Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 14, 2023

This section of Westminster School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ending June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* consist solely of governmental funds.

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

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

The Primary unit of the government is the Westminster School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) is $(10,220,458) for the fiscal year ended June 30, 2023. Of this amount, $(124,586,452) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 222,364,076	$ 193,549,015
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	166,314,919	152,616,393
Total assets	388,678,995	346,165,408
Deferred outflows of resources	41,926,559	34,964,413
Liabilities		
Current liabilities	22,287,501	16,046,995
Long-term liabilities	400,211,656	342,608,982
Total liabilities	422,499,157	358,655,977
Deferred inflows of resources	18,326,855	60,781,286
Net Position		
Net investment in capital assets	21,093,996	18,085,039
Restricted	93,271,998	73,126,954
Unrestricted (deficit)	(124,586,452)	(129,519,435)
Total net position (deficit)	$ (10,220,458)	$ (38,307,442)

The $(124,586,452) in unrestricted net deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by 3.8%, ($124,586,452) compared to $(129,519,435).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	$ 1,186,518	$ 3,047,865
Operating grants and contributions	72,876,060	43,964,101
General revenues		
Federal and State aid not restricted	72,976,727	65,849,456
Property taxes	48,440,490	43,926,665
Other general revenues	2,835,105	1,647,073
Total revenues	198,314,900	158,435,160
Expenses		
Instruction-related	111,372,343	95,047,368
Pupil services	13,339,082	10,895,587
Administration	11,352,046	7,069,769
Plant services	15,161,933	11,762,269
All other services	19,002,512	19,055,220
Total expenses	170,227,916	143,830,213
Change in net position	$ 28,086,984	$ 14,604,947

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $170,227,916. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $48,440,490 because the cost was paid by those who benefited from the programs ($1,186,518) or by other governments and organizations who subsidized certain programs with grants and contributions ($72,876,060). We paid for the remaining "public benefit" portion of our governmental activities with $75,811,832 in State unrestricted funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, plus all other services. As discussed above, net cost shows the financial burden taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related	$ 111,372,343	$ 95,047,368	$ (61,685,974)	$ (68,563,109)
Pupil services	13,339,082	10,895,587	(2,900,762)	(1,711,897)
Administration	11,352,046	7,069,769	(8,880,859)	(5,899,466)
Plant services	15,161,933	11,762,269	(12,851,708)	(10,589,258)
All other services	19,002,512	19,055,220	(9,846,035)	(10,054,517)
Total	$ 170,227,916	$ 143,830,213	$ (96,165,338)	$ (96,818,247)

The District provided employees a 7.5 percent on salary schedule increase retro to July 1, 2022.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $202,259,077, which is an increase of $22,898,343 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	$ 58,815,766	$ 174,503,165	$ 152,386,139	$ 80,932,792
Child Development Fund	5,791,538	6,691,970	6,798,480	5,685,028
Building Fund	25,744,981	14,944,518	16,949,483	23,740,016
Special Reserve Fund for Capital Outlay Projects	30,347,301	234,166	1,864,779	28,716,688
Bond Interest and Redemption Fund	44,319,526	7,761,453	7,296,897	44,784,082
Student Activity Fund	157,730	210,391	214,878	153,243
Cafeteria Fund	6,163,418	8,139,424	6,687,431	7,615,411
Capital Facilities Fund	8,020,474	3,977,787	1,366,444	10,631,817
Total	$ 179,360,734	$ 216,462,874	$ 193,564,531	$ 202,259,077

The primary reasons for these changes are:

- The General Fund ending fund balance increase includes new programs such as the Extended Learning Opportunity Program.
- The Building Fund ending fund balance decreased as the District issued a new series of the Measure T General Obligation Bonds and continued progress on modernization projects at schools.
- The Special Reserve Fund for Capital Outlay Projects decreased as a result of COP Debt Obligation Payments for Energy Project
- The Capital Facilities Fund received additional RDA revenues resulting in an increase to fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report. The primary changes in the General Fund were as follows:

- Revenue and expenditure revisions made to the 2022-2023 Budget were due to changes in state, federal, and local funding that occurred after the adoption of the original budget. Expenditure adjustments occur as categorical carry over funds are spent, changes in staffing occur throughout the year as well as the implementation of Board priorities.

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

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

At June 30, 2023, the District had $166,314,919 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land and construction in progress, buildings and improvements, equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $13,698,526 or 9.0%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	$ 21,257,050	$ 4,627,231
Buildings and improvements	140,047,786	143,160,112
Equipment	4,400,824	4,444,572
Right-to-use leased assets	212,577	384,478
Right-to-use subscription IT assets	396,682	-
Total	$ 166,314,919	$ 152,616,393

We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 5 to the financial statements.

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pension

At the year-end, the District had $252,615,594 in long-term liabilities other than OPEB and pension versus $238,663,650 last year, an increase of $13,951,944 or 5.8%.

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	$ 215,072,524	$ 199,553,759
Premium on issuance	5,721,680	4,942,744
Discount on issuance	(169,175)	(174,814)
2007 Certificates of participation (Qualified Zone Academy Bonds)	-	2,500,000
Certificates of participation	25,875,000	27,160,000
Premium on issuance	2,809,602	3,056,008
Leases	202,545	359,325
Supplemental early retirement plan (SERP)	1,698,762	-
Subscription-based IT arrangements	128,195	-
Compensated absences	1,276,461	1,266,628
Total	$ 252,615,594	$ 238,663,650

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

OPEB and Pension Liabilities

At the year-end, the District had an OPEB liability of $32,725,892, versus $30,610,661 last year, an increase of $2,115,231 or 6.9%.

We present more detailed information about our OPEB liability in Note 10 to the financial statements.

At the year-end, the District had an aggregate net pension liability of $114,870,170, versus $73,334,671 last year, an increase of $41,535,499 or 56.6%.

We present more detailed information about our aggregate net pension liability in Note 13 to the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW

The District continues to maintain a positive certification demonstrating that it can meet all fiscal obligations for the current and next two fiscal years.

The District maintains the goal of a seven percent Reserve for Economic Uncertainties.

The District along with Westminster Teachers Association (WTA) and the local California Service Employees Association (CSEA), continue the use of Interest Based Bargaining (IBB) in reaching agreements for 2022-2023.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the governing board and management followed the approved budget guidelines and used the following criteria:

The key assumptions in our revenue forecast are:

1. The LCFF funding levels based on the prior three-year average ADA with 8.22% COLA provided.
2. Federal and state categorical revenue projections also based on 2022-2023 levels, with 8.22% COLA provided.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Transitional Kindergarten through grade three	28:1	3,219
Elementary school grades four through six	30:1	2,605
Middle school grades six through eight	28.5:1	1,809

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, at Westminster School District, 14121 Cedarwood Avenue, Westminster, California, 92683.

	Governmental Activities
Assets	
Deposits and investments	$ 209,170,552
Receivables	13,063,237
Stores inventories	118,097
Other current assets	12,190
Capital assets not depreciated	21,257,050
Capital assets, net of accumulated depreciation	144,448,610
Right-to-use leased assets, net of accumulated amortization	212,577
Right-to-use subscription IT assets, net of accumulated amortization	396,682
Total assets	388,678,995
Deferred Outflows of Resources	
Deferred charge on refunding	2,656,468
Deferred outflows of resources related to other posteployment benefits (OPEB)	4,107,551
Deferred outflows of resources related to pensions	35,162,540
Total deferred outflows of resources	41,926,559
Liabilities	
Accounts payable	15,501,204
Interest payable	2,182,502
Unearned revenue	4,603,795
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,605,740
Long-term liabilities other than OPEB and pensions due in more than one year	247,009,854
OPEB liability	32,725,892
Aggregate net pension liability	114,870,170
Total liabilities	422,499,157
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	4,406,149
Deferred inflows of resources related to pensions	13,920,706
Total deferred inflows of resources	18,326,855
Net Position	
Net investment in capital assets	21,093,996
Restricted for	
Debt service	1,831,580
Capital projects	39,348,505
Educational programs	38,937,721
Other activities	13,154,192
Unrestricted (deficit)	(124,586,452)
Total net position (deficit)	$ (10,220,458)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 98,164,772	$ 11,693	$ 42,703,745	$ (55,449,334)
Instruction-related activities				
Supervision of instruction	5,962,863	2,295	6,664,849	704,281
Instructional library, media, and technology	820,291	-	1,311	(818,980)
School site administration	6,424,417	3,966	298,510	(6,121,941)
Pupil services				
Home-to-school transportation	1,585,939	-	-	(1,585,939)
Food services	6,347,107	53	8,514,955	2,167,901
All other pupil services	5,406,036	10,569	1,912,743	(3,482,724)
Administration				
Data processing	1,746,600	-	24	(1,746,576)
All other administration	9,605,446	2,322	2,468,841	(7,134,283)
Plant services	15,161,933	684,651	1,625,574	(12,851,708)
Ancillary services	218,003	-	210,449	(7,554)
Community services	7,695,286	28,493	7,180,937	(485,856)
Interest on long-term liabilities	10,041,765	-	-	(10,041,765)
Other outgo	1,047,458	442,476	1,294,122	689,140
Total governmental activities	$ 170,227,916	$ 1,186,518	$ 72,876,060	(96,165,338)
General Revenues and Subventions				
Property taxes, levied for general purposes				38,404,854
Property taxes, levied for debt service				6,146,522
Taxes levied for other specific purposes				3,889,114
Federal and State aid not restricted to specific purposes				72,976,727
Interest and investment earnings				1,665,725
Miscellaneous				1,169,380
Subtotal, general revenues and subventions				124,252,322
Change in Net Position				28,086,984
Net Position (Deficit) - Beginning				(38,307,442)
Net Position (Deficit) - Ending				$ (10,220,458)

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Assets			
Deposits and investments	$ 86,312,070	$ 25,506,513	$ 28,601,694
Receivables	10,060,632	82,463	359,714
Due from other funds	245,746	-	-
Stores inventories	26,950	-	-
Other current assets	-	-	12,190
Total assets	$ 96,645,398	$ 25,588,976	$ 28,973,598
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 12,068,132	$ 1,746,260	$ 256,910
Due to other funds	9,190	102,700	-
Unearned revenue	3,635,284	-	-
Total liabilities	15,712,606	1,848,960	256,910
Fund Balances			
Nonspendable	126,950	-	-
Restricted	38,937,721	23,740,016	28,716,688
Assigned	17,400,000	-	-
Unassigned	24,468,121	-	-
Total fund balances	80,932,792	23,740,016	28,716,688
Total liabilities and fund balances	$ 96,645,398	$ 25,588,976	$ 28,973,598

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 44,739,536	$ 24,010,739	$ 209,170,552
Receivables	44,546	2,515,882	13,063,237
Due from other funds	-	9,190	254,936
Stores inventories	-	91,147	118,097
Other current assets	-	-	12,190
Total assets	$ 44,784,082	$ 26,626,958	$ 222,619,012
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 1,429,902	$ 15,501,204
Due to other funds	-	143,046	254,936
Unearned revenue	-	968,511	4,603,795
Total liabilities	-	2,541,459	20,359,935
Fund Balances			
Nonspendable	-	299,490	426,440
Restricted	44,784,082	23,786,009	159,964,516
Assigned	-	-	17,400,000
Unassigned	-	-	24,468,121
Total fund balances	44,784,082	24,085,499	202,259,077
Total liabilities and fund balances	$ 44,784,082	$ 26,626,958	$ 222,619,012

Total Fund Balance - Governmental Funds		$ 202,259,077
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 239,391,374	
Accumulated depreciation is	(73,685,714)	
Net capital assets		165,705,660
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	556,379	
Accumulated amortization is	(343,802)	
Net right-to-use leased assets		212,577
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	539,314	
Accumulated amortization is	(142,632)	
Net right-to-use subscription IT assets		396,682
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,182,502)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	2,656,468	
Other postemployment benefits (OPEB) liability	4,107,551	
Aggregate net pension liability	35,162,540	
Total deferred outflows of resources		41,926,559
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
OPEB liability	(4,406,149)	
Aggregate net pension liability	(13,920,706)	
Total deferred inflows of resources		(18,326,855)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (114,870,170)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(32,725,892)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$(177,819,560)	
Premium on issuance of general obligation bonds	(5,721,680)	
Discount on issuance of general obligation bonds	169,175	
Certificates of participation	(25,875,000)	
Premium on issuance of certificates of participation	(2,809,602)	
Leases	(202,545)	
Supplemental early retirement plan (SERP)	(1,698,762)	
Subscription-based IT arrangements	(128,195)	
Compensated absences	(1,276,461)	
In addition, capital appreciation general obligation bonds issued. The accretion of interest to date on the general obligation bonds is	(37,252,964)	
Total long-term liabilities		(252,615,594)
Total net position (deficit) - governmental activities		$ (10,220,458)

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Revenues			
Local Control Funding Formula	$ 109,162,967	$ -	$ -
Federal sources	11,753,784	-	-
Other State sources	41,671,167	-	-
Other local sources	11,718,108	944,518	234,166
Total revenues	174,306,026	944,518	234,166
Expenditures			
Current			
Instruction	101,301,398	-	-
Instruction-related activities			
Supervision of instruction	6,246,875	-	-
Instructional library, media, and technology	834,341	-	-
School site administration	6,851,140	-	-
Pupil services			
Home-to-school transportation	1,577,058	-	-
Food services	22,293	-	-
All other pupil services	5,614,271	-	-
Administration			
Data processing	2,054,018	-	-
All other administration	7,445,751	-	-
Plant services	13,962,141	(2,377)	639,436
Ancillary services	3,264	-	-
Community services	1,762,297	-	-
Other outgo	1,047,458	-	-
Facility acquisition and construction	1,177,025	16,706,860	-
Debt service			
Principal	2,475,290	-	645,000
Interest and other	11,519	245,000	580,343
Total expenditures	152,386,139	16,949,483	1,864,779
Excess (Deficiency) of Revenues Over Expenditures	21,919,887	(16,004,965)	(1,630,613)
Other Financing Sources			
Other sources - proceeds from issuance of general obligation bonds	-	14,000,000	-
Other sources - premium from issuance of general obligation bonds	-	-	-
Other sources - SBITAs	197,139	-	-
Net Financing Sources	197,139	14,000,000	-
Net Change in Fund Balances	22,117,026	(2,004,965)	(1,630,613)
Fund Balance - Beginning	58,815,766	25,744,981	30,347,301
Fund Balance - Ending	$ 80,932,792	$ 23,740,016	$ 28,716,688

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ -	$ 109,162,967
Federal sources	-	5,850,558	17,604,342
Other State sources	28,101	7,869,055	49,568,323
Other local sources	6,635,224	5,299,959	24,831,975
Total revenues	6,663,325	19,019,572	201,167,607
Expenditures			
Current			
Instruction	-	103,897	101,405,295
Instruction-related activities			
Supervision of instruction	-	-	6,246,875
Instructional library, media, and technology	-	-	834,341
School site administration	-	-	6,851,140
Pupil services			
Home-to-school transportation	-	-	1,577,058
Food services	-	6,558,775	6,581,068
All other pupil services	-	39,896	5,654,167
Administration			
Data processing	-	-	2,054,018
All other administration	-	427,857	7,873,608
Plant services	-	64,255	14,663,455
Ancillary services	-	214,878	218,142
Community services	-	6,366,886	8,129,183
Other outgo	-	-	1,047,458
Facility acquisition and construction	-	-	17,883,885
Debt service			
Principal	3,425,000	890,434	7,435,724
Interest and other	3,871,897	400,355	5,109,114
Total expenditures	7,296,897	15,067,233	193,564,531
Excess (Deficiency) of Revenues Over Expenditures	(633,572)	3,952,339	7,603,076
Other Financing Sources			
Other sources - proceeds from issuance of general obligation bonds	-	-	14,000,000
Other sources - premium from issuance of general obligation bonds	1,098,128	-	1,098,128
Other sources - SBITAs	-	-	197,139
Net Financing Sources	1,098,128	-	15,295,267
Net Change in Fund Balances	464,556	3,952,339	22,898,343
Fund Balance - Beginning	44,319,526	20,133,160	179,360,734
Fund Balance - Ending	$ 44,784,082	$ 24,085,499	$ 202,259,077

Total Net Change in Fund Balances - Governmental Funds		$ 22,898,343
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlay to purchase, build, or lease capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Capital outlay	$ 18,256,942	
Depreciation and amortization expense	(4,556,488)	
Net expense adjustment		13,700,454
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(1,928)
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(197,139)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and special termination benefits earned and used.		(1,708,595)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		7,301,322
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and OPEB liability during the year.		(1,310,418)

Proceeds received from certificates of participation or sale of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following debt:	
General obligation bonds	$ (14,000,000)
Governmental funds report the effect of premiums when the debt is first issued, whereas the amounts are amortized in the Statement of Activities.	
Premium on issuance	(1,098,128)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities	
General obligation bonds	3,425,000
Qualified Zone Academy bonds	2,500,000
Certificates of participation	1,285,000
Leases	156,780
Subscription-based IT arrangements	68,944
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances	
Amortization of premium on issuance	565,598
Amortization of discount on issuance	(5,639)
Amortization of deferred charge on refunding	(225,057)
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and refunding certificates of participation increased by $323,788, and second, $4,943,765 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.	(5,267,553)
Change in net position of governmental activities	$ 28,086,984

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Westminster School District (the District) was organized in 1872 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District operates 13 elementary schools, three middle schools, a child-care program, and a special programs center.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component unit described below has a financial and operational relationship, which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No, 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Westminster School District and the Westminster School District Financing Corporation (the Corporation), as represented by the 2007 Certificates of Participation (Qualified Zone Academy Bonds) and the 2016 Refunding Certificates of Participation have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity,* for inclusion of the Corporation as a component unit of the District. The financial activity of the Corporation with respect to the 2016 Refunding Certificates of Participation is presented in the financial statements within the Capital Facilities Fund. The financial activity of the Corporation with respect to the 2007 Certificates of Participation (Qualified Zone Academy Bonds) is presented in the financial statements within the General Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Westminster School District Financing Corporation.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

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

Non-Major Governmental Funds

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

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

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

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

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

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

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

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

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

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

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

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

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

Investments

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds." These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $93,271,998 of restricted net position.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 209,170,552

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

Cash on hand and in banks	$ 1,862,515
Cash with fiscal agent	64,083
Cash in revolving	100,900
Investments	207,143,054
Total deposits and investments	$ 209,170,552

Policies and Practices

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

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

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by *California Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Investments Authorized Under Debt Agreement

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Federal Financing Bank	N/A	None	None
Export-Import Bank	N/A	None	None
Rural Economic Community Development Administration	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsered Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool and LAIF and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
Orange County Treasury Investment Pool	$ 145,677,468	225
Local Agency Investment Fund (LAIF)	10,022,118	260
U.S. Treasury Notes State and Local Government Series	10,086,520	8/1/2023
U.S. Treasury Notes	26,312,970	7/31/2023
U.S. Bank Money Market Fund	18,978	1
Income Producing Properties	15,025,000	N/A
Total	$ 207,143,054	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Orange County Treasury Investment Pool has been rated Aaa by Moody’s Investor Service. The District’s investments in the LAIF are not required to be rated, nor have they been rated as of June 30, 2023. The US Bank Money Market Funds are rated Aaa-mf by Moody's Investor Service. U.S. Treasury Notes and Local Government Series and the U.S. Treasury Notes are rated Aaa by Moody's Investor Service. The investment in Income Producing Properties is not required to be rated.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District was exposed to $924,573 of custodial credit risk, as these funds were uninsured and not collateralized.

Note 3 - Fair Value Measurements

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

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

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

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

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Notes State and Local Government Series	$ 10,086,520	$ 10,086,520	$ -	$ -
U.S. Treasury Notes	26,312,970	26,312,970	-	-
U.S. Bank Money Market Fund	18,978	-	18,978	-
Income Producing Properties	15,025,000	-	-	15,025,000
Total	$ 51,443,468	$ 36,399,490	$ 18,978	$ 15,025,000

Investments not measured for fair value or subject to fair value hierarchy:	
Orange County Treasury Investment Pool	$ 145,677,468
Local Agency Investment Fund	10,022,118
Total investments	$ 207,143,054

Note 4 - Receivables

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	$ 4,213,014	$ -	$ -	$ -	$ 1,390,862	$ 5,603,876
State Government						
Categorical aid	2,945,119	-	-	-	943,262	3,888,381
Lottery	446,932	-	-	-	-	446,932
Special education	1,704,374	-	-	-	-	1,704,374
Local Government						
Interest	430,577	82,463	9,171	44,546	62,008	628,765
Other local sources	320,616	-	350,543	-	119,750	790,909
Total	$ 10,060,632	$ 82,463	$ 359,714	$ 44,546	$ 2,515,882	$ 13,063,237

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

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,274,911	$ -	$ -	$ 3,274,911
Construction in progress	1,352,320	16,629,819	-	17,982,139
Total capital assets not being depreciated	4,627,231	16,629,819	-	21,257,050
Capital assets being depreciated				
Land improvements	7,288,276	398,991	-	7,687,267
Buildings and improvements	193,638,362	31,732	-	193,670,094
Furniture and equipment	16,146,529	657,086	(26,652)	16,776,963
Total capital assets being depreciated	217,073,167	1,087,809	(26,652)	218,134,324
Total capital assets	221,700,398	17,717,628	(26,652)	239,391,374
Accumulated depreciation				
Land improvements	(7,017,312)	(94,766)	-	(7,112,078)
Buildings and improvements	(50,749,214)	(3,463,130)	14,847	(54,197,497)
Furniture and equipment	(11,701,957)	(684,059)	9,877	(12,376,139)
Total accumulated depreciation	(69,468,483)	(4,241,955)	24,724	(73,685,714)
Net depreciable capital assets	147,604,684	(3,154,146)	(1,928)	144,448,610
Total capital assets, net	152,231,915	13,475,673	(1,928)	165,705,660
Right-to-use leased assets being amortized				
Furniture and equipment	556,379	-	-	556,379
Accumulated amortization				
Furniture and equipment	(171,901)	(171,901)	-	(343,802)
Net right-to-use leased assets	384,478	(171,901)	-	212,577
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	-	539,314	-	539,314
Accumulated amortization	-	(142,632)	-	(142,632)
Net right-to-use subscription IT assets	-	396,682	-	396,682
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 152,616,393	$ 13,700,454	$ (1,928)	$ 166,314,919

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 3,592,252
Supervision of instruction	5,073
Instructional library, media, and technology	28,175
School site administration	47,472
Home-to-school transportation	223,916
Food services	95,045
Community services	30,541
Data processing	168,344
All other administration	227,946
Plant services	137,724
Total depreciation and amortization expenses governmental activities	$ 4,556,488

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, are as follows:

	Due From			
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 102,700	$ 143,046	$ 245,746
Non-Major Governmental Funds	9,190	-	-	9,190
Total	$ 9,190	$ 102,700	$ 143,046	$ 254,936

The balance of $9,190 is due from the General Fund to the Child Development Non-Major Governmental Fund for program related services.

A balance of $122,905 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits, indirect costs, and other operating expenditures.

The balance of $102,700 is due from the Building Fund to the General Fund for construction-related costs.

A balance of $20,141 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits, indirect costs, and other operating expenditures.

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Salaries and benefits	$ 6,327,829	$ -	$ -	$ 1,114,265	$ 7,442,094
Due to CDE	2,072,422	-	-	-	2,072,422
Other vendor payables	3,667,881	1,746,260	256,910	315,637	5,986,688
Total	$ 12,068,132	$ 1,746,260	$ 256,910	$ 1,429,902	$ 15,501,204

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 3,623,833	$ 291,074	$ 3,914,907
State categorical aid	11,451	677,437	688,888
Total	$ 3,635,284	$ 968,511	$ 4,603,795

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

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation bonds	$ 199,553,759	$ 18,943,765	$ (3,425,000)	$ 215,072,524	$ 3,415,000
Premium on issuance	4,942,744	1,098,128	(319,192)	5,721,680	-
Discount on issuance	(174,814)	-	5,639	(169,175)	-
2007 Certificates of participation (Qualified Zone Academy Bonds)	2,500,000	-	(2,500,000)	-	-
Certificates of participation	27,160,000	-	(1,285,000)	25,875,000	1,400,000
Premium on issuance	3,056,008	-	(246,406)	2,809,602	-
Leases	359,325	-	(156,780)	202,545	161,952
Supplemental early retirement plan (SERP)	-	1,698,762	-	1,698,762	566,254
Subscription-based IT arrangements	-	197,139	(68,944)	128,195	62,534
Compensated absences	1,266,628	9,833	-	1,276,461	-
Total	$ 238,663,650	$ 21,947,627	$ (7,995,683)	$ 252,615,594	$ 5,605,740

Payments on the general obligation bonds will be made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation (qualified zone academy bonds) and certificates of participation are made by the Capital Facilities Fund and the Special Reserve Fund for Capital Outlay Projects. The General Fund will make payments for the leases, SBITAs, and SERP. Compensated absences will be paid by the General Fund, Child Development Fund, and Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
9/24/2009	8/1/2034	0.75-5.79%	$ 34,995,681	$ 14,101,645	$ -	$ 841,859	$ (1,765,000)	$ 13,178,504
3/28/2013	8/1/2052	0.60-5.70%	20,998,754	33,246,977	-	2,007,617	(295,000)	34,959,594
12/5/2013	8/1/2053	0.30-7.15%	22,324,916	33,670,137	-	2,094,289	(390,000)	35,374,426
2/17/2016	8/1/2034	0.38-3.18%	21,330,000	20,630,000	-	-	(100,000)	20,530,000
2/2/2017	8/1/2046	0.98-4.00%	18,000,000	13,985,000	-	-	(705,000)	13,280,000
10/5/2017	8/1/2053	3.38%	4,925,000	4,925,000	-	-	-	4,925,000
10/5/2017	8/1/2053	3.83-4.03%	29,740,000	29,740,000	-	-	-	29,740,000
11/8/2018	8/1/2048	4.00-5.00%	14,000,000	13,270,000	-	-	(80,000)	13,190,000
12/9/2020	8/1/2050	0.33-4.00%	15,000,000	14,880,000	-	-	-	14,880,000
12/9/2020	8/1/2031	0.834-2.104%	6,105,000	6,105,000	-	-	-	6,105,000
5/18/2022	8/1/2051	2.10%-5.00%	15,000,000	15,000,000	-	-	(90,000)	14,910,000
3/14/2023	8/1/2051	4.00%-5.00%	14,000,000	-	14,000,000	-	-	14,000,000
				$ 199,553,759	$ 14,000,000	$ 4,943,765	$ (3,425,000)	$ 215,072,524

2008 General Obligation Bonds, Series 2009A-1

In September 2009, the District issued the $34,995,681 Election of 2008 General Obligation Bonds, Series 2009A-1. The Series 2009A-1 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $15,154,319, and an aggregate principal debt service balance of $50,150,000. The bonds have a final maturity of August 1, 2034, with interest rates ranging from 0.75 to 5.79%. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of certain District schools, sites, and facilities and to pay the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2009A-1 was $13,178,504.

2008 General Obligation Bond, Series 2013A

In March 2013, the District issued $20,998,754 Election of 2008 General Obligation Bonds, Series 2013A. The Series 2013A bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $45,656,246, and an aggregate principal debt service balance of $66,655,000. The bonds have a final maturity of August 1, 2052, with interest rates ranging from 0.60 to 5.70%. Proceeds from the sale of the bonds were used to pay the Westminster School District General Obligation Bond Anticipation Notes, 2008 Election, Series A on their maturity date; and to finance the acquisition, construction, modernization, and equipping of certain District schools, sites, and facilities and to pay the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2013A was $34,959,594.

2008 General Obligation Bond, Series 2013B

In December 2013, the District issued $22,324,916 Election of 2008 General Obligation Bonds, Series 2013B. The Series 2013B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $105,482,744, and an aggregate principal debt service balance of $127,807,660. The bonds have a final maturity of August 1, 2053, with interest rates ranging from 0.30 to 7.15%. Proceeds from the sale of the bonds were used to pay the Westminster School District General Obligation Bond Anticipation Notes, 2008 Election, Series B on their maturity date; and to finance certain school facilities projects, and facilities and to pay the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2013B was $35,374,426.

2016 General Obligation Refunding Bonds

In February 2016, the District issued $21,330,000 2016 General Obligation Refunding Bonds. The 2016 General Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2034, with interest rates ranging from 0.38 to 3.18%. Proceeds from the sale of the bonds were used to provide refunding of $19,980,000 in current interest bonds associated with the District's 2008 General Obligation Bonds, Series 2009A-1 that were issued in the amount of $34,995,681. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Refunding Bonds was $20,530,000.

2016 General Obligation Bonds, Series A

In February 2017, the District issued the $18,000,000 2016 General Obligation Bonds, Series A. The Series A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 0.98 to 4.00%. Proceeds from the sale of the bonds will be used to finance the renovation, construction, and improvement of school facilities. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series A was $13,280,000.

2017 General Obligation Refunding Bonds, Series A (Crossover Refunding)

In October 2017, the District issued the $4,925,000 General Obligation Refunding Bonds, Series A (Crossover Refunding). The Series A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2053, with an interest rate of 3.38%. Proceeds from the sale of the bonds will be used to provide advance refunding, on the crossover date of August 1, 2023, of the District's 2008 General Obligation Bonds, Series 2013B. At June 30, 2023, the principal balance outstanding of the 2017 General Obligation Refunding Bonds, Series A (Crossover Refunding) was $4,925,000. At June 30, 2023, the District had $4,260,655 in assets held in a trust. These assets are used to make the debt service payments on the 2017 General Obligation Refunding Bonds, Series A until the crossover date of August 1, 2023.

2017 General Obligation Refunding Bonds, Series B (Crossover Refunding)

In October 2017, the District issued the $29,740,000 General Obligation Refunding Bonds, Series B (Crossover Refunding). The Series B bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2053, with interest rates ranging from 3.83 to 4.03%. Proceeds from the sale of the bonds will be used to provide advance refunding, on the crossover date of August 1, 2023, of the District's 2008 General Obligation Bonds, Series 2013B. At June 30, 2023, the principal balance outstanding of the 2017 General Obligation Refunding Bonds, Series B (Crossover Refunding) was $29,740,000. At June 30, 2023, the District had $25,228,608 in assets held in a trust. These assets are used to make the debt service payments on the 2017 General Obligation Refunding Bonds, Series B until the crossover date of August 1, 2023.

2016 General Obligation Bonds, Series B

In November 2018, the District issued the $14,000,000 2016 General Obligation Bonds, Series B. The Series B bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2048, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds will be used to finance the renovation, construction, and improvement of school facilities. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series B was $13,190,000.

2016 General Obligation Bonds, Series C

In December 2020, the District issued the $15,000,000 2016 General Obligation Bonds, Series C. The Series C bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2050, with interest rates ranging from 0.33 to 4.00%. Proceeds from the sale of the bonds will be used to finance the renovation, construction, and improvement of school facilities. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series C was $14,880,000.

2020 General Obligation Refunding Bonds (Crossover Refunding)

In December 2020, the District issued the $6,105,000 General Obligation Refunding Bond (Crossover Refunding). The 2020 General Obligation Refunding Bonds (Crossover Refunding) were issued as current interest bonds. The bonds have a final maturity of August 1, 2031, with interest rates ranging from 0.834 to 2.104%. Proceeds from the sale of the bonds will be used to provide advance refunding, on the crossover date of August 1, 2023, of the District's 2008 General Obligation Bonds, Series 2013B. At June 30, 2023, the principal balance outstanding of the 2020 General Obligation Refunding Bonds (Crossover Refunding) was $6,105,000. At June 30, 2023, the District had $5,825,868 in assets held in a trust. These assets are used to make the debt service payments on the 2020 General Obligation Refunding Bonds until the crossover date of August 1, 2023.

2016 General Obligation Bonds, Series D

In May 2022, the District issued the $15,000,000 2016 General Obligation Bonds, Series D. The Series D bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2051, with interest rates ranging from 2.10 to 5.00%. Proceeds from the sale of the bonds will be used to finance the renovation, construction, and improvement of school facilities. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series D was $14,910,000.

2016 General Obligation Bonds, Series E

In March 2023, the District issued the $14,000,000 2016 General Obligation Bonds, Series E. The Series E bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2051, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds will be used to finance the renovation, construction, and improvement of school facilities. At June 30, 2023, the principal balance outstanding of the 2016 General Obligation Bonds, Series E was $14,000,000.

The Bonds mature through 2054 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2024	$ 3,336,149	$ 78,851	$ 5,382,735	$ 8,797,735
2025	4,050,392	254,608	5,478,085	9,783,085
2026	3,866,140	438,860	5,435,156	9,740,156
2027	3,827,817	547,183	5,374,042	9,749,042
2028	4,089,048	735,952	5,341,096	10,166,096
2029-2033	27,895,206	5,584,794	26,049,154	59,529,154
2034-2038	38,484,825	10,475,175	20,592,320	69,552,320
2039-2043	33,800,354	23,851,081	20,827,788	78,479,223
2044-2048	40,599,275	32,278,555	26,845,532	99,723,362
2049-2053	44,517,436	37,925,959	35,589,707	118,033,102
2054	10,605,882	11,629,119	166,430	22,401,431
Total	$ 215,072,524	$ 123,800,137	$ 157,082,045	$ 495,954,706

Certificates of Participation

The outstanding certificate of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
3/31/2016	12/1/2034	2.00-5.00%	$ 14,370,000	$ 10,790,000	$ -	$ (640,000)	$ 10,150,000
2/15/2021	5/1/2035	2.00-4.00%	17,710,000	16,370,000	-	(645,000)	15,725,000
				$ 27,160,000	$ -	$ (1,285,000)	$ 25,875,000

2007 Certificates of Participation (Qualified Zone Academy Bonds)

In December 2007, the District, pursuant to a sublease agreement with Westminster School District Financing Corporation (the Corporation), issued $2,500,000 Certificates of Participation, 2007 Series A (Qualified Zone Academy Bonds). The Certificates were issued at an aggregate price of $2,413,900 (representing the principal amount of $2,500,000 less issuance costs of $86,100). The District had been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed $2,500,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance the District's Education Technology Plan. The District and the Corporation, in order to facilitate the financing of project under the QZAB Program, entered into a lease agreement by which the District leased to the Corporation those certain parcels of real property located within the District and pursuant to a sublease, the Corporation subleased the property to the District, with the District required to pay base rental to the Corporation. At June 30, 2023, the principal balance had been paid off.

2016 Refunding Certificates of Participation

In March 2016, the District issued the 2016 Refunding Certificates of Participation in the amount of $14,370,000. The Certificates have a final maturity date of December 1, 2034, with interest rates ranging from 2.00 to 5.00%. Proceeds from the Certificates were used to provide funds to refinance the District's 2006 Refunding Certificates of Participation and to pay for cost of issuance. As of June 30, 2023, the principal balance outstanding was $10,150,000.

2021 Certificates of Participation (Refinancing of 2015 Energy Conservation Projects)

In February 2021, the District issued the 2021 Certificates of Participation (Refinancing of 2015 Energy Conservation Projects) in the amount of $17,710,000. The Certificates have a final maturity date of May 1, 2035, with interest rates ranging from 2.00 to 4.00%. Proceeds from the Certificates were used to provide funds to refinance on a current basis an outstanding tax-exempt lease obligation relating to energy efficiency equipment and to pay for cost of issuance. As of June 30, 2023, the principal balance outstanding was $15,725,000.

The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,400,000	$ 909,863	$ 2,309,863
2025	1,520,000	846,413	2,366,413
2026	1,655,000	777,613	2,432,613
2027	1,795,000	707,113	2,502,113
2028	1,940,000	634,613	2,574,613
2028-2032	11,780,000	1,955,713	13,735,713
2033-2035	5,785,000	195,641	5,980,641
Total	$ 25,875,000	$ 6,026,969	$ 31,901,969

Leases

The District has entered into agreements to lease various equipment. At June 30, 2023, the District has recognized right-to-use assets of $212,577 (net of accumulated amortization) and a lease liability of $202,545 related to these agreements. The District is required to make principal and interest payments through fiscal year 2025. The lease agreements have interest rate of 4.00%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 161,952	$ 5,136	$ 167,088
2025	40,593	271	40,864
Total	$ 202,545	$ 5,407	$ 207,952

Supplemental Early Retirement Plan (SERP)

The District offered a supplemental early retirement incentive plan through the Public Agency Retirement System (PARS). The plan was offered to eligible employees who retired on or before June 30, 2023. The District purchased an annuity through PARS for the employees. Benefit payments are scheduled to be paid over a three year period beginning July 1, 2023. Future payments are as follows:

Year Ending June 30,	Lease Payment
2024	$ 566,254
2025	566,254
2026	566,254
Total	$ 1,698,762

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITA agreements for the use of instructional software. As of June 30, 2023, the District recognized a right-to-use subscriptions IT asset of $396,682 and a subscriptions liability of $128,195 related to these agreements. During the fiscal year, the District recorded $142,632 in amortization expense. The District is required to make annual principal and interest payments through September 2024. The subscription has an interest rate of 5.0%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 62,534	$ 6,410	$ 68,944
2025	65,661	3,283	68,944
Total	$ 128,195	$ 9,693	$ 137,888

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $1,276,461.

Note 10 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 32,218,181	$ 4,107,551	$ 4,406,149	$ 2,588,660
Medicare Premium Payment (MPP) Program	507,711	-	-	(107,607)
Total	$ 32,725,892	$ 4,107,551	$ 4,406,149	$ 2,481,053

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At July 1, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	43
Active employees	730
Total	773

Benefits Provided

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

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Westminster Teachers Association (WTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements. For fiscal year 2022-2023, the District paid $1,170,636 for benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $32,218,181 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70% for 2023
Salary increases	2.75%, average, including inflation
Discount rate	4.13% for 2023
Healthcare cost trend rates	7.00% for 2023

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 29,995,343
Service cost	1,443,408
Interest	1,262,145
Changes of assumptions	687,921
Benefit payments	(1,170,636)
Net change in total OPEB liability	2,222,838
Balance, June 30, 2023	$ 32,218,181

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% in 2022 to 4.13% in 2023.

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

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

Discount Rate	Total OPEB Liability
1% decrease (3.13%)	$ 34,465,588
Current discount rate (4.13%)	32,218,181
1% increase (5.13%)	30,067,923

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (6.00%)	$ 28,997,187
Current healthcare cost trend rate (7.00%)	32,218,181
1% increase (8.00%)	35,935,551

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

For the year ended June 30, 2023, the District recognized OPEB expense of $2,588,660. At June 30, 2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	$ -	$ 4,210,054
Changes of assumptions	4,107,551	196,095
Total	$ 4,107,551	$ 4,406,149

The deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (116,893)
2025	(116,893)
2026	(138,317)
2027	(163,508)
2028	103,296
Thereafter	133,717
Total	$ (298,598)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $507,711 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1541%, and 0.1543%, resulting in a net decrease in the proportionate share of 0.0002%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(107,607).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 553,502
Current discount rate (3.54%)	507,711
1% increase (4.54%)	468,061

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 465,843
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	507,711
1% increase (5.50% Part A and 6.40% Part B)	555,169

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 100,000	$ -	$ -	$ -	$ 900	$ 100,900
Stores inventories	26,950	-	-	-	298,590	325,540
Total nonspendable	126,950	-	-	-	299,490	426,440
Restricted						
Legally restricted programs	38,937,721	23,740,016	-	-	5,838,271	68,516,008
Food service	-	-	-	-	7,315,921	7,315,921
Capital projects	-	-	28,716,688	-	10,631,817	39,348,505
Debt service	-	-	-	44,784,082	-	44,784,082
Total restricted	38,937,721	23,740,016	28,716,688	44,784,082	23,786,009	159,964,516
Assigned						
HVAC site projects	16,000,000	-	-	-	-	16,000,000
Technology Device Refresh	750,000	-	-	-	-	750,000
Textbook adoptions	500,000	-	-	-	-	500,000
School safety improvements	150,000	-	-	-	-	150,000
Total assigned	17,400,000	-	-	-	-	17,400,000
Unassigned						
Reserve for economic uncertainties	10,683,841	-	-	-	-	10,683,841
Remaining unassigned	13,784,280	-	-	-	-	13,784,280
Total unassigned	24,468,121	-	-	-	-	24,468,121
Total	$ 80,932,792	$ 23,740,016	$ 28,716,688	$ 44,784,082	$ 24,085,499	$ 202,259,077

Note 12 - Risk Management

Property and Liability

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

Workers' Compensation

For the fiscal year ending 2023, the District participated in the Northern Orange County Self-Funded Workers' Compensation Insurance Agency (the Agency), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC III), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pools comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 71,359,781	$ 20,886,083	$ 11,031,236	$ 6,414,746
CalPERS	43,510,389	14,276,457	2,889,470	4,541,233
Total	$ 114,870,170	$ 35,162,540	$ 13,920,706	$ 10,955,979

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $33,573,762.

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

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

Total Net Pension Liability, including State share	
Proportionate share of net pension liability	$ 71,359,781
State's proportionate share of the net pension liability	35,736,699
Total	$ 107,096,480

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1027% and 0.1026%, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2023, the District recognized pension expense of $6,414,746. In addition, the District recognized pension expense and revenue of $2,882,141 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,533,530	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,755,090	2,191,109
Differences between projected and actual earnings on pension plan investments	-	3,489,632
Differences between expected and actual experience in the measurement of the total pension liability	58,537	5,350,495
Changes of assumptions	3,538,926	-
Total	$ 20,886,083	$ 11,031,236

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (2,563,394)
2025	(2,777,003)
2026	(4,171,623)
2027	6,022,388
Total	$ (3,489,632)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,430,080
2025	(430,899)
2026	(379,757)
2027	(314,841)
2028	(80,256)
Thereafter	(413,378)
Total	$ 810,949

Actuarial Methods and Assumptions

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

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 121,195,374
Current discount rate (7.10%)	71,359,781
1% increase (8.10%)	29,981,254

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $5,723,771.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $43,510,389. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1265% and 0.1310%, resulting in a net decrease in the proportionate share of 0.0045%.

For the year ended June 30, 2023, the District recognized pension expense of $4,541,233. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,723,771	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,806,875
Differences between projected and actual earnings on pension plan investments	5,137,394	-
Differences between expected and actual experience in the measurement of the total pension liability	196,641	1,082,595
Changes of assumptions	3,218,651	-
Total	$ 14,276,457	$ 2,889,470

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

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

Year Ended June 30,	Deferred Outflows of Resources
2024	$ 856,754
2025	759,882
2026	388,158
2027	3,132,600
Total	$ 5,137,394

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 200,418
2025	115,872
2026	278,484
2027	(68,952)
Total	$ 525,822

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 62,852,959
Current discount rate (6.90%)	43,510,389
1% increase (7.90%)	27,524,465

Public Agency Retirement System (PARS)

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the PARS as its alternative plan. Contributions made by the District ad an employee vest immediately. The District contributes 3.75% of an employee's gross earnings. An employee is required to contribute 3.75% of his or her gross earnings to the pension plan. The District's contributions to PARS for fiscal years ending June 30, 2023, 2022, and 2021, were $60,845, $107,431, and $90,500, respectively.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,732,919 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
HVAC - Anderson Elementary School	$ 292,740	March 2024
HVAC - DeMille Elementary School	392,046	March 2024
Total	$ 684,786	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other related Party Transactions

The District is a member of the Northern Orange County Liability and Property Self-Insurance Authority, Northern Orange County Self-Funded Workers' Compensation Insurance Agency, and the Self-Insured Schools of California III for property and liability, workers' compensation and health and welfare insurance coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $979,491, $1,792,853, and $9,581,357 to Northern Orange County Liability and Property Self-Insurance Authority, Northern Orange County Self-Funded Workers' Compensation Insurance Agency, and Self-Insured Schools of California III, respectively, for its property and liability, workers' compensation, and health and welfare insurance premiums.

Note 16 - Adoption of New Accounting Standard

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

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 101,367,099	$ 108,365,171	$ 109,162,967	$ 797,796
Federal sources	34,763,248	32,680,685	11,753,784	(20,926,901)
Other State sources	14,907,702	39,456,294	41,671,167	2,214,873
Other local sources	9,337,857	9,478,408	11,718,108	2,239,700
Total revenues	160,375,906	189,980,558	174,306,026	(15,674,532)
Expenditures				
Current				
Certificated salaries	55,785,953	67,898,481	67,284,026	614,455
Classified salaries	19,325,822	21,005,392	20,905,979	99,413
Employee benefits	30,824,266	34,069,891	36,496,704	(2,426,813)
Books and supplies	45,337,741	39,537,432	6,684,829	32,852,603
Services and operating expenditures	13,073,313	20,218,292	17,142,876	3,075,416
Other outgo	415,088	385,570	828,139	(442,569)
Capital outlay	1,517,722	2,603,117	556,777	2,046,340
Debt service				
Debt service - principal	-	-	2,475,290	(2,475,290)
Debt service - interest and other	-	-	11,519	(11,519)
Total expenditures	166,279,905	185,718,175	152,386,139	33,332,036
Excess (Deficiency) of Revenues Over Expenditures	(5,903,999)	4,262,383	21,919,887	17,657,504
Other Financing Sources (Uses)				
Other sources - proceeds from issuance of SBITAs	-	-	197,139	197,139
Transfers out	(493,872)	(493,872)	-	493,872
Net Financing Sources (Uses)	(493,872)	(493,872)	197,139	691,011
Net Change in Fund Balances	(6,397,871)	3,768,511	22,117,026	18,348,515
Fund Balance - Beginning	58,815,766	58,815,766	58,815,766	-
Fund Balance - Ending	$ 52,417,895	$ 62,584,277	$ 80,932,792	$ 18,348,515

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 1,443,408	$ 1,659,106	$ 1,576,064
Interest	1,262,145	665,402	746,354
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(465,393)	-
Changes of assumptions	687,921	(259,351)	919,925
Benefit payments	(1,170,636)	(931,621)	(789,819)
Net change in total OPEB liability	2,222,838	668,143	2,452,524
Total OPEB Liability - Beginning	29,995,343	29,327,200	26,874,676
Total OPEB Liability - Ending	$ 32,218,181	$ 29,995,343	$ 29,327,200
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,092,665	$ 1,090,836	$ 1,079,406
Interest	791,892	814,553	809,932
Changes of benefit terms	747,236	-	395,076
Difference between expected and actual experience	(7,825,443)	-	-
Changes of assumptions	5,416,963	394,878	305,438
Benefit payments	(1,269,642)	(1,235,761)	(1,052,639)
Net change in total OPEB liability	(1,046,329)	1,064,506	1,537,213
Total OPEB Liability - Beginning	27,921,005	26,856,499	25,319,286
Total OPEB Liability - Ending	$ 26,874,676	$ 27,921,005	$ 26,856,499
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1541%	0.1543%	0.1427%
Proportionate share of the net OPEB liability	$ 507,711	$ 615,318	$ 695,491
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1697%	0.1689%	0.1709%
Proportionate share of the net OPEB liability	$ 631,772	$ 646,321	$ 718,973
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disc

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.1027%	0.1026%	0.0942%	0.0959%	0.0941%
Proportionate share of the net pension liability	$ 71,359,781	$ 46,704,318	$ 91,274,195	$ 86,613,919	$ 86,461,126
State's proportionate share of the net pension liability	35,736,699	23,499,801	47,051,858	47,253,675	49,503,039
Total	$ 107,096,480	$ 70,204,119	$ 138,326,053	$ 133,867,594	$ 135,964,165
Covered payroll	$ 59,965,816	$ 55,197,127	$ 52,401,901	$ 51,175,135	$ 49,592,737
Proportionate share of the net pension liability as a percentage of its covered payroll	119%	85%	174%	169%	174%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0944%	0.0956%	0.0963%	0.0927%
Proportionate share of the net pension liability	$ 87,296,936	$ 77,330,644	$ 64,859,171	$ 54,192,439
State's proportionate share of the net pension liability	51,644,130	44,022,956	34,303,352	32,723,735
Total	$ 138,941,066	$ 121,353,600	$ 99,162,523	$ 86,916,174
Covered payroll	$ 49,189,936	$ 46,997,661	$ 43,552,162	$ 41,761,702
Proportionate share of the net pension liability as a percentage of its covered payroll	177%	165%	149%	130%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.1265%	0.1310%	0.1351%	0.1319%	0.1371%
Proportionate share of the net pension liability	$ 43,510,389	$ 26,630,353	$ 41,464,625	$ 38,443,494	$ 36,562,486
Covered payroll	$ 18,488,835	$ 18,779,662	$ 19,471,396	$ 17,857,031	$ 17,873,427
Proportionate share of the net pension liability as a percentage of its covered payroll	235%	142%	213%	215%	205%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.1382%	0.1408%	0.1380%	0.1350%
Proportionate share of the net pension liability	$ 32,997,952	$ 27,814,919	$ 20,341,379	$ 15,321,294
Covered payroll	$ 17,664,675	$ 16,817,692	$ 15,069,153	$ 14,187,342
Proportionate share of the net pension liability as a percentage of its covered payroll	187%	165%	135%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 12,533,530	$ 10,146,216	$ 8,914,336	$ 8,960,725	$ 8,331,312
Less contributions in relation to the contractually required contribution	12,533,530	10,146,216	8,914,336	8,960,725	8,331,312
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 65,620,576	$ 59,965,816	$ 55,197,127	$ 52,401,901	$ 51,175,135
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 7,156,232	$ 6,188,094	$ 5,042,849	$ 3,867,432
Less contributions in relation to the contractually required contribution	7,156,232	6,188,094	5,042,849	3,867,432
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 49,592,737	$ 49,189,936	$ 46,997,661	$ 43,552,162
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 5,723,771	$ 4,235,792	$ 3,887,390	$ 3,839,954	$ 3,225,337
Less contributions in relation to the contractually required contribution	5,723,771	4,235,792	3,887,390	3,839,954	3,225,337
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,561,179	$ 18,488,835	$ 18,779,662	$ 19,471,396	$ 17,857,031
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 2,775,922	$ 2,453,270	$ 1,992,392	$ 1,773,790
Less contributions in relation to the contractually required contribution	2,775,922	2,453,270	1,992,392	1,773,790
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 17,873,427	$ 17,664,675	$ 16,817,692	$ 15,069,153
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – The discount rate changed from 4.09% in 2022 to 4.13% in 2023.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,307,220
Title II, Part A, Supporting Effective Instruction	84.367	14341	466,485
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	201,880
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	75,407
Early Intervention Grants, Part C	84.181	23761	40,000
Title III, Immigrant Student Program	84.365	15146	506,245
COVID-19: American Rescue Plan-Elementary and Secondary School Emergency Relief II Fund (ARP ESSER II)	84.425D	15547	3,198,737
COVID-19: American Rescue Plan-Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	322,962
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	74,066
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	11,829
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	324,804
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	1,112,097
COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-Homeless I)	84.425W	15564	36,069
COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY II)	84.425W	15566	20,103
Subtotal			5,100,667
Passed Through West Orange County SELPA			
Special Education (IDEA) Cluster			
COVID-19: Special Ed: ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	321,257
COVID-19: Special Ed: ARP IDEA Part B, Sec 611, Local Assistance Coordinated Early Intervening Services	84.027	10170	56,693
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,549,370
COVID-19: Special Ed: ARP IDEA Part B, Sec 611, Preschool Grants	84.173	15369	46,717
COVID-19: Special Ed: ARP IDEA Part B, Sec 611, Preschool Grants Coordinated Early Intervening Services	84.173	10171	8,244
Special Ed: IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	84.173	13430	71,574
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,027
Total Special Education (IDEA) Cluster			2,055,882
Total U.S. Department of Education			11,753,786

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Child Care and Development Fund (CCDF) Cluster			
Passed Through California Department of Social Services			
COVID-19: ARP California State Preschool Program			
One-time Stipend	93.575	15640	$ 133,839
Subtotal CCDF Cluster			133,839
Total U.S. Department of Health and Human Services			133,839
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Breakfast Program Severe Need	10.553	13526	760,403
School Programs (NSL Sec 4)	10.555	13523	936,593
School Programs (NSL Sec 11)	10.555	13524	3,082,119
Commodities	10.555	13524	500,812
Subtotal			4,519,524
Total Child Nutrition Cluster			5,279,927
Pass Through California Department of Social Services			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	531,094
CCFP Cash in Lieu of Commodities	10.558	13534	39,535
Subtotal			570,629
Total U.S. Department of Agriculture			5,090,153
Total Federal Financial Assistance			$ 17,738,181

ORGANIZATION

The Westminster School District was established in 1872 and covers the Westminster area of Orange County. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates 13 elementary schools, three middle schools, a child-care program, and a special programs center. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
David Johnson	President	2024
Frances Nguyen	Vice President	2024
Jeremy Khalaf	Clerk	2025
Tina Gustin-Gurney	Member	2025
Khanh Nguyen	Member	2025

ADMINISTRATION

MEMBER	OFFICE
Dr. Gunn Marie Hansen	Superintendent
Dr. Richard Noblett	Assistant Superintendent, Educational Services
Manuel Cardoso	Assistant Superintendent, Business Services
Rich Montgomery	Assistant Superintendent, Human Resources

	Final Report	
	Revised Second Period Report B9EA110B	Revised Annual Report 477712A0
Regular ADA		
Transitional kindergarten through third	3,204.48	3,243.80
Fourth through sixth	2,541.58	2,542.27
Seventh and eighth	1,750.36	1,745.71
Total Regular ADA	7,496.42	7,531.78
Extended Year Special Education		
Transitional kindergarten through third	12.38	12.38
Fourth through sixth	5.69	5.69
Seventh and eighth	1.95	1.95
Total Extended Year Special Education	20.02	20.02
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	2.73	2.50
Seventh and eighth	2.23	2.18
Total Special Education, Nonpublic, Nonsectarian Schools	4.96	4.68
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.22	0.22
Seventh and eighth	0.03	0.03
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.25	0.25
Total ADA	7,521.65	7,556.73

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A	Traditional Calendar Total Days Offered	Multitrack Calendar Number of Actual Days	Multitrack Calendar Number of Days Credited Form J-13A	Multitrack Calendar Total Days Offered	Status
Kindergarten	36,000	48,925	-	-	180	-	180	N/A	N/A	-	Complied
Grades 1 - 3	50,400										
Grade 1		50,485	-	-	180	-	180	N/A	N/A	-	Complied
Grade 2		50,485	-	-	180	-	180	N/A	N/A	-	Complied
Grade 3		50,485	-	-	180	-	180	N/A	N/A	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,190	-	-	180	-	180	N/A	N/A	-	Complied
Grade 5		54,190	-	-	180	-	180	N/A	N/A	-	Complied
Grade 6		54,190	-	-	180	-	180	N/A	N/A	-	Complied
Grade 7		60,180	-	-	180	-	180	N/A	N/A	-	Complied
Grade 8		60,180	-	-	180	-	180	N/A	N/A	-	Complied

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

	General Fund	Child Development Fund
Fund Balance		
Balance, June 30, 2022, Unaudited Actuals	$ 80,495,488	$ 5,804,776
Decrease in		
Accounts receivable	-	(119,748)
Accounts payable	437,304	-
Balance, June 30, 2022, Audited Financial Statements	$ 80,932,792	$ 5,685,028

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues	$ 185,025,017	$ 174,306,026	$ 138,925,380	$ 129,128,291
Other sources	-	197,139	-	166,667
Total revenues and other sources	185,025,017	174,503,165	138,925,380	129,294,958
Expenditures	187,179,170	152,386,139	130,387,511	120,057,711
Other uses	493,872	-	-	-
Total expenditures and other uses	187,673,042	152,386,139	130,387,511	120,057,711
Increase/(Decrease) in Fund Balance	(2,648,025)	22,117,026	8,537,869	9,237,247
Ending Fund Balance	$ 78,284,767	$ 80,932,792	$ 58,815,766	$ 50,277,897
Available Reserves [2]	$ 20,099,707	$ 24,468,121	$ 37,554,231	$ 35,459,381
Available Reserves as a Percentage of Total Outgo	10.71%	16.06%	28.80%	29.54%
Long-Term Liabilities	N/A	$ 400,211,656	$ 342,608,982	$ 386,717,146
K-12 Average Daily Attendance at P-2	7,261	7,522	7,413	8,769

The General Fund balance has increased by $30,654,895 over the past two years. However, the fiscal year 2023-2024 budget projects a decrease of $2,648,025 (3.3%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term obligations have increased by $13,494,510 over the past two years.

Average daily attendance has decreased by 1,247 over the past two years. An additional decrease of 261 ADA is anticipated during fiscal year 2023-2024.

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

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 153,243	$ 7,221,621	$ 6,036,920	$ 10,598,954	$ 1	$ 24,010,739
Receivables	-	496,923	1,986,096	32,863	-	2,515,882
Due from other funds	-	9,190	-	-	-	9,190
Stores inventories	-	-	91,147	-	-	91,147
Total assets	$ 153,243	$ 7,727,734	$ 8,114,163	$ 10,631,817	$ 1	$ 26,626,958
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 951,291	$ 478,611	$ -	$ -	$ 1,429,902
Due to other funds	-	122,905	20,141	-	-	143,046
Unearned revenue	-	968,510	-	-	1	968,511
Total liabilities	-	2,042,706	498,752	-	1	2,541,459
Fund Balances						
Nonspendable	-	-	299,490	-	-	299,490
Restricted	153,243	5,685,028	7,315,921	10,631,817	-	23,786,009
Total fund balances	153,243	5,685,028	7,615,411	10,631,817	-	24,085,499
Total liabilities and fund balances	$ 153,243	$ 7,727,734	$ 8,114,163	$ 10,631,817	$ 1	$ 26,626,958

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ -	$ -	$ 5,850,558	$ -	$ -	$ 5,850,558
Other State sources	-	5,689,058	2,179,997	-	-	7,869,055
Other local sources	210,391	1,002,912	108,869	3,977,787	-	5,299,959
Total revenues	210,391	6,691,970	8,139,424	3,977,787	-	19,019,572
Expenditures						
Current						
Instruction	-	103,897	-	-	-	103,897
Pupil services						
Food services	-	11,860	6,546,915	-	-	6,558,775
All other pupil services	-	39,896	-	-	-	39,896
Administration						
All other administration	-	275,941	140,516	11,400	-	427,857
Plant services	-	-	-	64,255	-	64,255
Ancillary services	214,878	-	-	-	-	214,878
Community services	-	6,366,886	-	-	-	6,366,886
Debt service						
Principal	-	-	-	890,434	-	890,434
Interest and other	-	-	-	400,355	-	400,355
Total expenditures	214,878	6,798,480	6,687,431	1,366,444	-	15,067,233
Net Change in Fund Balances	(4,487)	(106,510)	1,451,993	2,611,343	-	3,952,339
Fund Balance - Beginning	157,730	5,791,538	6,163,418	8,020,474	-	20,133,160
Fund Balance - Ending	$ 153,243	$ 5,685,028	$ 7,615,411	$ 10,631,817	$ -	$ 24,085,499

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

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

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

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

Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of the COVID-19: ARP California State Preschool Program One-time Stipend funds that have been recorded in the prior period as revenues that have been expended as of June 30, 2023.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 17,604,342
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	133,839
Total Federal Financial Assistance		$ 17,738,181

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

R**econciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

Schedule of Financial Trends and Analysis

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency .

Report on Compliance and Other Matters

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

Westminster School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The 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.

We noted certain matters that we reported to management of the District in a separate letter dated December 14, 2023.

Purpose of this Report

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

Rancho Cucamonga, California
December 14, 2023

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

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

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

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

Rancho Cucamonga, California
December 14, 2023

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

The District does not offer an Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform procedures related to the Apprenticeship: Related and Supplemental Instruction Program.

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

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

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

The District was not listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Rancho Cucamonga, California
December 14, 2023

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19: American Rescue Plan-Elementary and Secondary School Emergency Relief II Fund (ARP ESSER II)	84.425D
COVID-19: American Rescue Plan-Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-Homeless I)	84.425W
COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY II)	84.425W
Special Education (IDEA) Cluster	84.027, 84.173, 84.173A
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?	No

State Compliance

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

The following findings represent a significant deficiency and a material weakness related to the financial statements that is required to be reported in accordance with Government Auditing Standards. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Internal Control (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified misstatements of balances within the District's 2022-2023 unaudited actuals financial report. Through review of supporting records, the following was noted:

- General Fund accounts payable was understated by $969,363.
- Child Development Fund accounts receivable was overstated by $119,748.
- Child Development Fund accounts payable was overstated by $721,269.
- Cafeteria Fund inventory was overstated by approximately $207,443.

Some of the misstatements were corrected by the District prior to finalizing the unaudited actuals financial statements and as such have already been corrected by management.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of reviewing the District's unaudited actuals, general ledger detail, and supporting documents for the related account balances.

Effect

Due to the condition identified, prior to corrections made by the District, the General Fund, Child Development Fund, and Cafeteria Fund were misstated by the amounts noted above.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related year-end closing entries.

Repeat Finding

Yes, see prior year finding 2022-001.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Corrective Action Plan and Views of Responsible Officials

Corrections posted to General Ledger prior to 2022-2023 Fiscal Year End closing. Business Services staff and management will review all transactions for correct posting to General Ledger and implement accurate reporting methods. Business Services staff will schedule monthly meetings between staff and programs to oversee progress of financial account balance reviews. Business Services has created a monthly account monitoring system whereas to close each month with the correct transactions and balance the General Ledger each month. This process will be monitored for accuracy by the Business Services Supervisor and Executive Director, Business Services.

2023-002 **30000 – Internal Control (Significant Deficiency)**

Criteria or Specific Requirement

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include timely preparation, reconciliation, review, and deposit of cash collections related to the District's collection of child care fees related to the Child Development Fund programs.

Condition

The District operates two programs in the Child Development Fund that collect fees for child care services. There are two bank accounts used to service the cash collections for these programs. Bank reconciliations are not prepared or reviewed timely. In addition, the monies collected are not transferred to the county treasury in a timely manner. For the current fiscal year, the District did not transfer any of the monies collected for child care services to the county treasury prior to year-end.

Questioned Cost

There is no questioned cost associated with the condition identified.

Context

The condition was identified through review of the process related to cash collections for child care fees, as well as review of the bank statements, reconciliations and general ledger activity.

Effect

The effect of the condition identified results in large cash balances and corresponding revenues being maintained off books for an extended period of time. Such funds are more susceptible to misappropriation when not deposited with the county treasury timely. In addition, the District is not aware of how much revenue has been generated from these programs and is not able to monitor activity against budgets on a regular basis.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to Child Development Fund cash collections and revenues.

Repeat Finding

No.

Recommendation

The District should establish and implement procedures that require the timely preparation, reconciliation, and review of activity related to child care fees. We would expect to see the reconciliation and review process to occur monthly, as well as monthly transfers of such collections to the county treasury.

Corrective Action Plan and Views of Responsible Officials

Early Education Program will process Child Development fees deposited to the General Ledger on an ongoing monthly basis. This will include the reconciliation of fees collected and recorded for each participant. Reconciliation will be completed by Early Education Accountant and verified by Early Education Director. Upon completion, Early Education office with collaborate with Business Services to deposit funds to the general ledger.

The following finding represents a significant deficiency and instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2023-003 50000 – Reporting (Significant Deficiency, Noncompliance)

Federal Program Affected

Program Names: COVID-19: Elementary and Secondary School Emergency Relief Funds
Assistance Listing Number: 84.425D, 84.425U
Pass-Through Entity: California Department of Education (CDE)
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Local education agencies must comply with all reporting requirements that the Department of Education may reasonably require. Section 15011 of Division B of the Coronavirus Aid, Relief, and Economic Security (CARES) Act requires that a grantee submit quarterly and annual reports. ESSER Funds awarded under the American Rescue Plan (ARP) Act of 2021 are subject to the same quarterly and annual reporting requirements.

Condition

The District reported budgeted expenditures for the COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund program and the Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss program instead of actual expenditures to the California Department of Education for these programs. In addition, the District was unable to provide supporting documents that agreed to the full-time equivalent (FTE) positions reported to the California Department of Education.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

The condition was identified through inquiry with District personnel and through the review of documentation used to prepare the reports.

Effect

The District has overreported expenditures for these programs and, as such, is not in compliance with the reporting requirements for the program. In addition, the District is not in compliance with maintaining supporting documents pertinent to a Federal award.

Cause

The identified condition appears to have materialized due to insufficient procedures related to the review process and retention of financial records.

Repeat Finding

No.

Recommendation

The District should ensure that all federal expenditures are reported on their quarterly or annual reports based on actual general ledger expenditures for the time period being reported on. In addition, the District should ensure that all federal reports are supported by supporting documentation. These records should be maintained for a period of three years from the date of submission of the reports to the awarding agency or pass-through entity.

Corrective Action Plan and Views of Responsible Officials

Business Services Staff will ensure that financial account balances are thoroughly reviewed and supported by appropriate documentation. Prior to any report submittal, an administrator will verify documentation for accuracy. This will create a system for verification of supporting records that will facilitate accurate tracking of balances during reporting periods.

2023 - None reported.

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

Financial Statement Findings

2022-001 30000 – Internal Control (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatements of balances within the District's 2021-2022 unaudited actuals financial report. Through review of supporting records, the following was noted:

- The General Fund was understated by $1,485,191 (Overstatement of unrestricted fund balance of $2,745,248 and understatement of restricted fund balance of $4,230,439)
    - Understatement of receivable of $1,611,470
    - Understatement of accounts payable of $126,279
    - Misclassification of federal revenue as state revenue in the amount of $553,333
    - Misclassification of local revenue as federal revenue in the amount of $579,052
    - Reclassification between receivables and unearned revenue recorded in the same resources for several federal programs in the amount of $860,103.
- The Child Development Fund was overstated by $259,788 (Restricted fund balance)
    - Overstatement of cash in bank balance of $512,271
    - Overstatement of accounts payable of $252,483
- The Cafeteria Non-Major Governmental Fund was understated by $438,659 (Restricted fund balance)
    - Understatement of cash in bank balance of $50,661
    - Understatement of receivable of $320,663
    - Overstatement of accounts payable of $67,335
    - Misclassification of federal revenue as state revenue in the amount of $1,142,509
- The Building Fund was overstated by $601,542 (Restricted fund balance)
    - Understatement of accounts payable of $601,542

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of reviewing the District's unaudited actuals, general ledger detail, and supporting documents.

Effect

Due to the condition identified, the General Fund was understated by $1,485,191, the Child Development Fund was overstated by $259,788, the Cafeteria Non-Major Governmental Fund was understated by $438,659, and the Building Fund was overstated by $601,542.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related all adjusting entries, reclassifying entries, and conversion entries in preparation of the financial statements.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Partially implemented, see current year finding 2023-001.

Federal Awards Findings

2022-002 50000 – Education Stabilization Fund: Indirect Costs (Significant Deficiency, Immaterial Noncompliance)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-Through Agency: California Department of Education (CDE)
Assistance Listing Number: 84.425U
Program Name: COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs
Compliance Requirements: A/B (Activities Allowed or Unallowed and Allowable Costs/cost Principles)

Criteria or Specific Requirements

The United States Department of Education has approved a delegation agreement with the California Department of Education (CDE) that authorizes the CDE to establish indirect cost rates for California local education agencies (LEAs). The CDE has been delegated authority to calculate and approve indirect cost rates annually for LEAs. For the Education Stabilization Fund (ESF) Program in fiscal year 2021-2022, *Education Code* Section 38101(c) limits school district indirect costs to the lesser of the District's individual CDE approved indirect cost rate, or the statewide average indirect rate. For ESF programs included under the Expanded Learning Opportunities (ELO) Grant, indirect costs are not allowable.

Condition

The District charged unallowable indirect costs totaling $15,807 to the ELO Grant portion of the ESF Program.

Questioned Costs

The condition identified above resulted in $15,807 of questioned costs for unallowable indirect costs charged to the grant funds.

Context/Sampling

The condition was identified through recalculation of all of the indirect costs charged to the federal programs.

Effect

The District has charged unallowable expenditures to the federal programs.

Cause

The condition identified appears to be due to the District not being familiar with the indirect cost requirements for each of the federal programs.

Recommendation

It is recommended that the District implement a review process for indirect costs, which should include review of relevant grant agreements and relevant federal guidance.

Current Status

Implemented.

2022-003 **10000 and 40000 – Attendance and Independent Study (Material Weakness, Noncompliance)**

Criteria or Specific Requirements

The Second Period and Annual Reports of Attendance submitted to the CDE should reconcile to supporting documents to ensure that ADA is reported accurately.

With respect to independent study, *California Education Code* Section 51747, states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in *California Education Code* Section 51747

Condition

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the learning agreements that were missing some of the elements required by California *Education Code* Section 51747. As a result, the District overclaimed 341.73 and 294.36 ADA on its Second Period and Annual Reports of Attendance, respectively.

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of $3,807,782.10 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified as a result of our audit of the Second Period and Annual Reports of Attendance, and Independent Study programs as required by the State Audit Guide. Through our review of district records supporting the ADA claimed, we noted the issues discussed above.

Effect

The District overclaimed 341.73 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

Grade Span	Unallowable ADA	Derived Value of ADA by Grade Span	Penalty
TK-3	170.46	$ 11,553.76	$ 1,969,453.93
4-6	110.89	10,622.73	1,177,954.53
7-8	60.38	10,936.96	660,373.64
Total	341.73		$ 3,807,782.10

Cause

The error in the short-term independent study contracts was a result of an oversight of the requirements as the requirements were new in the current year.

Recommendation

The District should review program requirements for independent study and monitor any changes to those requirements throughout the year to ensure compliance.

Current Status

Implemented.

2022-004 40000 – After School Education and Safety Program (Material Weakness, Noncompliance)

Criteria of Specific Requirements

According to the *California Education Code* Section 8482.4(c)(1), a district that receives state funding for an after-school program must report attendance to the California Department of Education (CDE) semiannually. Such reporting must be supported by attendance records supporting student participation.

Condition

The District complies monthly summaries of student attendance for submission to the CDE. However, in reviewing the monthly summary totals for the first semi-annual reporting period, it was noted that the totals as summarized did not agree with what was reported on the semi-annual report. The CDE report for the first semi-annual report shows a total of 55,809 students served for the District. In contrast, the monthly summary total for July through December 2021 shows 34,180 students served. This resulted in the District overclaiming the number of students served by 21,629.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears overstated by 308 students for the first semi-annual reporting period.

Context

The attendance condition was identified when the auditor selected one semi-annual reporting period dated July through December 2021. Auditor reviewed monthly summaries for the same period noting exceptions as noted above.

Effect

The District was not compliant with *Education Code* Section 8482.4(c)(1), since the number of students served as reported to the CDE is overstated when compared to supporting records.

Cause

The attendance condition appears to have resulted from inconsistent procedures utilized to track student attendance and high turnover in the department that oversees the program.

Recommendation

For accurate attendance reporting, the District should review procedures used to report the number of students served to the CDE to ensure methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Current Status

Implemented.