

Arvin Union School District
County of Kern
Arvin, California
June 30, 2023

Independent Auditor's Report
and Financial Statements

LPS
Certified Public Accountants

Arvin Union School District
Table of Contents
June 30, 2023

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds, to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, to the Statement of Activities	17
Notes to the Financial Statements	18
Required Supplementary Information	
Budgetary Comparison Schedules	50
Schedule of the District's Proportionate Share of the Net Pension Liability	51
Schedule of the District's Contributions	53
Schedule of Changes in the District's OPEB Liability and Related Ratios	55
Other Supplementary Information	
Local Education Agency Organization Structure	58
Schedule of Average Daily Attendance	59
Schedule of Instructional Time	60
Schedule of Financial Trends and Analysis	61
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	62
Schedule of Charter Schools and Other Information	63
Schedule of Expenditures of Federal Awards	64
Combining Financial Statements	66
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*	76
Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	78
Independent Auditor's Report on State Compliance	81
Schedule of Findings and Questioned Costs and Summary of Prior Year Audit Findings	87

LPS
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Arvin Union School District
Arvin, California 93312

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 Arvin Union School District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Arvin Union School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of changes in the District's OPEB liability and related ratios, identified as Required Supplementary Information in the table of contents 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 Arvin Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other supplementary information and the schedule of expenditures of federal awards 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 13, 2023 on our consideration of Arvin Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Arvin Union School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2023

GEORGIA RHETT
District Superintendent

EMMA PEREIDA-MARTINEZ
Assistant Superintendent

ARVIN UNION SCHOOL DISTRICT
737 Bear Mountain Blvd.
Arvin, CA 93203
(661) 854-6500 FAX (661) 854-2362

ARVIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The discussion and analysis of the Arvin Union School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- Total assets increased $19,589,225. Net position increased $15,635,776 from the prior year net position, which represents a 150.84% increase from fiscal year 2022 net position.

- General revenues accounted for $48,523,275 of the total revenues. Program specific revenues, in the form of charges for services were $635,689, operating grants and contributions accounted for $33,922,601, and capital grants and contributions accounted for $2,526,117.

- The District had $70,729,510 in expenses related to governmental activities; only $37,084,407 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily interest, property taxes, and Federal and State aid not restricted to specific purposes) of $48,523,275 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities as a whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant/major funds with all other nonmajor funds presented in total in a single column. For the District, the General Fund are the significant/major funds.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

While this report contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole, looks at all financial transactions and asks the question: "How did we do financially during the fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash was received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

- Business-type activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District had no business-type activities for the fiscal year ended June 30, 2023.

Reporting the District's Most Significant/Major Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities, and the governmental funds is reconciled in the financial statements.

THE DISTRICT AS A WHOLE

Net Position

The perspective of the Statement of Net Position is of the District as a whole. Table 1 provides a summary of the District's net position for 2023 compared to 2022:

Table 1: Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 50,410,840	$ 34,187,111
Capital assets, net	56,329,118	52,963,622
Total Assets	106,739,958	87,150,733
Deferred Outflows	19,975,265	19,953,198
Liabilities		
Current liabilities	9,264,603	5,672,891
Long-term liabilities	105,290,617	90,838,405
Total Liabilities	114,555,220	96,511,296
Deferred Inflows	7,602,650	20,006,912
Net Position		
Net investment in capital assets	23,143,631	19,488,856
Restricted	30,567,190	21,430,651
Unrestricted	(48,441,173)	(51,285,635)
Total Net Position	$ 5,269,648	$ (10,366,128)

Total assets increased $19,589,225. Net position of the District's governmental activities increased $15,635,776 from the prior year net position.

Changes in Net Position

Table 2 reflects the change in net position for fiscal year 2023 compared to 2022:

Table 2: Changes in Net Position

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	$ 635,689	$ 543,054
Operating and capital grants and contributions	33,922,601	25,567,267
Capital grants and contributions	2,526,117	-
General revenues		
LCFF sources	42,172,235	37,535,008
State revenues	3,606,001	769,854
Local revenues	2,745,039	2,326,379
Total Revenues	85,607,682	66,741,562
Program expenses:		
Instruction	37,845,887	28,004,158
Instruction-related services	8,397,377	9,014,246
Pupil services	9,966,977	8,228,244
Ancillary services	206,387	36,797
Community services	655,603	520,541
General administration	3,199,348	3,097,544
Plant services	7,414,559	6,336,332
Other outgo	1,413,623	1,462,009
Interest on long-term debt	1,629,749	1,362,935
Total Expenses	70,729,510	58,062,806
Changes in Net Position	$ 14,878,172	$ 8,678,756

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of $82,740,914, and expenditures of $70,211,909. The positive change in the governmental fund balance for the year of $12,529,005, reflects that the District was able to meet current costs with current revenue.

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023, the District amended its General Fund budget as needed. The District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the District had $56,329,118 invested in capital assets. Table 3 reflects fiscal year 2023 balances compared to 2022:

Table 3: Capital Assets at Year-End (Net of Depreciation/Amortization)

	Governmental Activities	
	2023	2022
Land	$ 1,461,489	$ 1,461,489
Land improvement	3,726,690	1,788,333
Buildings	40,539,582	42,725,176
Equipment	2,222,314	2,081,369
Leased assets	18,255	22,916
Work-in-progress	8,360,788	4,884,339
Total	$ 56,329,118	$ 52,963,622

The work-in-progress is costs incurred for modernization.

Long-Term Debt

At year-end, the District had $35,299,000 in net pension liability. This is an increase of $14,038,673 from last year as shown in Table 4.

Table 4: Outstanding Debt, at Year-End

	Governmental Activities	
	2023	2022
Net pension liability	$ 35,299,000	$ 21,260,327
Postemployment health benefits	34,521,450	34,288,176
General obligation bonds	26,659,223	27,594,223
Accreted interest on general obligation bonds	6,394,196	5,735,991
Early retirement incentives	1,176,107	1,475,688
Note payable	712,295	23,304
Compensated absences	510,530	460,696
Lease liability	17,816	-
Total	$ 105,290,617	$ 90,838,405

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In light of the COVID pandemic, the United States Department of Agriculture declared that all K-12 students are eligible to receive free meals, regardless of the students' household incomes. This change increased the District's cafeteria funding to provide meals to students.

With the current Governor's interest in supporting school facility funding, there is hope for additional funding. With the challenges that are currently faced at Arvin Union School District we will continue to explore and advocate for any possible funding sources to update and improve facilities. The District is committed to remaining fiscally conservative while making certain we address our facilities updates in an organized and informed fashion.

The Arvin Union School District maintains more than the required 5% reserve for economic uncertainties, and continues to build its special reserves. The Arvin Union School District has no long-term debt other than the net pension liability and, as in the past, will continue to be fiscally conservative.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, resulting in an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances, and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Chris Davis, Chief Business Official, Arvin Union School District, 737 Bear Mountain Boulevard, Arvin, California 93203.

Basic Financial Statements

Arvin Union School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 44,889,363
Investments	1,532,732
Accounts receivable	3,040,751
Due from grantor governments	816,278
Prepaid expenses	117,995
Unamortized issuance costs	13,721
Capital assets not depreciated	9,822,277
Capital assets, net of accumulated depreciation and amortization	46,506,841
Total assets	106,739,958
Deferred Outflows of Resources:	
Deferred outflows of resources - Pensions	9,716,538
Deferred outflows of resources - OPEB	10,258,727
Total deferred outflows of resources	19,975,265
Liabilities:	
Accounts payable	5,059,632
Due to grantor governments	877,323
Unearned revenue	3,327,648
Long-term liabilities	
Other than pensions and OPEB due within one year	1,604,513
Other than pensions and OPEB due after one year	33,865,654
Net pension liability	35,299,000
Other postemployment benefits liability (OPEB)	34,521,450
Total liabilities	114,555,220
Deferred Inflows of Resources:	
Deferred inflows of resources - Pensions	2,911,315
Deferred inflows of resources - OPEB	4,691,335
Total deferred inflows of resources	7,602,650
Net Position:	
Net investment in capital assets	22,431,336
Restricted for:	
Debt service	1,645,401
Capital projects	7,805,275
Other purposes	21,116,514
Unrestricted	(48,441,173)
Total net position	$ 4,557,353

The accompanying notes are an integral part of this statement.

Arvin Union School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	$37,845,887	$ 125,234	$ 21,040,821	$ 1,368,451	$ (15,311,381)
Instruction-related services	8,397,377	17,824	4,198,811	342,486	(3,838,256)
Pupil services	9,966,977	56,229	6,097,858	254,901	(3,557,989)
Ancillary services	206,387	-	98,758	10,808	(96,821)
Community services	655,603	258,002	149,664	23,817	(224,120)
General administration	3,199,348	51,832	302,605	169,353	(2,675,558)
Plant services	7,414,559	126,568	1,367,590	250,984	(5,669,417)
Other outgo	1,413,623	-	666,494	105,317	(641,812)
Interest on long-term obligations	1,629,749	-	-	-	(1,629,749)
Total governmental activities	70,729,510	635,689	33,922,601	2,526,117	(33,645,103)
Total primary government	$70,729,510	$ 635,689	$ 33,922,601	$ 2,526,117	(33,645,103)
	General Revenues:				
	LCFF sources				42,172,235
	State revenues				3,606,001
	Local revenues				2,745,039
	Total general revenues				48,523,275
	Change in Net Position				14,878,172
	Net Position - Beginning				(10,366,128)
	Prior period adjustment				45,309
	Net Position - Ending				$ 4,557,353

The accompanying notes are an integral part of this statement.

Arvin Union School District
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund (Combined)	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash in County Treasury	$ 31,711,420	$ 13,057,091	$ 44,768,511
Cash on hand and in banks	-	114,852	114,852
Cash in revolving fund	5,000	1,000	6,000
Investments	888,986	643,746	1,532,732
Accounts receivable	2,438,467	602,284	3,040,751
Due from grantor governments	816,278	-	816,278
Due from other funds	5,656,002	338,344	5,994,346
Prepaid expenditures	-	117,995	117,995
Total assets	41,516,153	14,875,312	56,391,465
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	$ 4,087,118	$ 844,541	$ 4,931,659
Due to grantor governments	877,323	-	877,323
Due to other funds	5,441,667	552,679	5,994,346
Unearned revenue	3,277,261	50,387	3,327,648
Total liabilities	13,683,369	1,447,607	15,130,976
Fund Balance:			
Nonspendable fund balances:			
Revolving cash	5,000	1,000	6,000
Prepaid items	-	117,995	117,995
Restricted fund balances	17,930,000	12,637,190	30,567,190
Committed fund balances	6,553,273	-	6,553,273
Assigned fund balances	891,916	671,520	1,563,436
Reserve for economic uncertainty	2,452,595	-	2,452,595
Total fund balance	27,832,784	13,427,705	41,260,489
Total liabilities and fund balances	$ 41,516,153	$ 14,875,312	$ 56,391,465

The accompanying notes are an integral part of this statement.

Arvin Union School District
Reconciliation of the Balance Sheet - Governmental Funds, to the Statement of Net Position
June 30, 2023

Total Fund Balances - Balance Sheet, Governmental Funds	$ 41,260,489
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 in the funds:	
Capital assets	81,666,840
Accumulated depreciation/amortization	(25,337,722)
Certain debt issue costs are recognized in the funds as expenditures in the period the debt was incurred, whereas in the government-wide statements, they are amortized over the life of the debt:	
Unamortized prepaid insurance related to debt	13,721
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(127,973)
General obligation bonds payable	(26,659,223)
Accreted interest	(6,394,196)
Other post-employment benefits payable (OPEB)	(34,521,450)
Net pension liability	(35,299,000)
Compensated absences payable	(510,530)
Leases payable	(17,816)
Early Retirement Incentives-STRS	(939,340)
Early Retirement Incentives-PERS	(236,767)
Note payable	(712,295)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:	
Deferred outflows of resources related to pensions	9,716,538
Deferred inflows of resources related to pensions	(2,911,315)
Deferred outflows of resources related to OPEB	10,258,727
Deferred inflows of resources related to OPEB	(4,691,335)
Total Fund Balance of Governmental Activities - Statement of Net Position	$ 4,557,353

The accompanying notes are an integral part of this statement.

Arvin Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General Fund (Combined)	Other Governmental Funds	Total Governmental Funds
Revenues:			
LCFF sources:			
State apportionment or State aid	$ 36,575,811	$ -	$ 36,575,811
Education protection account funds	2,365,523	-	2,365,523
Local sources	3,230,901	-	3,230,901
Federal revenue	9,094,372	3,812,644	12,907,016
Other State revenue	17,856,323	3,950,379	21,806,702
Other local revenue	3,540,782	2,314,179	5,854,961
Total revenues	72,663,712	10,077,202	82,740,914
Expenditures:			
Current:			
Instruction	33,297,222	498,590	33,795,812
Instruction-related services	7,314,586	181,345	7,495,931
Pupil services	6,105,350	3,245,928	9,351,278
Ancillary services	163,550	34,073	197,623
Community services	639,954	-	639,954
General administration	3,083,323	-	3,083,323
Plant services	6,276,985	111,145	6,388,130
Other outgo	1,413,623	-	1,413,623
Capital outlay	2,062,127	3,325,944	5,388,071
Debt service:			
Principal	544,624	935,000	1,479,624
Interest and other service charges	22,273	956,267	978,540
Total expenditures	60,923,617	9,288,292	70,211,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,740,095	788,910	12,529,005
Other Financing Sources (Uses):			
Proceeds from sale of bonds	-	5,814	5,814
Other sources	-	44,894	44,894
Total other financing sources (uses)	-	50,708	50,708
Net Change in Fund Balance	11,740,095	839,618	12,579,713
Fund Balance, July 1	16,092,689	12,542,778	28,635,467
Prior period adjustment	-	45,309	45,309
Fund Balance, June 30	$ 27,832,784	$ 13,427,705	$ 41,260,489

The accompanying notes are an integral part of this statement.

Arvin Union School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$12,579,713
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Expenditures for capital outlay	6,147,881
Depreciation expense	(2,778,030)
In the funds, the entire proceeds from disposal of capital of assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss was:	(4,355)
Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	1,479,624
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:	
Change in accrued interest payable and accreted interest	(651,209)
Compensated absences	(49,834)
Other post-employment benefits cost in excess of contributions	(998,828)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	(846,790)
Change in Net Position of Governmental Activities - Statement of Activities	$14,878,172

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes the following Funds maintained by the District:

- Deferred Maintenance Fund (Fund 14)
- Special Revenue Fund for Other Than Capital Outlay Projects (Fund 17)
- Special Reserve Fund for Postemployment Benefits (Fund 20)

Although funds listed above are separate funds authorized in the Education Code, they don't meet the definition of a Special Revenue Fund under accounting principles generally accepted in the United States of America, and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

The District reports the following nonmajor governmental funds:

Student Body Fund is used to account for revenues received and expenditures made related to student activity funds.

Child Development Fund is used to account for resources committed to child development programs maintained by the District.

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

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

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

County School Facilities Fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

Special Reserve Fund for Capital Projects is used to account for the accumulation and expenditure of funds for capital outlay purposes, as established by the Board in accordance with Education Code 42840 et seq.

Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Encumbrances

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

Assets, Liabilities, and Equity

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Kern County Treasury was not available.

Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical / plumbing		30
Sprinkler / fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating, and printing equipment	10
Copiers		5
Communications equipment	Mobile, portable radios, noncomputerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audiovisual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors' equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressors	10
Grounds equipment	Mowers, tractors, attachments	15

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the Government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Amounts due to and due from other funds as of June 30, 2023, consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	$ 407,678	$ 5,441,667
Child Development Fund	74,777	235,482
Cafeteria Special Revenue Fund	-	317,197
Special Revenue Fund for Other Than Capital Outlay Projects	1,539,000	-
Special Reserve Fund for Postemployment Benefits	3,709,324	-
Building Fund	263,567	-
Total	$ 5,994,346	$ 5,994,346

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows.

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed" in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, if applicable.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2022
Valuation Date (VD) (PERS)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

Excess Sick Leave

The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

Excess Expenditures Over Appropriations

As of June 30, 2023, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund (Combined):	
Certificated Salaries	$ 375,008
Employee Benefits	2,493,964
Services and Other Operating Expenditures	783,971
Other Outgo	486,536
Debt Service	391,797

General Fund: The District incurred unanticipated expenditures for salaries and benefits, services, other outgo, and debt service.

Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Note 2 - Cash and Investments

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool ($6,342,984,387 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $44,768,511. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

Cash on hand, in banks, and in revolving fund

Cash balances on hand and in banks ($114,852 as of June 30, 2023) and in the revolving fund $6,000 are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

The District's cash and investments balances at June 30, 2023 are as follows:

	Fair Value
Cash in County Treasury	$ 44,768,511
Cash on hand and in banks	114,852
Cash in revolving fund	6,000
Total cash and cash equivalents	44,889,363
Investments	1,532,732
Total cash and investments	$ 46,422,095

Analysis of Specific Deposit and Investment Risks

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Note 3 - Accounts Receivable

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

	General Fund (Combined)	All Other Governmental Funds	Total Governmental Funds
Federal programs	$ 2,614,695	$ 537,943	$ 3,152,638
State categorical aid programs	423,231	-	423,231
Interest	213,190	64,341	277,531
Other local receivables	(176,480)	-	(176,480)
Total	$ 3,074,636	$ 602,284	$ 3,676,920

Note 4 - Capital Assets

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

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,461,489	$ -	$ -	$ 1,461,489
Work in progress	4,884,339	3,476,449	-	8,360,788
Total capital assets not being depreciated	6,345,828	3,476,449	-	9,822,277
Capital assets being depreciated:				
Buildings	61,489,920	-	-	61,489,920
Improvements of sites	3,301,794	2,171,073	-	5,472,867
Equipment	5,089,434	500,359	(731,321)	4,858,472
Leased assets	23,304	-	-	23,304
Total capital assets being depreciated	69,904,452	2,671,432	(731,321)	71,844,563
Less: Accumulated depreciation/amortization for:				
Buildings	(18,764,744)	(2,185,594)	-	(20,950,338)
Improvements of sites	(1,513,461)	(232,716)	-	(1,746,177)
Equipment	(3,008,065)	(355,059)	726,966	(2,636,158)
Leased assets amortization	(388)	(4,661)	-	(5,049)
Total accumulated depreciation/amortization	(23,286,658)	(2,778,030)	726,966	(25,337,722)
Total capital assets being depreciated/amortized, net	46,617,794	(106,598)	(4,355)	46,506,841
Total governmental activities capital assets, net	$ 52,963,622	$ 3,369,851	$ (4,355)	$ 56,329,118

Depreciation/amortization was charged to functions as follows:

Instruction	$ 670,679
Instructional library, media, and technology	105,814
School site administration	93,059
Home-to-school transportation	186,246
Food services	8,489
All other general administration	19,175
Plant services	1,694,568
Total	$ 2,778,030

Note 5 - Accounts Payable

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

	General Fund (Combined)	All Other Governmental Funds	Total Governmental Funds
Vendor payables	$ 4,108,179	$ 844,438	$ 4,952,617
Salaries and benefits	885,133	103	885,236
Other	(28,871)	-	(28,871)
Total	$ 4,964,441	$ 844,541	$ 5,808,982

Note 6 - Unearned Revenue

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned," and will be recognized in subsequent periods as program expenditures are made.

	General Fund (Combined)	All Other Governmental Funds	Total Governmental Funds
Every Student Succeeds Act (ESSA): Title I, Part A, Basic Grants Low Income and Neglected	$ 569,220	$ -	$ 569,220
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	996,531	-	996,531
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	60,013	-	60,013
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	103,452	-	103,452
Special Ed: Individuals with Disabilities Act (IDEA) Basic Local Assistance Entitlement, Part B, Sec 611	573,227	-	573,227
ESSA: Title II, Part A, Supporting Effective Instruction	22,153	-	22,153
Child Development: Quality Improvement Activities	-	-	1,142
Child Nutrtion: National School Lunch Program (NSLP) Equipment Assistance Grants	18,936	-	18,936
American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	9,764	-	9,764
Other Restricted Federal	-	3,063	3,063
Child Dev: California Prekindergarten Planning and Implementation Grant Program – California Universal Prekindergarten Planning Grants	243,876	-	243,876
Child Development: California State Preschool Program	-	-	11,852
Child Development: CA State Preschool Program Quality Rating and Improvement System (QRIS) Block Grant	-	-	34,330
In-Person Instruction (IPI) Grant	680,089	-	680,089
Total	$ 3,277,261	$ 3,063	$ 3,327,648

Note 7 - Long-term Obligations other than Pension and OPEB

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2023, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	$27,594,223	$ -	$ 935,000	$ 26,659,223	$1,050,000
Accreted interest	5,735,992	658,204	-	6,394,196	-
Other postemployment benefits payable	34,288,176	233,274	-	34,521,450	-
Net pension liability	21,260,327	14,038,673	-	35,299,000	-
Compensated absences	460,696	49,834	-	510,530	-
Lease liability	23,304	-	5,488	17,816	5,707
Note payable	951,850	-	239,555	712,295	253,105
Early retirement incentives - STRS	1,144,628	-	205,288	939,340	205,289
Early retirement incentives - PERS	331,060	-	94,293	236,767	90,412
Total governmental activities	$91,790,256	$14,979,985	$1,479,624	$105,290,617	$1,604,513

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and Redemption
Accreted interest	Governmental	Bond Interest and Redemption
Other postemployment benefits payable	Governmental	General
Net pension liability	Governmental	General
Compensated absences	Governmental	General
Lease liability	Governmental	General
Note payable	Governmental	General
Early retirement incentives - STRS	Governmental	General
Early retirement incentives - PERS	Governmental	General

General Obligation Bonds and Accreted Interest

The outstanding general obligation bond debt of the District at June 30, 2023, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
Election of 2014, Series 2019C	12/3/19	11/1/48	6.00-6.00
Election of 2018, Series 2020B	6/30/20	11/1/49	6.00-6.00
Election of 2018, Series 2019A	3/7/19	11/1/48	3.50-5.00
Election of 2004, Series 2004A	5/27/04	5/1/48	3.25-5.90
Election of 2004, Series 2008	8/14/08	5/1/48	2.25-6.20
Election of 2014, Series 2015A	6/24/15	11/1/44	3.375-4.00
Refunding Bonds, Series 2015A	6/24/15	11/1/25	4.00-4.00
Election of 2014, Series 2017B	2/7/17	11/1/48	1.20-4.50
Election of 2018, Series 2022C	4/27/22	11/1/50	5.00-6.00
Election of 2014, Series 2022D	4/27/22	11/1/50	5.00-6.00

Bond	Original Issue	Bonds Outstanding 07/01/22	Issued During Year	Redeemed During Year	Bonds Outstanding 06/30/23
Election of 2014, Series 2019C	$ 4,100,000	$ 3,960,000	$ -	$ 35,000	$ 3,925,000
Election of 2018, Series 2020B	2,990,000	2,990,000	-	335,000	2,655,000
Election of 2018, Series 2019A	3,385,000	2,765,000	-	-	2,765,000
Election of 2004, Series 2004A	5,059,349	129,349	-	-	129,349
Election of 2004, Series 2008	5,059,874	4,509,874	-	75,000	4,434,874
Election of 2014, Series 2015A	3,115,000	2,395,000	-	35,000	2,360,000
Refunding Bonds, Series 2015A	3,860,000	1,845,000	-	410,000	1,435,000
Election of 2014, Series 2017B	3,500,000	3,000,000	-	45,000	2,955,000
Election of 2018, Series 2022C	2,715,000	2,715,000	-	-	2,715,000
Election of 2014, Series 2022D	3,285,000	3,285,000	-	-	3,285,000
Total	$37,069,223	$27,594,223	$ -	$ 935,000	$26,659,223

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2023 are as follows:

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2024	$ 1,050,000	$ 916,151	$ 1,966,151
2025	980,000	867,038	1,847,038
2026	990,000	820,401	1,810,401
2027	221,931	1,371,429	1,593,360
2028	277,530	1,391,709	1,669,239
2029-2033	1,992,477	7,299,036	9,291,513
2034-2038	3,611,167	7,653,485	11,264,652
2039-2043	5,273,592	8,330,017	13,603,609
2044-2048	7,617,526	9,719,949	17,337,475
2049-2050	4,645,000	313,626	4,958,626
Total	$ 26,659,223	$ 38,682,841	$ 65,342,064

Year Ending June 30,	Accreted Interest
2024	$ -
2025	-
2026	-
2027	352,295
2028	326,517
2029-2033	1,572,816
2034-2038	1,477,994
2039-2043	1,340,755
2044-2048	1,323,819
Total	$ 6,394,196

Compensated Absences

Compensated absences at June 30, 2023 consisted of:

	Compensated Absences	Benefits	Total
Classified	$ 380,527	$ 130,003	$ 510,530

Leases

The District has three leasing arrangements outstanding at year end with an interest rate of 4.0 percent. Variable payments not included in the measurement of the leases are estimated by the District and payable upon lease expiration.

Future lease payment maturity schedule is as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 5,707	$ 713	$ 6,420
2025	5,936	484	6,420
2026	6,173	247	6,420
Total	$ 17,816	$ 1,444	$ 19,260

Note Payable

In May 2016, the District entered into a $2,375,135 agreement with U.S. Bancorp Government Leasing and Finance, Inc. to finance the construction and installation of energy conservation measures including building automation systems, lighting, mechanical and other. The contract is to be repaid over a period of 10 years, at 4.65% interest. The assets acquired with this agreement were added to Buildings at June 30, 2016.

Future commitments for the note payable as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 253,105	$ 16,668	$ 269,773
2025	267,275	10,745	278,020
2026	191,915	4,491	196,406
Total	$ 712,295	$ 31,904	$ 744,199

Early Retirement Incentives

The Board has adopted early retirement incentive programs. Under the State Teachers' Retirement Law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis.

The District has also granted early retirement incentives under CalSTRS to eligible certificated employees and early retirement incentives under CalPERS to eligible classified employees.

The District entered into contracts with certain eligible employees who receive supplementary retirement benefits. Eligible Certificated Non-Management, Certificated Management, Classified Management and Classified or Confidential employees receive contributions to a 403(b) annuity contract.

The annual requirements to amortize early retirement incentives relating to STRS as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 205,289	$ 56,364	$ 261,653
2025	188,615	44,042	232,657
2026	175,397	32,727	208,124
2027	157,333	22,202	179,535
2028	132,495	12,761	145,256
2029	80,211	4,811	85,022
Total	$ 939,340	$ 172,907	$ 1,112,247

The annual requirements to amortize early retirement incentives relating to PERS as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 90,412	$ 14,744	$ 105,156
2025	71,046	8,781	79,827
2026	75,309	4,519	79,828
Total	$ 236,767	$ 28,044	$ 264,811

Note 8 - Pension

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.4-2.4%	1.16-2.4%**
Required Employee Contribution Rates	10.25%	10.21%
Required Employer Contribution Rates	16.92%	16.92%
Required State Contribution Rates	10.83%	10.83%

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.0-2.5%
Required Employee Contribution Rates	7.00%	8.00%
Required Employer Contribution Rates	25.37%	25.37%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

Contributions

CalSTRS

For the fiscal year ended June 30, 2023 (measurement date June 30, 2022), California Education Code Section 22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year June 30, 2023 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2022-23, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law section 20814(c) 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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2023 (measurement date June 30, 2022) the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2022-23, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2022, due to an amendment of Government Code 20825.2(c).

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2023 (measurement date June 30, 2022) the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year.

Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

	CalSTRS	
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount
2021	10.33%	$ 1,604,385
2022	10.83%	1,819,638
2023	10.83%	1,649,795

The State contributed an additional $1.1 Billion to CalSTRS during the 2019-20 fiscal year, $297 Million during the 2020-21 and $840 Million during the 2021-22 fiscal year as a continuing settlement associated with SB90.

Contributions Recognized

For the fiscal year ended June 30, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 3,704,065	$ 2,075,315	$ 5,779,380
Contributions - State On Behalf Payments	1,649,795	-	1,649,795
Total Contributions	$ 5,353,860	$ 2,075,315	$ 7,429,175

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

As of June 30, 2023 (measured June 30, 2022), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 20,536,000
CalPERS	14,763,000
Total Net Pension Liability	$ 35,299,000

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (STRS) and June 30, 2021 (PERS) rolled forward to measurement date June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and June 30, 2023 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2022	0.028%	0.014%	0.042%	0.041%
Proportion June 30, 2023	0.030%	0.015%	0.045%	0.043%
Change in Proportion	0.002%	0.001%	0.003%	0.002%

*Represents State's Proportionate Share on Behalf of District employees

Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 7,660,119	$ 6,378,774	$ 14,038,893
On Behalf Contribution Amount	1,649,795	-	1,649,795
Employer Contributions to Pension Plan	3,273,723	1,506,504	4,780,227
Change in Other Outflows/Inflows of Resources	(7,112,371)	(6,079,512)	(13,191,883)
Total Pension Expense	$ 5,471,266	$ 1,805,766	$ 7,277,032

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 3,704,065	$ 2,075,315	$ 5,779,380
Differences between actual and expected experience	16,846	66,720	83,566
Changes in assumptions	1,018,426	1,092,073	2,110,499
Net difference between projected and actual earnings	-	1,743,093	1,743,093
Total Deferred Outflows of Resources	$ 4,739,337	$ 4,977,201	$ 9,716,538

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$(1,539,756)	$ (367,319)	$(1,907,075)
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	(1,004,240)	-	(1,004,240)
Total Deferred Inflows of Resources	$(2,543,996)	$ (367,319)	$(2,911,315)

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2024	$4,609,004	$ 2,804,569	$(1,073,395)	$ (128,789)	$ 6,211,389
2025	43,444	639,136	(1,135,057)	(128,789)	(581,266)
2026	43,444	470,619	(1,531,796)	(109,741)	(1,127,474)
2027	43,445	1,062,877	1,479,644	-	2,585,966
2028	-	-	(212,906)	-	(212,906)
Thereafter	-	-	(70,486)	-	(70,486)
Total	$4,739,337	$ 4,977,201	$(2,543,996)	$ (367,319)	$ 6,805,223

Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015-2018	2000-2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.00%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

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

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.30% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using the 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the discount bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently, CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS

Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

*20 year average

CalPERS

Asset Class (1)	Assumed Asset Allocation	Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-59.00%

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

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

(4) Figures are based on the previous ALM of 2017

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

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 34,877,398	$ 21,325,713
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 20,536,000	$ 14,763,000
1% Increase	8.10%	7.90%
Net Pension Liability	$ 8,627,954	$ 9,338,921

Note 9 - Postemployment Benefits other than Pension Benefits (OPEB)

General Information about the OPEB plan

Plan Description

Arvin Union School District provides medical insurance benefits to those retiring from the District under a single employer defined benefit OPEB plan. The health and welfare benefit plans of the District include medical, prescription drug, behavioral health insurance, and dental and vision insurance. The medical plans include two Blue Cross Prudent Buyer options (one for classified, the other for all other groups). Prescription drug coverage is carved out and provided through two Medco Drug Card plans, one for each of the PPO options, with behavioral health benefits carved out and provided through BHP. Delta Dental and VSP vision insurance are also offered to both active employees and retirees of the District. Dental and vision benefits through the Self-Insured Schools of California (SISC).

Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Education. The OPEB Plan is administered by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Eligibility for District-Paid Benefits

	Certificated	Classified
Benefit types provided	Medical, dental and vision	Medical, dental and vision
Duration of benefits	To age 65*	Hired prior to 7/1/1997: to age 75****
		Hired after to 7/1/1997: to age 65
Required service	Hired prior to 7/1/1993: 7.5 yrs	Hired prior to 7/1/1991: 5 years
	Hired after to 7/1/1993: 15 yrs	Hired 7/1/1991 to 7/1/1999: 10 years
		Hired after to 7/1/1999: 15 years
Minimum age	55 years old**	Hired prior to 7/1/1991: 50 yrs old
		Hired after to 7/1/1991: 55 yrs old
Dependent coverage	Yes***	Yes
District distribution %	100%	100%
District cap	None	None

*Those hired between 7/1/1992 and 7/1/1997 are entitled to lifetime retiree-only coverage and spousal coverage to age 65. Those hired prior to 7/1/1992 are entitled to lifetime coverage for the retiree and spouse if enrolled in Medicare.
**An employees may retire at age 52 with 30 years of service.
***Single-only coverage post-65 for employees hired after 7/1/1992.
****Single-only coverage after age 65.

Employees Covered by Benefit Terms

At June 30, 2023, the following retirees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	94
Inactive employees entitled to but not yet receiving benefit payments	-
Participating active employees	284
Total number of participants	378

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The Total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	2.75% per year
Investment return / discount rate	3.65%
Healthcare cost trend rates	4.00% per year
Retirees' share of costs	0.00% of projected health insurance premiums

The discount rate was based on an index of 20-year general obligation municipal bonds.

Mortality rates were based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. The CalPERS mortality tables created by CalPERS are modified versions of the Society of Actuaries Scale BB mortality table, as adjusted for data from CalSTRS members.

Changes in OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 34,288,176
Changes for the year:	
Service cost	883,021
Interest	1,203,607
Assumption changes	(394,401)
Expected benefit payments	(1,458,953)
Net changes	233,274
Balance at June 30, 2023	$ 34,521,450

There were no changes in benefit terms for the fiscal year ended June 30, 2023. The discount rate changed from 3.54% to 3.65%. There were no changes to any other inputs or assumptions.

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 percentage-point lower or one percentage-point higher than the current discount rate:

	1 % Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	$ 30,382,844	$ 34,521,450	$ 39,426,607

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	$ 38,134,884	$ 34,521,450	$ 31,416,783

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of 998,828.

At June 30, 2023 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Assumption changes	$ 4,691,335	$ 5,444,585
Differences between espected and actual experience	-	3,500,593
Contributions made subsequent to mesasaurement date	-	1,313,549
Total	$ 4,691,335	$ 10,258,727

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

Year Ending June 30,	Deferred Inflows of Resources	Deferred Outflows of Resources
2024	$ 490,216	$ 2,300,499
2025	490,216	986,950
2026	490,216	986,950
2027	490,216	986,950
2028	490,216	986,950
Thereafter	2,240,255	4,010,428
Total	$ 4,691,335	$ 10,258,727

Note 10 - Other Retirement Plans

Section 403(b) Tax-Sheltered Annuity Plan

Plan Description

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan. This is a retirement plan funded by elective deferrals made under salary reduction agreements.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees. For the fiscal year ended June 30, 2023, there were 66 employees that had elected to participate, with total compensation deferrals of $286,313.

Note 11 - Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

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

Pending Assessment for Disputed Tax Revenues

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action. The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2023 as follows:

Pending appeals for taxes	$ 1,209,466
Pending appeals for interest	28,664
Total	1,238,130
Less amount held by Kern County Auditor-Controller	-
Net contingent liability	$ 1,238,130

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

Construction Commitments

The District has construction contracts-in-progress as follows:

Project	Project Authorization	Expended to June 30, 2023	Remaining Commitment
Multi-Purpose Building	$ 9,355,189	$ 4,850,555	$ 4,504,634

Note 12 - Restricted Fund Balances

Restricted fund balances at June 30, 2023 are as follows:

Expanded Learning Opportunities Program	$	7,009,379
Literacy Coaches and Reading Specialists Grant Program		1,448,424
Educator Effectiveness, FY 2021-22		653,249
Lottery: Instructional Materials		529,858
CA Community Schools Partnership Act - Planning Grant		141,994
Special Education Early Intervention Preschool Grant		247,130
Arts, Music, and Instructional Materials Discretionary Block Grant		876,350
Child Nutrition: Kitchen Infrastructure Upgrade Funds		33,996
Child Nutrition: Kitchen Infrastructure and Training Funds - 2022 KIT Funds		387,114
Classified School Employee Professional Development Block Grant		23,938
SB 117 COVID-19 LEA Response Funds		11,625
Expanded Learning Opportunities (ELO) Grant		248,841
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff		55,433
Learning Recovery Emergency Block Grant		5,215,196
Other Restricted Local		1,047,473
Student Body Fund		49,097
Cafeteria Special Revenue Fund		2,941,058
Building Fund		3,934,604
Capital Facilities Fund		1,256,103
County Schools Facilities Fund		2,614,568
Bond Interest and Redemption Fund		1,645,401
Total	$	30,567,190

Note 13 - Joint Power Agreements

The District participates in five joint ventures under joint powers agreements (JPAs) as follows:

- Schools Legal Services
  (legal services)
- Self-Insured Schools of California I (SISC I)
  (workers' compensation insurance)
- Self-Insured Schools of California II (SISC II)
  (property and liability insurance)
- Self-Insured Schools of California III (SISC III)
  (health insurance)
- Partners in Nutrition Cooperative (PINCO)
  (commodities and other food items)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member organizations.

Each JPA is governed by a board consisting of a representative from each member organization. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each member organization pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2023 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below.

Schools Legal Services	Kern County Superintendent of Schools 1300 17th St., No. 7 Bakersfield, CA 93301
SISC I, II and III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847 Bakersfield, CA 93303-1847
PINCO	C/O Antelope Valley Union High School District 44811 N. Sierra Highway Lancaster, CA 93534-3226

Note 14 - Prior Period Adjustments

Adjustments to previously reported amounts relate to the Child Development Fund balance and Government-Wide Statement of Net Position.

	June 30 2022
Fund balance of the Child Development Fund, as previously reported as a part of the District's governmental funds	$ 165,966
Prior period adjustment related to the repayment of special tax bonds	45,309
Fund balance of the Child Development Fund, as restated as a part of the District's governmental funds	$ 211,275

Note 15 - Subsequent Events

Subsequent events have been evaluated through December 13, 2023, the date these financial statements were available to be issued.

Required Supplementary Information

Arvin Union School District
General Fund (Combined)
Budgetary Comparison Schedule
June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF sources:				
State apportionment or State aid	$ 30,726,426	$ 31,300,962	$ 36,575,811	$ 5,274,849
Education protection account funds	7,429,170	7,816,732	2,365,523	(5,451,209)
Local sources	3,030,431	3,030,431	3,230,901	200,470
Federal revenue	11,045,629	12,261,343	9,094,372	(3,166,971)
Other State revenue	6,330,629	10,640,142	17,856,323	7,216,181
Other local revenue	350,000	350,000	3,540,782	3,190,782
Total revenues	58,912,285	65,399,610	72,663,712	7,264,102
Expenditures:				
Current:				
Certificated salaries	18,581,313	20,178,327	20,553,335	375,008
Classified salaries	7,266,155	7,967,827	7,539,567	(428,260)
Employee benefits	11,552,452	13,649,316	16,143,280	2,493,964
Books and supplies	7,503,562	8,767,744	4,187,977	(4,579,767)
Services and other	7,212,341	7,672,840	8,456,811	783,971
Other outgo	927,087	927,087	1,413,623	486,536
Capital outlay	6,011,732	5,625,447	2,062,127	(3,563,320)
Debt service:				
Principal	175,100	175,100	544,624	369,524
Interest and other service charges	-	-	22,273	22,273
Total expenditures	59,229,742	64,963,688	60,923,617	(4,040,071)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(317,457)	435,922	11,740,095	11,304,173
Other Financing Sources (Uses):				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(317,457)	435,922	11,740,095	11,304,173
Fund Balance, July 1	16,092,689	16,092,689	16,092,689	-
Fund Balance, June 30	$ 15,775,232	$ 16,528,611	$ 27,832,784	$ 11,304,173

Arvin Union Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability
California State Teachers' Retirement System
Last Ten Fiscal Years*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's portion of the net pension liability (asset)	0.030%	0.028%	0.028%	0.029%	0.027%	0.025%	0.027%	0.030%	0.032%
District's proportionate share of the net pension liabiliy (asset)	20,536,000	12,846,034	27,500,826	25,746,833	25,187,105	25,677,139	21,699,537	19,820,000	18,284,000
State's proportionate share of the net pension liability (asset) associated with the District	10,284,350	6,478,856	14,176,569	14,235,496	14,474,432	15,247,219	14,216,486	10,483,000	11,041,000
Total	$30,820,350	$19,324,890	$41,677,395	$39,982,329	$39,661,537	$40,924,358	$35,916,023	$30,303,000	$29,325,000
District's covered-employee payroll	20,846,855	18,446,753	16,244,027	16,463,248	16,297,033	6,447,332	8,351,558	10,483,000	11,041,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	98.51%	69.64%	169.30%	156.39%	154.55%	398.26%	259.83%	189.07%	165.60%
Plan fiduciary net position as a percentage of the total pension liability	81.20%	88.02%	72.92%	72.56%	70.99%	69.46%	69.98%	74.02%	74.00%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Arvin Union Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability
California Public Employees' Retirement System
Last Ten Fiscal Years*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's portion of the net pension liability (asset)	0.043%	0.041%	0.042%	0.041%	0.039%	0.038%	0.037%	0.036%	0.037%
District's proportionate share of the net pension liabiliy (asset)	$14,763,000	$8,384,293	$12,831,049	$12,040,948	$10,322,104	$8,941,735	$7,255,909	$5,320,000	$4,168,000
District's covered-employee payroll	$ 8,574,313	$7,467,197	$ 6,227,743	$ 6,367,972	$ 6,207,102	$8,993,779	$4,810,707	$4,428,000	$3,995,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	172.18%	112.28%	206.03%	189.09%	166.30%	99.42%	150.83%	120.14%	104.33%
Plan fiduciary net position as a percentage of the total pension liability	80.97%	80.98%	69.91%	70.05%	70.85%	71.87%	73.92%	79.43%	79.40%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Arvin Union Elementary School District
Schedule of District Contributions
California State Teachers' Retirement System
Last Ten Fiscal Years*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	3,273,723	2,962,232	2,529,939	2,659,142	2,511,201	2,162,700	1,050,626	1,533,128	1,213,395
Contributions in relation to the contractually required contribution	(3,273,723)	(2,962,232)	(2,529,939)	(2,659,142)	(2,511,201)	(2,162,700)	(1,050,626)	(1,533,128)	(1,213,395)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	20,846,855	18,446,753	16,244,027	16,463,248	16,297,033	8,993,779	8,351,558	14,288,000	13,664,000
Contributions as a percentage of covered-employee payroll	15.70%	16.06%	15.57%	16.15%	15.41%	24.05%	12.58%	10.73%	8.88%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Arvin Union Elementary School District
Schedule of District Contributions
California Public Employee' Retirement System
Last Ten Fiscal Years*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,506,504	1,517,484	1,227,947	1,188,481	1,055,493	799,568	668,111	524,611	470,294
Contributions in relation to the contractually required contribution	(1,506,504)	(1,517,484)	(1,227,947)	(1,188,481)	(1,055,493)	(799,568)	(668,111)	(524,611)	(470,294)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	8,574,313	7,467,197	6,227,743	6,367,972	6,207,102	5,148,207	4,810,707	4,428,000	3,995,000
Contributions as a percentage of covered-employee payroll	17.57%	20.32%	19.72%	18.66%	17.00%	15.53%	13.89%	11.85%	11.77%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Arvin Union School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Single Employer Plan
Last Ten Fiscal Years*

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 883,021	$ 1,187,607	$ -	$ 777,765	$ 777,765	$ 756,949
Interest	1,203,607	812,183	-	976,390	981,020	947,524
Experience gains/losses	-	1,143,293	-	3,692,198	-	-
Changes of assumptions or other inputs	(394,401)	(5,243,070)	-	7,677,566	-	-
Other adjustments	-	974,327	-	-	-	-
Benefit payments	(1,458,953)	(1,238,200)	-	(985,517)	(1,770,642)	(867,072)
Net change in total OPEB liability	233,274	(2,363,860)	-	12,138,402	(11,857)	837,401
Total OPEB liability - beginning	34,288,176	36,652,036	36,652,036	24,513,634	24,525,491	23,688,090
Total OPEB liability - ending	$ 34,521,450	$ 34,288,176	$ 36,652,036	$ 36,652,036	$ 24,513,634	$ 24,525,491
Covered-employee payroll	29,421,168	25,913,950	22,471,770	22,937,828	22,504,135	21,490,032
Total OPEB liability as a percentage of covered-employee payroll	117.34%	132.32%	163.10%	159.79%	108.93%	114.12%

Notes to Schedule: There were no changes of benefit terms in 2023. There were no changes of assumptions in 2023. The following are the discount rates used in each period.

2023	3.65%
2022	3.54%
2021	2.20%
2020	2.20%
2019	4.00%
2018	4.00%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

This page is intentionally left blank.

Supplementary Information

Arvin Union School District
Local Education Agency Organization Structure
June 30, 2023

The District was established in about 1913 in the city of Arvin, located in Kern County, California. There were no changes in the boundaries of the District during the year ended June 30, 2023. The District is currently operating three elementary schools and one intermediate school.

Governing Board

Name	Office	Term Expiration
Wendy Gonzalez	President	2024
Toni Pichardo	Clerk	2026
Monica Franetovich	Member	2024
Elvira Moreno	Member	2026
Maria Ramos	Member	2026

Administration

Georgia Rhett
Superintendent

Emma Pereida-Martinez
Assistant Superindendent

Chris Davis
Chief Business Official

Arvin Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

TK/K-3:	Second Period Report	Revised Second Period Report	Annual Report	Revised Annual Report
Regular ADA	1,182.16	1,184.44	1,184.73	1,186.55
Extended Year Special Education	1.86	1.86	1.86	1.86
TK/K-3 Total	1,184.02	1,186.30	1,186.59	1,188.41
Grades 4-6:				
Regular ADA	915.94	918.39	917.08	919.44
Extended Year Special Education	0.97	0.97	0.97	0.97
Grades 4-6 Total	916.91	919.36	918.05	920.41
Grades 7 and 8:				
Regular ADA	597.66	598.65	598.31	599.10
Extended Year Special Education	0.16	0.16	0.16	0.16
Grades 7 and 8 Total	597.82	598.81	598.47	599.26
ADA Grand Total	2,698.75	2,704.47	2,703.11	2,708.08

There were audit findings which resulted in necessary revisions to attendance.

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

Arvin Union School District
Schedule of Instructional Time
Year Ended June 30, 2023

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Traditional Kindergarten	36,000	N/A	58,735	180	N/A	Complied
Kindergarten	36,000	N/A	58,735	180	N/A	Complied
Grade 1	50,400	N/A	57,045	180	N/A	Complied
Grade 2	50,400	N/A	57,045	180	N/A	Complied
Grade 3	50,400	N/A	57,045	180	N/A	Complied
Grade 4	54,000	N/A	57,045	180	N/A	Complied
Grade 5	54,000	N/A	57,045	180	N/A	Complied
Grade 6	54,000	N/A	57,045	180	N/A	Complied
Grade 7	54,000	N/A	59,642	180	N/A	Complied
Grade 8	54,000	N/A	59,642	180	N/A	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Arvin Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

General Fund (Combined)	Budget 2024 (see note a)	2023	2022	2021
Revenue and other financial sources	$ 69,964,269	$ 72,663,712	$59,418,221	$ 44,698,152
Expenditures	68,811,178	60,923,617	57,939,142	43,012,947
Other uses and transfers out	-	-	-	-
Total outgo	68,811,178	60,923,617	57,939,142	43,012,947
Change in fund balance (deficit)	1,153,091	11,740,095	1,479,079	1,685,205
Ending fund balance	$ 28,985,875	$ 27,832,784	$16,092,689	$ 14,613,610
Available reserves (see note b)	$ 2,452,595	$ 14,173,301	$ (1,472,394)	$ 5,795,993
Available reserves as a percentage of total outgo	3.6%	23.3%	0.0%	13.5%
Total long-term debt	$103,686,104	$105,290,617	$91,790,256	$107,035,772
Average daily attendance at P-2	2,936	2,704	2,670	2,957

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.

The fund balance of the General Fund (combined) has increased by $13,219,174 (90.5%) over the past two years. The fiscal year 2023-2024 budget projects an increase of $1,153,091 (4.1%). For an organization of this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out and other uses (total outgo).

The District hasn't incurred an operating deficit in any of the past three years, and projects an increase during the 2023-2024 fiscal year. Total long-term debt has decreased by $1,745,155 over the past two years.

Average daily attendance has decreased by 253 over the past two years. The District anticipates average daily attendance to increase by 232 during fiscal year 2023-2024.

Notes:

a. The budget for 2024 is included for analytical purposes only and has not been subjected to audit.
b. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

Arvin Union School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

	General Fund	Debt Services Fund for Blended Component Units	Student Body Fund
June 30, 2023, annual financial and budget report fund balances	$ 20,833,609	$ 2,535,238	$ -
Adjustments and reclassifications:			
To record prior year adjustments on accounts receiveable	180,109	524,815	-
To record current year activity	-	-	49,097
Net adjustments and reclassifications	180,109	524,815	49,097
June 30, 2023, audited financial statement fund balances	$ 21,013,718	$ 3,060,053	$ 49,097

Charter Schools

The following charter schools are chartered by the Arvin Union School District.

Charter Schools	Included in Audit
None	Not applicable

Arvin Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - passed through California Department of Education			
Child Nutrition Cluster			
Child Nutrition: School Programs	10.555	13523	$ 3,562,343
Supply Chain Assistance (SCA) Funds	10.555	15655	76,543
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	157,788
Total Child Nutrition Cluster			3,796,674
Total U.S. Department of Agriculture			3,796,674
U.S. Department of Education - passed through California Department of Education			
Special Education Cluster			
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	126,485
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	399,683
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	11,653
Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	10,150
Total Special Education Cluster			547,971
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,277,238
ESEA (ESSA): Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	766,248
ESEA (ESSA): Title I, Part C, Migrant Education (MESRP)	84.011	10144	58,044
ESEA (ESSA): Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	408,901
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	260,946
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	247,551
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	124,987
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,550,372
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	1,359,455
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	88,735
COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	84,515
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425	15566	43,975
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,019,472
Total U.S. Department of Education			8,838,410
U.S. Department of Health and Human Services - passed through California Department of Education			
CCDF Cluster			
Child Development: ARP California State Preschool Program - Rate Supplements	93.575	15641	15,970
Total CCDF Cluster			15,970
Dept of Health Care Services (DHCS): Medi-Cal Billing Option	93.778	10013	255,962
Total U.S. Department of Health and Human Services			271,932
Total Federal Programs			$ 12,907,016

The accompanying notes are an integral part of this statement.

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Arvin Union School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Arvin Union School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year ended June 30, 2023.

Subrecipients

The District did not provide any awards to subrecipients.

Arvin Union School District
Combining Balance Sheet - All General Funds
June 30, 2023

	General Fund	Deferred Maintenance Fund	Special Revenue Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Post-employment Benefits	General Fund (Combined)
Assets:					
Cash in County Treasury	$31,034,136	$ 1,203	$ 268,078	$ 408,003	$31,711,420
Cash in revolving fund	5,000	-	-	-	5,000
Investments	-	-	643,747	245,239	888,986
Accounts receivable	2,433,995	8	1,770	2,694	2,438,467
Due from grantor governments	816,278	-	-	-	816,278
Due from other funds	407,678	-	1,539,000	3,709,324	5,656,002
Total assets	34,697,087	1,211	2,452,595	4,365,260	41,516,153
Liabilities and Fund Balance:					
Liabilities:					
Accounts payable	$ 4,087,118	$ -	$ -	$ -	$ 4,087,118
Due to grantor governments	877,323	-	-	-	877,323
Due to other funds	5,441,667	-	-	-	5,441,667
Unearned revenue	3,277,261	-	-	-	3,277,261
Total liabilities	13,683,369	-	-	-	13,683,369
Fund Balance:					
Nonspendable fund balances:					
Revolving cash	5,000	-	-	-	5,000
Restricted fund balances	17,930,000	-	-	-	17,930,000
Committed fund balances	2,188,013	-	-	4,365,260	6,553,273
Assigned fund balances	890,705	1,211	-	-	891,916
Reserve for economic uncertainty	-	-	2,452,595	-	2,452,595
Total fund balance	21,013,718	1,211	2,452,595	4,365,260	27,832,784
Total liabilities and fund balances	$34,697,087	$ 1,211	$ 2,452,595	$ 4,365,260	$41,516,153

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All General Funds
Year Ended June 30, 2023

	General Fund	Deferred Maintenance Fund	Special Revenue Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Post-employment Benefits	General Fund (Combined)
Revenues:					
LCFF sources:					
State apportionment or State aid	$ 36,575,811	$ -	$ -	$ -	$ 36,575,811
Education protection account funds	2,365,523	-	-	-	2,365,523
Local sources	3,230,901	-	-	-	3,230,901
Federal revenue	9,094,372	-	-	-	9,094,372
Other State revenue	17,856,323	-	-	-	17,856,323
Other local revenue	3,526,891	25	5,498	8,368	3,540,782
Total revenues	72,649,821	25	5,498	8,368	72,663,712
Expenditures:					
Current:					
Instruction	33,297,222	-	-	-	33,297,222
Instruction-related services	7,314,586	-	-	-	7,314,586
Pupil services	6,105,350	-	-	-	6,105,350
Ancillary services	163,550	-	-	-	163,550
Community services	639,954	-	-	-	639,954
General administration	3,083,323	-	-	-	3,083,323
Plant services	6,276,985	-	-	-	6,276,985
Other outgo	1,413,623	-	-	-	1,413,623
Capital outlay	2,062,127	-	-	-	2,062,127
Debt service:					
Principal	544,624	-	-	-	544,624
Interest and other service charges	22,273	-	-	-	22,273
Total expenditures	60,923,617	-	-	-	60,923,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,726,204	25	5,498	8,368	11,740,095
Net Change in Fund Balance	11,726,204	25	5,498	8,368	11,740,095
Fund Balance, July 1	9,287,514	1,186	2,447,097	4,356,892	16,092,689
Fund Balance, June 30	$ 21,013,718	$ 1,211	$ 2,452,595	$ 4,365,260	$ 27,832,784

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Balance Sheet - Nonmajor Funds
June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Debt Service Fund - Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Assets:				
Cash in County Treasury	$ 3,186,714	$ 8,183,767	$ 1,686,610	$ 13,057,091
Cash on hand and in banks	49,097	65,755	-	114,852
Cash in revolving fund	1,000	-	-	1,000
Investments	-	643,746	-	643,746
Accounts receivable	541,388	51,392	9,504	602,284
Due from other funds	74,777	263,567	-	338,344
Prepaid expenditures	117,995	-	-	117,995
Total assets	3,970,971	9,208,227	1,696,114	14,875,312
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	$ 34,807	$ 759,021	$ 50,713	$ 844,541
Due to other funds	552,679	-	-	552,679
Unearned revenue	50,387	-	-	50,387
Total liabilities	637,873	759,021	50,713	1,447,607
Fund Balance:				
Nonspendable fund balances:				
Revolving cash	1,000	-	-	1,000
Prepaid items	117,995	-	-	117,995
Restricted fund balances	3,186,514	7,805,275	1,645,401	12,637,190
Assigned fund balances	27,589	643,931	-	671,520
Total fund balance	3,333,098	8,449,206	1,645,401	13,427,705
Total liabilities and fund balances	$ 3,970,971	$ 9,208,227	$ 1,696,114	$ 14,875,312

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Funds
Year Ended June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Debt Service Fund - Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Revenues:				
Federal revenue	$ 3,812,644	$ -	$ -	$ 3,812,644
Other State revenue	1,424,262	2,526,117	-	3,950,379
Other local revenue	114,431	583,538	1,616,210	2,314,179
Total revenues	5,351,337	3,109,655	1,616,210	10,077,202
Expenditures:				
Current:				
Instruction	498,590	-	-	498,590
Instruction-related services	181,345	-	-	181,345
Pupil services	3,245,928	-	-	3,245,928
Ancillary services	34,073	-	-	34,073
Plant services	-	111,145	-	111,145
Capital outlay	377	3,325,567	-	3,325,944
Debt service:				
Principal	-	-	935,000	935,000
Interest and other service charges	-	-	956,267	956,267
Total expenditures	3,960,313	3,436,712	1,891,267	9,288,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,391,024	(327,057)	(275,057)	788,910
Other Financing Sources (Uses):				
Proceeds from sale of bonds	-	5,814	-	5,814
Other sources	-	-	44,894	44,894
Total other financing sources (uses)	-	5,814	44,894	50,708
Net Change in Fund Balance	1,391,024	(321,243)	(230,163)	839,618
Fund Balance, July 1	1,896,765	8,770,449	1,875,564	12,542,778
Prior period adjustment	45,309	-	-	45,309
Fund Balance, June 30	$ 3,333,098	$ 8,449,206	$ 1,645,401	$ 13,427,705

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2023

	Student Body Fund	Child Development Fund	Cafeteria Special Revenue Fund	Total Nonmajor Special Revenue Funds
Assets:				
Cash in County Treasury	$ -	$ 430,999	$ 2,755,715	$ 3,186,714
Cash on hand and in banks	49,097	-	-	49,097
Cash in revolving fund	-	-	1,000	1,000
Accounts receivable	-	3,445	537,943	541,388
Due from other funds	-	74,777	-	74,777
Prepaid expenditures	-	-	117,995	117,995
Total assets	49,097	509,221	3,412,653	3,970,971
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	$ -	$ 2,467	$ 32,340	$ 34,807
Due to other funds	-	235,482	317,197	552,679
Unearned revenue	-	47,324	3,063	50,387
Total liabilities	-	285,273	352,600	637,873
Fund Balance:				
Nonspendable fund balances:				
Revolving cash	-	-	1,000	1,000
Prepaid items	-	-	117,995	117,995
Restricted fund balances	49,097	196,359	2,941,058	3,186,514
Assigned fund balances	-	27,589	-	27,589
Total fund balance	49,097	223,948	3,060,053	3,333,098
Total liabilities and fund balances	$ 49,097	$ 509,221	$ 3,412,653	$ 3,970,971

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Student Body Fund	Child Development Fund	Cafeteria Special Revenue Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Federal revenue	$ -	$ 15,970	$ 3,796,674	$ 3,812,644
Other State revenue	-	667,121	757,141	1,424,262
Other local revenue	51,727	9,894	52,810	114,431
Total revenues	51,727	692,985	4,606,625	5,351,337
Expenditures:				
Current:				
Instruction	-	498,590	-	498,590
Instruction-related services	-	181,345	-	181,345
Pupil services	-	-	3,245,928	3,245,928
Ancillary services	34,073	-	-	34,073
Capital outlay	-	377	-	377
Total expenditures	34,073	680,312	3,245,928	3,960,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,654	12,673	1,360,697	1,391,024
Net Change in Fund Balance	17,654	12,673	1,360,697	1,391,024
Fund Balance, July 1	31,443	165,966	1,699,356	1,896,765
Prior period adjustment	-	45,309	-	45,309
Fund Balance, June 30	$ 49,097	$ 223,948	$ 3,060,053	$ 3,333,098

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2023

	Building Fund	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
Assets:					
Cash in County Treasury	$ 3,677,380	$ 1,190,700	$ 3,315,503	$ 184	$ 8,183,767
Cash on hand and in banks	-	65,755	-	-	65,755
Investments	-	-	-	643,746	643,746
Accounts receivable	27,798	7,835	15,758	1	51,392
Due from other funds	263,567	-	-	-	263,567
Total assets	3,968,745	1,264,290	3,331,261	643,931	9,208,227
Liabilities and Fund Balance:					
Liabilities:					
Accounts payable	$ 34,141	$ 8,187	$ 716,693	$ -	$ 759,021
Total liabilities	34,141	8,187	716,693	-	759,021
Fund Balance:					
Restricted fund balances	3,934,604	1,256,103	2,614,568	-	7,805,275
Assigned fund balances	-	-	-	643,931	643,931
Total fund balance	3,934,604	1,256,103	2,614,568	643,931	8,449,206
Total liabilities and fund balances	$ 3,968,745	$ 1,264,290	$ 3,331,261	$ 643,931	$ 9,208,227

The accompanying notes are an integral part of this statement.

Arvin Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
Year Ended June 30, 2023

	Building Fund	Capital Facilities Fund	County Schools Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Capital Projects Funds
Revenues:					
Other State revenue	$ -	$ -	$ 2,526,117	$ -	$ 2,526,117
Other local revenue	112,822	442,116	28,596	4	583,538
Total revenues	112,822	442,116	2,554,713	4	3,109,655
Expenditures:					
Current:					
Plant services	-	111,145	-	-	111,145
Capital outlay	2,473,076	-	852,491	-	3,325,567
Total expenditures	2,473,076	111,145	852,491	-	3,436,712
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,360,254)	330,971	1,702,222	4	(327,057)
Other Financing Sources (Uses):					
Proceeds from sale of bonds	5,814	-	-	-	5,814
Total other financing sources (uses)	5,814	-	-	-	5,814
Net Change in Fund Balance	(2,354,440)	330,971	1,702,222	4	(321,243)
Fund Balance, July 1	6,289,044	925,132	912,346	643,927	8,770,449
Fund Balance, June 30	$ 3,934,604	$ 1,256,103	$ 2,614,568	$ 643,931	$ 8,449,206

The accompanying notes are an integral part of this statement.

This page is intentionally left blank.

Other Auditor's Reports

LPS
Certified Public Accountants

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

To the Board of Trustees
Arvin Union School District
Arvin, California 93312

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 Arvin Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Arvin Union School District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Arvin Union 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 Arvin Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Arvin Union 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify one deficiency in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arvin Union 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*.

Arvin Union School District's Response to Finding

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

Purpose of this Report

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2023

LPS
Certified Public Accountants

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

To the Board of Trustees
Arvin Union School District
Arvin, California 93312

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Arvin Union 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 Arvin Union School District's major federal programs for the year ended June 30, 2023**.** Arvin Union 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, Arvin Union 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Arvin Union 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 Arvin Union 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 Arvin Union 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 Arvin Union 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 Arvin Union 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 regardingArvin Union 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 Arvin Union 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 Arvin Union 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.

Purpose of This Report

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.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2023

LPS
Certified Public Accountants

Independent Auditor's Report on State Compliance

To the Board of Trustees
Arvin Union School District
Arvin, California 93312

Report on Compliance

Opinion

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

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

2022-23 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
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss and Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not applicable
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	Not applicable
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

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

We did not perform procedures for Independent Study for the District as ADA was under the materiality level and deemed not required per state testing guidance.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements referred to above, which is required to be reported in accordance with the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel and which is described in the accompanying schedule of audit findings and questioned costs as finding 2023-002. Our opinion is not modified with respect to matters identified.

The District’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of audit findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Linger, Peterson & Shrum
Fresno, California
December 13, 2023

This page is intentionally left blank.

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weaknesses identified?	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
One or more material weaknesses identified?	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	No
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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?	No
Identification of major programs:	

Name of federal program or cluster	**Assistance Listing Number (ALN)**
COVID-19: ESF Programs	84.425, 84.425C, 84.425D, 84.425U
Title I, Part A Basic Grants Low-Income and Neglected	84.010

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

State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?	Yes
Type of auditor's report issued on compliance for state programs:	Unmodified

Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards."

2023-001 Internal Control [30000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

A strong internal control structure is necessary to provide management with reasonable, but not absolute, assurance that financial data are recorded, processed, summarized, and reported consistent with the assertions embodied in the financial statements.

Condition

One check from the Student Body Fund was used for gift card incentives for staff. Gifts of any kind are prohibited from the Student Body Fund as such expenses are characterized as gift of public funds.

Questioned Costs

Other than the $75 check, there were no questioned costs related to this finding.

Effect

If financial data were recorded, processed, summarized, or reported in a manner which was not consistent with the assertions embodied in the financial statements, management may not be able to detect such errors within a reasonable period of time.

Cause

District employees did not follow the appropriate procedures when developing a fundraiser for staff incentives.

Recommendation

District employees should follow established processes to ensure such issues are avoided. We recommend the district refunds the student body for the prohibited expenditure and uses the General Fund for similar fundraisers in the future.

District's Response

The District's management has taken action to ensure the established processes are followed by personnel and the Student Body Fund is refunded.

Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs.

State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

2023-002 Attendance Reporting [10000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

According to Education Code Sections 41341(a)(1) and 14503(a), attendance reports must be amended for any change in ADA.

Condition

Average daily attendance for the P2 "Attendance School District" report was understated by 5.72 ADA. The Annual "Attendance School District" report was understated by 4.97 ADA. This is not a repeat finding.

Questioned Costs

The District was underpaid for the P2 by 5.72 ADA and Annual by 4.97 ADA for TK through 8rd grade, calculated below as $80,902.54 and $1,599.37, respectively.

Perspective

P2	P2 Per District	P2 Per Audit	Underreported Difference
TK/K - 3	1,184.02	1,186.30	2.28
Grades 4 - 6	916.91	919.36	2.45
Grades 7 - 8	597.82	598.81	0.99
Total K - 8	2,698.75	2,704.47	5.72

P2	Derived Value of ADA	Understated ADA	Underpaid Apportionment
TK/K - 3	$ 14,790.39	2.28	$ 33,722.09
Grades 4 - 6	13,599.15	2.45	33,317.92
Grades 7 - 8	14,002.56	0.99	13,862.53
Total K - 8	$ 42,392.10	5.72	$ 80,902.54

Annual	Annual Per District	Annual Per Audit	Underreported Difference
TK/K - 3	1,186.59	1,188.41	1.82
Grades 4 - 6	918.05	920.41	2.36
Grades 7 - 8	598.47	599.26	0.79
Total K - 8	2,703.11	2,708.08	4.97

Lottery Prop 20	$	302,571.22
Non-Prop 20		567,302.29
	$	869,873.51
Divided by total ADA		2,703.11
Adjustment per ADA	$	321.80
Understated ADA		4.97
Underpaid Apportionment	$	1,599.37

Effect

The District's ADA was underreported on the P2 by 5.72 ADA and on Annual by 4.97. Since the District's ADA was underreported on the Annual, it affects Lottery Prop 20 and Non-Prop 20 calculations for apportionment in the amount of $1,599.37. The State will adjust the Local Control Funding Formula in 2023-24 to reflect this increase in apportionment, once the amended attendance reports are filed.

Cause

The District did not include their independent study ADA in their calculations.

Recommendation

An Amended P2 and Annual "Attendance School District" Report should be filed.

District's Response

The District management has reviewed all attendance, and will prepare the amended P2 and Annual reports.

Arvin Union School District
Summary Schedule of Prior Audit Findings
June 30, 2023

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented

There were no prior year findings or questioned costs.

GEORGIA RHETT
District Superintendent

EMMA PEREIDA-MARTINEZ
Assistant Superintendent

ARVIN UNION SCHOOL DISTRICT

737 Bear Mountain Blvd.
Arvin, CA 93203
(661) 854-6500 FAX (661) 854-2362

Corrective Action Plan

Finding Number: 2023-001
Contact Person: Chris Davis, CBO
Anticipated Completion Date: June 30, 2024
Corrective Action Plan: The District's management has taken action to ensure the established processes are followed by personnel and the Student Body Fund is refunded.

Finding Number: 2023-002
Contact Person: Chris Davis, CBO
Anticipated Completion Date: June 30, 2024
Corrective Action Plan: The District management has reviewed all attendance, and will prepare the amended P2 and Annual reports.