between expected and actual experience	632,998	-	120,927	-	-
Changes of assumptions	948,996	878,429	1,109,739	(497,902)	-
Benefit payments	(527,282)	(526,211)	(531,418)	(524,045)	(522,503)
Net change in total OPEB liability	2,284,824	1,472,304	1,706,281	(52,489)	415,483
Total OPEB Liability - Beginning	14,075,028	12,602,724	10,896,443	10,948,932	10,533,449
Total OPEB Liability - Ending	$ 16,359,852	$ 14,075,028	$ 12,602,724	$ 10,896,443	$ 10,948,932
Covered Payroll	N/A [1]	N/A [1]	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]	N/A [1]	N/A [1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[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,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0844%	0.0966%	0.0945%	0.0927%	0.0914%
Proportionate share of the net OPEB liability	$ 336,589	$ 409,297	$ 352,053	$ 354,948	$ 384,710
Covered payroll	N/A[1]	N/A[1]	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]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	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.

	2022	2021	2020	2019
CalSTRS				
Proportion of the net pension liability	0.0561%	0.0554%	0.0534%	0.0517%
Proportionate share of the net pension liability	$ 25,547,989	$ 53,714,913	$ 48,265,346	$ 47,482,880
State's proportionate share of the net pension liability	12,854,757	27,690,044	26,331,969	27,186,169
Total	$ 38,402,746	$ 81,404,957	$ 74,597,315	$ 74,669,049
Covered payroll	$ 30,179,858	$ 29,909,842	$ 28,765,405	$ 27,570,305
Proportionate share of the net pension liability as a percentage of its covered payroll	84.65%	179.59%	167.79%	172.22%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS				
Proportion of the net pension liability	0.0775%	0.0808%	0.0781%	0.0781%
Proportionate share of the net pension liability	$ 15,763,604	$ 16,206,327	$ 23,035,615	$ 20,819,169
Covered payroll	$ 11,127,430	$ 11,636,555	$ 10,948,001	$ 10,303,580
Proportionate share of the net pension liability as a percentage of its covered payroll	141.66%	139.27%	210.41%	202.06%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0505%	0.0511%	0.0510%	0.0482%
Proportionate share of the net pension liability	$ 46,711,085	$ 41,305,968	$ 34,307,537	$ 28,163,133
State's proportionate share of the net pension liability	27,633,883	23,514,751	18,144,905	17,006,116
Total	$ 74,344,968	$ 64,820,719	$ 52,452,442	$ 45,169,249
Covered payroll	$ 26,685,429	$ 25,643,541	$ 23,320,878	$ 21,702,145
Proportionate share of the net pension liability as a percentage of its covered payroll	175.04%	161.08%	147.11%	129.77%
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
CalPERS				
Proportion of the net pension liability	0.0790%	0.0798%	0.0771%	0.0740%
Proportionate share of the net pension liability	$ 18,847,723	$ 15,760,087	$ 11,366,384	$ 8,395,535
Covered payroll	$ 10,066,302	$ 9,581,751	$ 8,524,832	$ 7,842,555
Proportionate share of the net pension liability as a percentage of its covered payroll	187.24%	164.48%	133.33%	107.05%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019
CalSTRS				
Contractually required contribution	$ 5,674,360	$ 4,874,047	$ 5,114,583	$ 4,683,008
Less contributions in relation to the contractually required contribution	5,674,360	4,874,047	5,114,583	4,683,008
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 33,536,407	$ 30,179,858	$ 29,909,842	$ 28,765,405
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%
CalPERS				
Contractually required contribution	$ 2,883,908	$ 2,303,378	$ 2,294,845	$ 1,977,428
Less contributions in relation to the contractually required contribution	2,883,908	2,303,378	2,294,845	1,977,428
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 12,587,988	$ 11,127,430	$ 11,636,555	$ 10,948,001
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 3,978,395	$ 3,357,027	$ 2,751,552	$ 2,070,894
Less contributions in relation to the contractually required contribution	3,978,395	3,357,027	2,751,552	2,070,894
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 27,570,305	$ 26,685,429	$ 25,643,541	$ 23,320,878
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 1,600,249	$ 1,398,008	$ 1,135,150	$ 1,003,458
Less contributions in relation to the contractually required contribution	1,600,249	1,398,008	1,135,150	1,003,458
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 10,303,580	$ 10,066,302	$ 9,581,751	$ 8,524,832
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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.

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, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* **-** The discount rate changed from 2.45% to 1.92% since the previous valuation. The inflation rate changed from 3.00% to 2.75%. The healthcare cost trend rate changed from 5.90% to 4.50%.

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 plan's 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 2.21% to 2.16% 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 either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of 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, 2022

Hanford Elementary School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 218,306
Special Eduation Grants to States - Private School ISPs	84.027	10115	4,599
Special Education Grants to States - Mental Health	84.027	15197	63,446
Total Special Education Cluster			286,351
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	55,680
COVID-19, Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	4,716,482
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	411,484
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	181,348
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	426,048
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	146,687
COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W	15566	23,439
Subtotal (84.425)			5,961,168
Title I Grants to Local Educational Agencies	84.010	14329	3,864,398
Title I Grants to Local Educational Agencies, ESSA School Improvement	84.010	15438	67,444
Subtotal (84.010)			3,931,842
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	368,684
English Language Acquisition State Grants - LEP	84.365	14346	10,569
Total U.S. Department of Education			10,558,614
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	3,355
National School Lunch Program - Meal Supplements	10.555	13391	91,622
COVID-19 SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	99,103
Supply Chain Assistance (SCA) Funds	10.555	15655	146,412
Commodities - Food Distribution	10.555	13391	281,259
Subtotal (10.555)			621,751
National School Lunch Program - Summer Food Program	10.559	13004	3,384,759
Total Child Nutrition Cluster			4,006,510
Total U.S. Department of Agriculture			4,006,510
Total Federal Financial Assistance			$ 14,565,124

See Notes to Supplementary Information

Organization

The Hanford Elementary School District was established in August 1891 and consists of an area comprising approximately 12.92 square miles. The District operates eight elementary schools, one K-8 magnet school, two junior high schools, and one community day school. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Jeff Garner	President	2022
Timothy Revious	Vice President	2024
Lupe Hernandez	Clerk	2022
Robert “Bobby” Garcia	Trustee	2022
Greg Strickland	Trustee	2024

Administration

Joy C. Gabler	Superintendent
David Endo	Chief Business Official
Jaime Martinez	Assistant Superintendent Human Resources
Jill Rubalcava	Assistant Superintendent Curriculum, Instruction and Professional Development
Karen McConnell	Assistant Superintendent, Special Services

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,186.39	2,206.94
Fourth through sixth	1,671.23	1,684.03
Seventh and eighth	1,099.89	1,104.15
Total regular ADA	4,957.51	4,995.12
Extended Year Special Education		
Transitional kindergarten through third	0.84	0.59
Fourth through sixth	0.06	0.38
Seventh and eighth	-	0.47
Total extended year special education	0.90	1.44
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.03
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	-	0.05
Community Day School		
Transitional kindergarten through third	2.23	2.20
Fourth through sixth	1.52	1.79
Seventh and eighth	4.19	4.22
Total community day school	7.94	8.21
Total ADA	4,966.35	5,004.80

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A*	Traditional Calendar Total Days Offered	Status
Kindergarten	36,000	49,162	220	49,382	179	1	180	Complied
Grades 1 - 3	50,400							
Grade 1		52,412	230	52,642	179	1	180	Complied
Grade 2		52,412	230	52,642	179	1	180	Complied
Grade 3		52,412	230	52,642	179	1	180	Complied
Grades 4 - 8	54,000							
Grade 4		55,662	240	55,902	179	1	180	Complied
Grade 5		55,662	240	55,902	179	1	180	Complied
Grade 6		55,662	240	55,902	179	1	180	Complied
Grade 7		57,605	240	57,845	179	1	180	Complied
Grade 8		57,605	240	57,845	179	1	180	Complied

* The District received an approved J-13A for 2,110 minutes and one day.

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021	2020
General Fund [3]				
Revenues	$ 103,789,282	$ 93,355,718	$ 84,329,182	$ 76,281,307
Other sources	-	2,954,863	618,288	199,179
Total Revenues and Other Sources	103,789,282	96,310,581	84,947,470	76,480,486
Expenditures	94,762,298	86,429,013	76,215,993	73,620,102
Other uses and transfers out	4,285,000	4,388,340	1,710,735	1,343,450
Total Expenditures and Other Uses	99,047,298	90,817,353	77,926,728	74,963,552
Increase/(Decrease) in Fund Balance	4,741,984	5,493,228	7,020,742	1,516,934
Ending Fund Balance	$ 31,418,542	$ 26,676,558	$ 21,183,330	$ 14,162,588
Available Reserves [2, 3]	$ 5,783,896	$ 6,598,856	$ 16,411,929	$ 12,168,823
Available Reserves as a Percentage of Total Outgo [3]	5.84%	7.27%	21.06%	16.2%
Long-Term Liabilities	Not Available	$ 85,785,241	$ 120,031,840	$ 103,626,941
Average Daily Attendance at P-2	5,330	4,966	5,741	5,741

The General Fund balance has increased by $12,513,970 over the past two years. The fiscal year 2022-2023 budget projects an increase of $4,741,984 (17.78%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $17,841,700 over the past two years due to decreases in the District's net pension liability.

Average daily attendance has decreased by 775 over the past two years. Growth of 364 ADA is anticipated during fiscal year 2022-2023.

[1] Budget 2023 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Pupil Transportation Fund or the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

	Student Activities Fund	Charter Schools Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets									
Deposits and investments	$ 32,993	$ 1,633	$ 1,377,394	$ 339,382	$ 724,320	$ 1,208,509	$ 78,058	$ 1,616,929	$ 5,379,218
Receivables	-	-	962,885	-	166,240	-	-	-	1,129,125
Due from other funds	-	66	-	-	-	-	-	-	66
Stores inventories	-	-	89,212	-	-	-	-	-	89,212
Total assets	$ 32,993	$ 1,699	$ 2,429,491	$ 339,382	$ 890,560	$ 1,208,509	$ 78,058	$ 1,616,929	$ 6,597,621
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ -	$ 1,697	$ 57,560	$ -	$ 3,102	$ 295,716	$ -	$ -	$ 358,075
Due to other funds	-	-	7,740	-	-	-	-	-	7,740
Total liabilities	-	1,697	65,300	-	3,102	295,716	-	-	365,815
Fund Balances									
Nonspendable	-	-	89,622	-	-	-	-	-	89,622
Restricted	32,993	2	2,274,569	-	887,458	912,793	-	1,616,929	5,724,744
Committed	-	-	-	339,382	-	-	-	-	339,382
Assigned	-	-	-	-	-	-	78,058	-	78,058
Total fund balances	32,993	2	2,364,191	339,382	887,458	912,793	78,058	1,616,929	6,231,806
Total liabilities and fund balances	$ 32,993	$ 1,699	$ 2,429,491	$ 339,382	$ 890,560	$ 1,208,509	$ 78,058	$ 1,616,929	$ 6,597,621

	Student Activities Fund	Charter Schools Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues									
Local Control Funding Formula	$ -	$ -	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ 300,000
Federal sources	-	-	4,006,510	-	-	-	-	-	4,006,510
Other State sources	-	-	210,297	-	-	-	-	17,806	228,103
Other local sources	17,756	(66)	(31,958)	(10,951)	514,622	(42,461)	8,340	1,441,184	1,896,466
Total revenues	17,756	(66)	4,184,849	289,049	514,622	(42,461)	8,340	1,458,990	6,431,079
Expenditures									
Current									
Pupil services									
Food services	-	-	3,331,212	-	-	-	-	-	3,331,212
Administration									
All other administration	-	-	91,500	-	9,102	-	-	-	100,602
Plant services	-	-	2,428	48,350	107,384	1,491	-	-	159,653
Ancillary services	14,145	-	-	-	-	-	-	-	14,145
Facility acquisition and construction	-	-	-	3,312	-	4,425,148	-	-	4,428,460
Debt service									
Principal	-	-	-	-	-	-	-	1,055,000	1,055,000
Interest and other	-	-	-	-	-	-	-	945,526	945,526
Total expenditures	14,145	-	3,425,140	51,662	116,486	4,426,639	-	2,000,526	10,034,598
Excess (Deficiency) of Revenues Over Expenditures	3,611	(66)	759,709	237,387	398,136	(4,469,100)	8,340	(541,536)	(3,603,519)
Other Financing Sources(Uses)									
Transfers in	-	66	-	-	-	5,154,481	-	-	5,154,547
Transfers out	-	-	-	-	-	-	(2,072,553)	-	(2,072,553)
Net Financing Sources (Uses)	-	66	-	-	-	5,154,481	(2,072,553)	-	3,081,994
Net Change in Fund Balances	3,611	-	759,709	237,387	398,136	685,381	(2,064,213)	(541,536)	(521,525)
Fund Balance - Beginning	29,382	2	1,604,482	101,995	489,322	227,412	2,142,271	2,158,465	6,753,331
Fund Balance - Ending	$ 32,993	$ 2	$ 2,364,191	$ 339,382	$ 887,458	$ 912,793	$ 78,058	$ 1,616,929	$ 6,231,806

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 Hanford Elementary School District (the District) under programs of the federal government for the year ended June 30, 2022. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had spent food commodities totaling $281,259.

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 - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

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

Independent Auditor's Reports
June 30, 2022

Hanford Elementary School District

CPAs & BUSINESS ADVISORS

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
Hanford Elementary School District
Hanford, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hanford Elementary School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hanford Elementary School District's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Fresno, California
December 15, 2022

CPAs & BUSINESS ADVISORS

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
Hanford Elementary School District
Hanford, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Fresno, California
December 15, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Hanford Elementary School District
Hanford, California

Report on Compliance

Opinion on State Compliance

We have audited Hanford Elementary School District's (the District) compliance with the requirements specified in the *2021-2022 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, 2022.

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, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 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 *2021-2022 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 *2021-2022 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 *2021-2022 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:

2021-2022 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	No (see below)
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
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)
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
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)
In Person Instruction Grant	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 procedures for Independent Study because the independent study ADA was under the level that requires testing.

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.

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

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 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.

Additionally, 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 *2021-2022 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

Fresno, California
December 15, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Hanford Elementary School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/Federal CFDA Number
Title I - Part A, Basic Grants	84.010
COVID-19, Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19, Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

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.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.