



Financial Statements
June 30, 2023

Las Virgenes Unified School District

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Independent Auditor's Report

To the Governing Board
Las Virgenes Unified School District
Calabasas, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Las Virgenes Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 12, 2024



This section of Las Virgenes Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 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-based IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

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 Las Virgenes Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, 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 report 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 twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Fund Net Position.

FINANCIAL HIGHLIGHTS

The fiscal year 2022-2023 focused on continuing to support students who were impacted by the COVID-19 pandemic through full day instruction. Focus areas for our district included supporting learning loss, behavioral interventions, and holistic enrichment supports in the areas of the arts, counseling, activities, and athletics. The Fall of 2022 saw the local voters pass a \$340M Proposition 39 bond to support longstanding deferred maintenance and innovative reconstruction of school facilities.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(10,492,837) for the fiscal year ended June 30, 2023. Of this amount, \$(135,458,714) 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 net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	\$ 109,420,838	\$ 93,130,135
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	190,603,215	188,353,068
Total assets	300,024,053	281,483,203
Deferred outflows of resources	38,585,859	32,141,234
Liabilities		
Current liabilities	21,649,947	11,236,208
Long-term liabilities	298,005,925	270,013,372
Total liabilities	319,655,872	281,249,580
Deferred inflows of resources	29,446,877	69,976,589
Net Position		
Net investment in capital assets	78,859,868	72,781,510
Restricted	46,106,009	39,298,565
Unrestricted	(135,458,714)	(149,681,807)
Total net deficit	\$ (10,492,837)	\$ (37,601,732)

The \$(135,458,714) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations. Unrestricted net 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 9.5% (\$(135,458,714) compared to \$(149,681,807)).

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 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	\$ 613,368	\$ 1,295,483
Operating grants and contributions	45,274,665	33,932,519
Capital grants and contributions	20,858	947,759
General revenues		
Federal and State aid not restricted	47,918,176	42,952,289
Property taxes	88,038,347	79,776,184
Other general revenues	7,611,824	1,632,368
Total revenues	<u>189,477,238</u>	<u>160,536,602</u>
Expenses		
Instruction-related	108,815,856	96,420,360
Pupil services	15,159,457	12,423,595
Administration	12,466,690	9,133,276
Plant services	14,058,478	13,116,914
All other services	11,867,862	11,785,662
Total expenses	<u>162,368,343</u>	<u>142,879,807</u>
Change in net position	<u>\$ 27,108,895</u>	<u>\$ 17,656,795</u>

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

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$162,368,343. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$88,038,347 because the cost was paid by those who benefited from the programs (\$613,368) or by other governments and organizations who subsidized certain programs with grants and contributions (\$45,295,523). We paid for the remaining "public benefit" portion of our governmental activities with \$47,918,176 in unrestricted Federal and State funds, and with \$7,611,824 in 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, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022 *	2023	2022 *
Instruction-related	\$ 108,815,856	\$ 96,420,360	\$ (83,636,206)	\$ (73,142,975)
Pupil services	15,159,457	12,423,595	(7,266,931)	(5,727,377)
Administration	12,466,690	9,133,276	(3,959,397)	(7,702,392)
Plant services	14,058,478	13,116,914	(13,987,186)	(12,706,913)
All other services	11,867,862	11,785,662	(7,609,732)	(7,424,389)
Total	\$ 162,368,343	\$ 142,879,807	\$ (116,459,452)	\$ (106,704,046)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$84,030,018, which is an increase of \$7,330,718 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 41,305,412	\$ 167,579,808	\$ 152,264,660	\$ 56,620,560
Building	3,931,246	1,576,697	5,507,943	-
Capital Facilities	8,146,284	813,736	7,076,005	1,884,015
Bond Interest and Redemption	17,524,698	19,307,020	18,342,799	18,488,919
Student Activity	1,565,145	2,053,064	1,953,828	1,664,381
Cafeteria	1,599,501	4,056,273	3,135,032	2,520,742
Deferred Maintenance	1,679,255	1,323,518	1,119,989	1,882,784
County School Facilities	947,759	20,858	-	968,617
Total	\$ 76,699,300	\$ 196,730,974	\$ 189,400,256	\$ 84,030,018

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$15.3 million to \$56.6 million. This increase was primarily due to vacancies associated with the timing of reopening school due to the COVID-19 pandemic. Additionally General Fund relief came from a substantial windfall of State and Federal COVID-19 grants which were able to supplement services and supplant some existing costs. Furthermore, the CA Budget Act provided two additional discretionary block grants that afforded the district the opportunity to grow our fund balance. Of the increase to the Fund Balance, \$14M was transferred via Board Resolution to Fund 17 and was committed for future use relating to declining enrollment and deficit spending.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 14, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 69).

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

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

At June 30, 2023, the District had \$190,603,215 in a broad range of capital assets (net of depreciation) and right-to-use assets (net of amortization). This amount represents a net decrease (including additions, deductions, and depreciation) of \$2,250,147 or 1.2%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	\$ 20,433,671	\$ 15,353,629
Buildings and improvements	166,167,613	170,877,712
Furniture & equipment	2,736,775	1,399,301
Right-to-use leased assets	78,871	146,111
Right-to-use subscription IT assets	1,186,285	576,315
Total	<u>\$ 190,603,215</u>	<u>\$ 188,353,068</u>

This year's additions of \$11,417,190 included capital improvement projects that were prepaid prior to the funding of our Series A Bonds for Measure S. Projects included roofing, HVAC, safety, and technology upgrades. Additionally, a portion of our aging vehicle fleet was replaced.

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

Long-Term Liabilities Other than OPEB and Pensions

At the end of this year, the District had \$155,529,959 in long-term liabilities other than OPEB and pensions outstanding versus \$167,264,651, a decrease of 7.0%. We present more detailed information about our long-term liabilities in the notes to the financial statements. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
General obligation bonds	\$ 138,772,044	\$ 149,594,498
Premium on issuance	5,157,892	5,697,068
Certificates of participation	8,572,605	9,052,295
Compensated absences	1,714,421	1,675,635
Supplemental early retirement plan (SERP)	416,000	624,000
Leases	79,938	147,019
Subscription-based IT arrangements	817,059	474,136
	<u>\$ 155,529,959</u>	<u>\$ 167,264,651</u>
Total		

OPEB and Pension Liabilities

At year end the District has a net OPEB liability of \$33,419,595 versus \$34,824,247 last year, a decrease of \$1,404,652 or 4.0%. We present more detailed information about our net OPEB liability in the notes to the financial statements.

In addition, at year end the District has an aggregate net pension liability of \$109,056,371 versus \$67,924,474 last year, an increase of \$41,131,897, or 60.6%. We present more detailed information about our aggregate net pension liability in the notes to the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

LVUSD was faced with a substantial enrollment decline that had our Multi Year Projections reflecting significant deficit spending if not addressed. Furthermore, ADA percentage was lower than historical trendlines following the pandemic. The district restructured its fiscal and senior leadership teams to focus on these fiscally vital variables. The efforts led to a 400 student increase over projections through broader advertising and marketing efforts to out of district students. Changes in ADA are projected for the 2023-2024 year given aggressive

attendance monitoring systems. These efforts have led to a more optimistic multiyear projection. Furthermore, tuition, transportation, and facility fees were rebenchmarked against market averages to reduce encroachment on the General Fund. A \$340M Proposition 39 Bond was passed by the voters in November of 2022 which will have a positive impact on the General Fund through our district's transition to solar and through the paying off of longstanding COP debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The Local Control Funding Formula (LCFF) gives local school districts the discretion to implement the programs and strategies that best support their educational program and needs of their community. The LCFF provides concentration and supplemental grants to further support economically disadvantaged, English learner and foster youth students. To ensure the funds are utilized effectively, the LCFF required the school district to prepare a Local Control Accountability Plan. This plan is a strategic planning and evaluation tool developed amongst the parent, community, and District stakeholders. It intends to increase public transparency and accountability for improving student achievement by utilizing dollars effectively.

The 2023-2024 fiscal year includes the final year of spending on COVID-relief grants that the district has utilized to supplement services and supplant costs over the post-pandemic fiscal years. Additionally, delayed 2022 tax revenues have led to initial reductions in the Proposition 98 guarantee and COLA for future years. The January and June Budgets will undoubtedly require the district to be strategic about our enrollment and attendance efforts and may require budget efficiencies in the absence of natural attrition.

The Las Virgenes Unified School District budget was adopted on June 27, 2023 for the 2023-2024 school year. Revenues were forecast with 8.22% adjustment for cost of living. These revenues were tempered slightly to reflect potential declines in enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Las Virgenes Unified School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 88,665,659
Receivables	15,177,186
Interest subsidy receivables	284,521
Prepaid expense	85,788
Stores inventories	382,990
Lease receivables	4,824,694
Capital assets not depreciated	20,433,671
Capital assets, net of accumulated depreciation	168,904,388
Right-to-use leased assets, net of accumulated amortization	78,871
Right-to-use subscription IT assets, net of accumulated amortization	1,186,285
Total assets	<u>300,024,053</u>
Deferred Outflows of Resources	
Deferred charge on refunding	1,131,754
Deferred outflows of resources related to OPEB	8,077,969
Deferred outflows of resources related to pensions	29,376,136
Total deferred outflows of resources	<u>38,585,859</u>
Liabilities	
Accounts payable	18,720,976
Interest payable	1,368,342
Unearned revenue	1,560,629
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	16,932,423
Long-term liabilities other than OPEB and pensions due in more than one year	138,597,536
Other postemployment benefits liability (OPEB)	33,419,595
Aggregate net pension liability	109,056,371
Total liabilities	<u>319,655,872</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	4,824,694
Deferred inflows of resources related to OPEB	9,738,505
Deferred inflows of resources related to pensions	14,883,678
Total deferred inflows of resources	<u>29,446,877</u>
Net Position	
Net investment in capital assets	78,859,868
Restricted for	
Debt service	17,120,577
Capital projects	2,839,692
Educational programs	20,240,099
Other activities	5,905,641
Unrestricted (deficit)	(135,458,714)
Total net position (deficit)	<u>\$ (10,492,837)</u>

Las Virgenes Unified School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 92,995,866	198,636	\$ 21,702,464	\$ 20,858	\$ (71,073,908)
Instruction-related activities					
Supervision of instruction	5,328,642	-	2,394,592	-	(2,934,050)
Instructional library, media, and technology	945,762	478	611,793	-	(333,491)
School site administration	9,545,586	3,067	247,762	-	(9,294,757)
Pupil services					
Home-to-school transportation	2,572,747	36	377,674	-	(2,195,037)
Food services	3,076,966	19,881	4,318,975	-	1,261,890
All other pupil services	9,509,744	-	3,175,960	-	(6,333,784)
Administration					
Data processing	3,994,420	841	7,033,019	-	3,039,440
All other administration	8,472,270	637	1,472,796	-	(6,998,837)
Plant services	14,058,478	5,018	66,274	-	(13,987,186)
Ancillary services	3,603,627	-	2,150,422	-	(1,453,205)
Interest on long-term liabilities	7,337,100	-	-	-	(7,337,100)
Other outgo	927,135	384,774	1,722,934	-	1,180,573
Total governmental activities	<u>\$ 162,368,343</u>	<u>\$ 613,368</u>	<u>\$ 45,274,665</u>	<u>\$ 20,858</u>	<u>(116,459,452)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					66,229,311
Property taxes, levied for debt service					18,792,855
Taxes levied for other specific purposes					3,016,181
Federal and State aid not restricted to specific purposes					47,918,176
Interest and investment earnings					320,760
Miscellaneous					7,291,064
Subtotal, general revenues and subventions					<u>143,568,347</u>
Change in Net Position					27,108,895
Net Position - Beginning, as restated					<u>(37,601,732)</u>
Net Position (Deficit) - Ending					<u>\$ (10,492,837)</u>

Las Virgenes Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund
Assets			
Deposits and investments	\$ 55,527,101	\$ 246,208	\$ 7,323,770
Receivables	14,137,364	10,364	81,327
Due from other funds	-	1,359,855	-
Prepaid expenditures	3,927	-	12,940
Stores inventories	293,020	-	-
Lease receivables	4,824,694	-	-
Total assets	\$ 74,786,106	\$ 1,616,427	\$ 7,418,037
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 11,860,466	\$ 1,616,427	\$ 4,174,167
Due to other funds	-	-	1,359,855
Unearned revenue	1,480,386	-	-
Total liabilities	13,340,852	1,616,427	5,534,022
Deferred inflows of Resources			
Deferred inflows of resources related to leases	4,824,694	-	-
Fund Balances			
Nonspendable	323,547	-	12,940
Restricted	20,240,099	-	1,871,075
Assigned	17,336,885	-	-
Unassigned	18,720,029	-	-
Total fund balances	56,620,560	-	1,884,015
Total liabilities, deferred inflows of resources, and fund balances	\$ 74,786,106	\$ 1,616,427	\$ 7,418,037

Las Virgenes Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 18,488,919	\$ 7,079,661	\$ 88,665,659
Receivables	-	948,131	15,177,186
Due from other funds	-	-	1,359,855
Prepaid expenditures	-	68,921	85,788
Stores inventories	-	89,970	382,990
Lease receivables	-	-	4,824,694
Total assets	<u>\$ 18,488,919</u>	<u>\$ 8,186,683</u>	<u>\$ 110,496,172</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 1,069,916	\$ 18,720,976
Due to other funds	-	-	1,359,855
Unearned revenue	-	80,243	1,560,629
Total liabilities	<u>-</u>	<u>1,150,159</u>	<u>21,641,460</u>
Deferred inflows of Resources			
Deferred inflows of resources related to leases	<u>-</u>	<u>-</u>	<u>4,824,694</u>
Fund Balances			
Nonspendable	-	162,266	498,753
Restricted	18,488,919	6,874,258	47,474,351
Assigned	-	-	17,336,885
Unassigned	-	-	18,720,029
Total fund balances	<u>18,488,919</u>	<u>7,036,524</u>	<u>84,030,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,488,919</u>	<u>\$ 8,186,683</u>	<u>\$ 110,496,172</u>

Las Virgenes Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds	\$ 84,030,018
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	\$ 348,675,898
Accumulated depreciation is	<u>(159,337,839)</u>
Net capital assets	189,338,059
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	229,016
Accumulated amortization is	<u>(150,145)</u>
Net right-to-use leased assets	78,871
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of right-to-use subscription IT assets is	1,442,753
Accumulated amortization is	<u>(256,468)</u>
Net right-to-use subscription IT assets	1,186,285
In governmental funds, interest subsidies received are recognized in the period that they are received. In government-wide statements, they are recognized in the period that they are earned.	284,521
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	(1,368,342)
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	
Debt refundings (deferred charge on refunding)	1,131,754
Other postemployment benefits (OPEB) liability	8,077,969
Aggregate net pension liability	<u>29,376,136</u>
Total deferred outflows of resources	38,585,859
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to	
Other postemployment benefits (OPEB) liability	(9,738,505)
Aggregate net pension liability	<u>(14,883,678)</u>
Total deferred inflows of resources	(24,622,183)

Las Virgenes Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	\$ (109,056,371)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(33,419,595)
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	\$ (98,247,607)
Premium on issuance	(5,157,892)
Certificates of participation (private placement)	(8,572,605)
Compensated absences (vacations)	(1,714,421)
Supplemental early retirement plan (SERP)	(416,000)
Leases	(79,938)
Subscription-based IT arrangements	(817,059)
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(40,524,437)
Total long-term liabilities	(155,529,959)
Total net position - governmental activities	\$ (10,492,837)

Las Virgenes Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund
Revenues			
Local Control Funding Formula	\$ 110,969,133	\$ -	\$ -
Federal sources	10,636,098	-	-
Other State sources	32,082,907	-	-
Other local sources	11,927,788	216,842	813,736
Total revenues	<u>165,615,926</u>	<u>216,842</u>	<u>813,736</u>
Expenditures			
Current			
Instruction	92,311,641	-	-
Instruction-related activities			
Supervision of instruction	5,456,609	-	-
Instructional library, media, and technology	988,191	-	-
School site administration	9,895,995	-	-
Pupil services			
Home-to-school transportation	2,575,232	-	-
Food services	34,041	-	-
All other pupil services	9,747,743	-	-
Administration			
Data processing	3,997,682	-	-
All other administration	8,216,024	-	3,620
Plant services	14,244,457	-	-
Ancillary services	1,720,844	-	-
Other outgo	927,135	-	-
Facility acquisition and construction	563,453	5,507,943	4,948,791
Debt service			
Principal	321,733	-	479,690
Interest and other	13,880	-	284,049
Total expenditures	<u>151,014,660</u>	<u>5,507,943</u>	<u>5,716,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,601,266</u>	<u>(5,291,101)</u>	<u>(4,902,414)</u>
Other Financing Sources (Uses)			
Transfers in	1,366,307	1,359,855	-
Other sources - proceeds from SBITAs	587,725	-	-
Other sources - proceeds from leases	9,850	-	-
Transfers out	(1,250,000)	-	(1,359,855)
Net Financing Sources (Uses)	<u>713,882</u>	<u>1,359,855</u>	<u>(1,359,855)</u>
Net Change in Fund Balances	15,315,148	(3,931,246)	(6,262,269)
Fund Balance - Beginning	41,305,412	3,931,246	8,146,284
Fund Balance - Ending	<u>\$ 56,620,560</u>	<u>\$ -</u>	<u>\$ 1,884,015</u>

Las Virgenes Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ -	\$ -	\$ 110,969,133
Federal sources	-	1,773,425	12,409,523
Other State sources	52,593	2,256,432	34,391,932
Other local sources	19,254,427	2,173,856	34,386,649
Total revenues	19,307,020	6,203,713	192,157,237
Expenditures			
Current			
Instruction	-	-	92,311,641
Instruction-related activities			
Supervision of instruction	-	-	5,456,609
Instructional library, media, and technology	-	-	988,191
School site administration	-	-	9,895,995
Pupil services			
Home-to-school transportation	-	-	2,575,232
Food services	-	3,055,512	3,089,553
All other pupil services	-	-	9,747,743
Administration			
Data processing	-	-	3,997,682
All other administration	-	93,020	8,312,664
Plant services	-	108,944	14,353,401
Ancillary services	-	1,940,328	3,661,172
Other outgo	-	-	927,135
Facility acquisition and construction	-	1,011,045	12,031,232
Debt service			
Principal	15,075,000	-	15,876,423
Interest and other	3,267,799	-	3,565,728
Total expenditures	18,342,799	6,208,849	186,790,401
Excess (Deficiency) of Revenues Over Expenditures	964,221	(5,136)	5,366,836
Other Financing Sources (Uses)			
Transfers in	-	1,250,000	3,976,162
Other sources - proceeds from SBITAs	-	-	587,725
Other sources - proceeds from leases	-	-	9,850
Transfers out	-	-	(2,609,855)
Net Financing Sources (Uses)	-	1,250,000	1,963,882
Net Change in Fund Balances	964,221	1,244,864	7,330,718
Fund Balance - Beginning	17,524,698	5,791,660	76,699,300
Fund Balance - Ending	\$ 18,488,919	\$ 7,036,524	\$ 84,030,018

See Notes to Financial Statements

Las Virgenes Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 7,330,718

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$	12,293,479
Depreciation and amortization expense		<u>(10,043,332)</u>

Net expense adjustment		2,250,147
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Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(9,850)

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.

(587,725)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) 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 year, special termination benefits paid were more than the amount earned by \$208,000. Vacation earned was more than the amount used by \$38,786.

169,214

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

8,872,611

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.

(1,654,964)

Las Virgenes Unified School District

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

In governmental funds, interest subsidies from Qualified School Construction Bonds are recognized in the period that they are received.	
In the Statement of Activities, interest is recognized when earned.	
	\$ (70,264)
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	15,075,000
Certificates of participation	479,690
Leases	76,931
Subscription-based IT arrangements	244,802
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 debt premium	539,176
Amortization deferred charge on refunding	(111,956)
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 certificates of participation decreased by \$124,218, and second, \$4,252,546, of accumulated interest was accreted on the District's capital appreciation general obligation bonds.	
	(4,128,328)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	
	(1,366,307)
Change in net position of governmental activities	<u>\$ 27,108,895</u>

Las Virgenes Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Assets	
Current assets	<u>\$ -</u>
Net Position	<u><u>\$ -</u></u>

Las Virgenes Unified School District
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Other financing uses	
Transfers out	<u>\$ (1,366,307)</u>
Change in Net Position	(1,366,307)
Total Net Position - Beginning	<u>1,366,307</u>
Total Net Position - Ending	<u><u>\$ -</u></u>

Las Virgenes Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Operating Activities	
Other operating cash receipts	<u>\$ 3,514</u>
Other non-operating activities	
Transfer out to close fund	<u>(1,366,307)</u>
Net Change in Cash and Cash Equivalents	(1,362,793)
Cash and Cash Equivalents, Beginning	<u>1,362,793</u>
Cash and Cash Equivalents, Ending	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ -
Changes in assets and liabilities	
Receivables	<u>3,514</u>
Net Cash From Operating Activities	<u><u>\$ 3,514</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Las Virgenes Unified School District (the District) was unified in 1962 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates eight elementary, one alternative K-8 school, three middle, and two comprehensive high schools.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. 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 are 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 was 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 Ventura County Schools Public Facilities Financing Corporation's (Corporation) financial activity is presented in the financial statements within the General Fund and Capital Facilities Fund. Certificates of Participation secured by the Corporation included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

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

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.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **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.).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has no internal service funds. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District accounts for residual self-insured dental program in the internal service fund.

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of change in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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.

Cash and Cash Equivalents

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

Investments

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

Prepaid Expenditures (Expenses)

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

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. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds. Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 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 "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for 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 to leases, 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 primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

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

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.

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

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 lease 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 the subscription term or useful life of the underlying asset. The amortization period varies from 3 to 6 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.

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. If the fund balance drops below the three percent, the fund balance shall be restored at a rate of 0.5% minimally, each year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations

imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$46,109,609 of restricted net position which is restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard are included in Notes 5 and 10.

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	\$ 88,665,659
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Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	\$ 1,544,439
Cash in revolving	29,975
Investments	87,091,245
Total deposits and investments	\$ 88,665,659

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

The District maintains an investment of \$87,091,245 with the Los Angeles County Treasury Investment Pool which has a weighted average maturity of 753 days.

Credit Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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, \$1,084,101 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

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 investments with the Los Angeles County Treasury Investment Pool of \$87,091,245 were uncategorized as of June 30, 2023.

Note 4 - Receivables

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 7,857,393	\$ -	\$ -	\$ 473,109	\$ 8,330,502
State Government					
LCFF apportionment	1,585,292	-	-	-	1,585,292
Categorical aid	2,901,072	-	-	381,570	3,282,642
Lottery	505,487	-	-	-	505,487
Local Government					
Interest	509,307	10,364	81,327	42,121	643,119
Other local sources	778,813	-	-	51,331	830,144
Total	<u>\$ 14,137,364</u>	<u>\$ 10,364</u>	<u>\$ 81,327</u>	<u>\$ 948,131</u>	<u>\$ 15,177,186</u>

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

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,853,507	\$ -	\$ -	\$ 14,853,507
Construction in progress	500,122	5,546,844	(466,802)	5,580,164
Total capital assets not being depreciated	15,353,629	5,546,844	(466,802)	20,433,671
Capital assets being depreciated				
Land improvements	19,143,295	2,857,343	-	22,000,638
Buildings and improvements	293,518,685	1,604,648	-	295,123,333
Furniture and equipment	9,243,098	1,875,158	-	11,118,256
Total capital assets being depreciated	321,905,078	6,337,149	-	328,242,227
Total capital assets	337,258,707	11,883,993	(466,802)	348,675,898
Accumulated depreciation				
Land improvements	(15,001,784)	(658,811)	-	(15,660,595)
Buildings and improvements	(126,782,484)	(8,513,279)	-	(135,295,763)
Furniture and equipment	(7,843,797)	(537,684)	-	(8,381,481)
Total accumulated depreciation	(149,628,065)	(9,709,774)	-	(159,337,839)
Net depreciable capital assets	172,277,013	(3,372,625)	-	168,904,388
Right-to-use leased assets				
Furniture and equipment	219,166	9,850	-	229,016
Accumulated amortization				
Furniture and equipment	(73,055)	(77,090)	-	(150,145)
Net right-to-use leased assets	146,111	(67,240)	-	78,871
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	576,315	866,438	-	1,442,753
Accumulated amortization	-	(256,468)	-	(256,468)
Net right-to-use subscription IT assets	576,315	609,970	-	1,186,285
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	\$ 188,353,068	\$ 2,716,949	\$ (466,802)	\$ 190,603,215

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

Governmental Activities	
Instruction	\$ 9,335,131
Food services	51,622
Data processing	77,090
All other administration	531,197
Plant services	48,292
	<u> </u>
Total depreciation and amortization expenses	<u><u>\$ 10,043,332</u></u>

Note 6 - Lease Receivables

The District has entered into several lessor relationships, ranging from leasing space for communications towers to leasing an entire site. The agreements allow for 2% to 5% annual increases to the lease payments. The final payment for the leases in place as of June 30, 2023, is expected in October 2038. During the fiscal year, the District recognized \$940,036 in lease revenues and \$118,679 in interest revenue related to these agreements. At June 30, 2023, the District recorded \$4,824,694 in lease receivables and deferred inflows of resources for the arrangements. The District used interest rates from 1.5% to 3%, based on the rates available to finance real estate or machinery and equipment over the same time periods at the beginning of each lease period.

Note 7 - Interfund Transactions

Interfund Receivable/Payables (Due To/Due From)

The balance of \$1,359,855 due to the Building Fund from the Capital Facilities Fund is for a contribution for project costs.

Operating Transfers

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

Transfer To	Transfer From			Total
	General Fund	Capital Facilities Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 1,366,307	\$ 1,366,307
Building Fund	-	1,359,855	-	1,359,855
Non-Major Governmental Funds	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
Total	<u><u>\$ 1,250,000</u></u>	<u><u>\$ 1,359,855</u></u>	<u><u>\$ 1,366,307</u></u>	<u><u>\$ 3,976,162</u></u>

Las Virgenes Unified School District

Notes to Financial Statements

June 30, 2023

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to set aside funds for future maintenance projects.	\$ 1,250,000
The Capital Facilities Fund transferred to the Building Fund for contribution of project costs.	1,359,855
The Internal Service Fund transferred to the General Fund to close the fund	<u>1,366,307</u>
Total	<u><u>\$ 3,976,162</u></u>

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 6,414,074	\$ -	\$ -	\$ 259,790	\$ 6,673,864
Supplies	126,486	-	446,727	219,338	792,551
Services	968,134	-	29,313	4,142	1,001,589
Capital outlay	19,914	1,616,427	3,698,127	-	5,334,468
Due to CDE	2,634,568	-	-	-	2,634,568
Other vendor payables	1,697,290	-	-	586,646	2,283,936
Total	<u><u>\$ 11,860,466</u></u>	<u><u>\$ 1,616,427</u></u>	<u><u>\$ 4,174,167</u></u>	<u><u>\$ 1,069,916</u></u>	<u><u>\$ 18,720,976</u></u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 12,216	\$ 80,243	\$ 92,459
State categorical aid	454,758	-	454,758
Other local	1,013,412	-	1,013,412
Total	<u><u>\$ 1,480,386</u></u>	<u><u>\$ 80,243</u></u>	<u><u>\$ 1,560,629</u></u>

Note 10 - 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 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 149,594,498	\$ 4,252,546	\$ (15,075,000)	\$ 138,772,044	\$ 16,075,000
Premium on issuance	5,697,068	-	(539,176)	5,157,892	-
Certificates of participation	9,052,295	-	(479,690)	8,572,605	493,207
Compensated absences	1,675,635	38,786	-	1,714,421	-
Supplemental early retirement plan (SERP)	624,000	-	(208,000)	416,000	-
Leases	147,019	9,850	(76,931)	79,938	79,478
Subscription-based IT arrangements	474,136	587,725	(244,802)	817,059	284,738
Total	<u>\$ 167,264,651</u>	<u>\$ 4,888,907</u>	<u>\$ (16,623,599)</u>	<u>\$ 155,529,959</u>	<u>\$ 16,932,423</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certifications of participation are made by the Capital Facilities Fund. Payments for the supplemental early retirement plan, subscription-based IT arrangements, and leases are paid by the General Fund. The compensated absences will be paid by the General Fund, the Cafeteria Fund, and the Deferred Maintenance Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
2/24/1998	11/1/2022	3.65-5.15%	\$ 29,999,130	\$ 2,139,357	\$ 55,643	\$ (2,195,000)	\$ -
8/11/1999	11/1/2023	4.85-5.68%	11,999,387	5,322,772	239,029	(2,500,000)	3,061,801
3/21/2001	11/1/2025	4.05-5.44%	18,492,813	3,907,455	224,910	(1,210,000)	2,922,365
10/17/2002	9/1/2027	2.00-5.20%	32,627,309	36,913,857	1,863,205	(3,965,000)	34,812,062
12/22/2009	8/1/2034	3.00-7.26%	42,996,222	7,517,229	842,088	(1,440,000)	6,919,317
5/19/2011	8/1/2033	5.00-6.75%	29,998,274	21,298,828	1,027,671	(2,210,000)	20,116,499
8/29/2018	8/1/2035	3.00-5.00%	10,435,000	10,255,000	-	(110,000)	10,145,000
10/29/2014	8/1/2031	3.00-5.00%	27,255,000	22,795,000	-	(1,355,000)	21,440,000
12/6/2016	8/1/2034	2.75-4.00%	39,610,000	39,445,000	-	(90,000)	39,355,000
				<u>\$149,594,498</u>	<u>\$ 4,252,546</u>	<u>\$(15,075,000)</u>	<u>\$ 138,772,044</u>

1997 General Obligation Bonds, Series A

On February 24, 1998, Las Virgenes Unified School District issued the 1997 General Obligation Bonds, Series A in the amount of \$29,999,130. The Series A bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$15,080,870, and an aggregate principal debt service balance of \$45,080,000. The bonds were issued at an aggregate price of \$29,985,212 (representing the principal amount of \$29,992,130 plus an original issue premium of \$278,675 less cost of issuance of \$285,593). The bonds have a final maturity to occur on November 1, 2022, and interest rates of 3.65 to 5.15%. Proceeds from the sale of bonds were used to repair and construct school facilities. On August 11, 1999, outstanding current interest bonds were refunded by proceeds from the issuance of 1999 General Obligation Refunding Bonds. As of June 30, 2023, the bonds have been fully retired.

1997 General Obligation Bonds, Series B

On August 11, 1999, Las Virgenes Unified School District issued the 1997 General Obligation Bonds, Series B in the amount of \$11,999,387. The Series B bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$16,015,613, and an aggregate principal debt service balance of \$28,015,000. The bonds were issued at an aggregate price of \$11,999,387 (representing the principal amount of \$11,999,387 plus an original issue premium of \$240,170 less cost of issuance of \$240,170). The bonds have a final maturity to occur on November 1, 2023, and interest rates of 4.85 to 5.68%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was \$3,061,801.

1997 General Obligation Bonds, Series C

On March 21, 2001, Las Virgenes Unified School District issued the 1997 General Obligation Bonds, Series C in the amount of \$18,492,813. The Series C bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$9,452,187, and an aggregate principal debt service balance of \$27,945,000. The bonds were issued at an aggregate price of \$19,031,499 (representing the principal amount of \$18,492,813 plus an original issue premium of \$780,885 less cost of issuance of \$242,199). The bonds have a final maturity to occur on November 1, 2025, and interest rates of 4.05 to 5.44%. Proceeds from the sale of bonds were used to repair and construct school facilities. On August 4, 2004, outstanding current interest bonds were refunded by proceeds from the issuance of 2004 General Obligation Refunding Bonds. At June 30, 2023, the principal outstanding, including accreted interest, was \$2,922,365.

1997 General Obligation Bonds, Series D

On October 17, 2002, Las Virgenes Unified School District issued the 1997 General Obligation Bonds, Series D in the amount of \$32,627,309. The Series D bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$41,117,689, and an aggregate principal debt service balance of \$73,745,000. The bonds were issued at an aggregate price of \$32,837,856 (representing the principal amount of \$32,627,309 plus an original issue premium of \$583,511 less cost of issuance of \$372,964). The bonds have a final maturity to occur on September 1, 2027, and interest rates of 2.00 to 5.20%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was \$34,812,062.

2006 General Obligation Bonds, Series B

On December 22, 2009, Las Virgenes Unified School District issued the 2006 General Obligation Bonds, Series B in the amount of \$42,996,222. The Series B bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$12,663,778, and an aggregate principal debt service balance of \$55,660,000. The bonds were issued at an aggregate price of \$46,578,598 (representing the principal amount of \$42,996,222 plus an original issue premium of \$4,142,999 less cost of issuance of \$560,623). The bonds have a final maturity to occur on August 1, 2034, and interest rates of 3.00 to 7.26%. Proceeds from the sale of bonds were used to repair and construct school facilities. On December 6, 2016, outstanding current interest bonds were refunded by proceeds from the issuance of 2016 General Obligation Refunding Bonds. At June 30, 2023, the bond principal outstanding, including accreted interest, was \$6,919,317.

2006 General Obligation Bonds, Series C

On May 19, 2011, Las Virgenes Unified School District issued the 2006 General Obligation Bonds, Series C in the amount of \$29,998,274. The Series C bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting to \$13,816,726, and an aggregate principal debt service balance of \$43,815,000. The bonds were issued at an aggregate price of \$31,562,089 (representing the principal amount of \$29,998,274 plus an original issue premium of \$1,563,815). The bonds have a final maturity to occur on August 1, 2033, and interest rates of 5.00 to 6.75%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was \$20,116,499.

2006 General Obligation Bonds, Series D

On August 29, 2018, Las Virgenes Unified School District issued the 2006 General Obligation Bonds, Series D in the amount of \$10,435,000. The Series D bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$31,562,089 (representing the principal amount of \$10,870,051 plus an original issue premium of \$616,051 less costs of issuance of \$181,000). The bonds have a final maturity to occur on August 1, 2035, and interest rates of 3.00 to 5.00%. Proceeds from the sale of bonds were used to repair and construct school facilities. At June 30, 2023, the principal outstanding, including accreted interest, was \$10,145,000.

2014 General Obligation Refunding Bonds

On October 29, 2014, Las Virgenes Unified School District issued the 2014 General Obligation Refunding Bonds in the amount of \$27,255,000. The Refunding bonds were issued as current interest. The bonds were issued at an aggregate price of \$31,542,630 (representing the principal amount of \$27,255,000 plus an original issue premium of \$4,597,617 less cost of issuance of \$309,987). The bonds have a final maturity to occur on August 1, 2031, and interest rates of 3.00 to 5.00%. Proceeds from the sale of bonds were used to refund the District's outstanding current interest bonds of its 2006 General Obligation Bonds, Series A and to pay the cost of issuance. At June 30, 2023, the principal outstanding, including accreted interest, was \$21,440,000.

2016 General Obligation Refunding Bonds

On December 6, 2016, Las Virgenes Unified School District issued the 2016 General Obligation Refunding Bonds in the amount of \$39,610,000. The Refunding bonds were issued as current interest. The bonds were issued at an aggregate price of \$41,650,276 (representing the principal amount of \$39,610,000 plus an original issue premium of \$2,391,917 less cost of issuance of \$351,641). The bonds have a final maturity to occur on August 1, 2034, and interest rates of 2.75 to 4.00%. Proceeds from the sale of bonds were used to refund the District's outstanding current interest bonds of its 2006 General Obligation Bonds, Series B and to pay the cost of issuance. At June 30, 2023, the principal outstanding, including accreted interest, was \$39,355,000.

Debt Service Requirements to Maturity

The bonds mature through 2036 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 15,691,470	\$ 383,530	\$ 3,075,835	\$ 19,150,835
2025	10,068,752	621,248	2,862,434	13,552,434
2026	18,604,698	3,640,302	2,625,518	24,870,518
2027	15,934,818	3,770,182	2,445,013	22,150,013
2028	15,766,447	4,653,553	2,323,588	22,743,588
2029-2033	36,070,859	1,629,141	8,164,806	45,864,806
2034-2036	26,635,000	-	1,351,025	27,986,025
Total	<u>\$ 138,772,044</u>	<u>\$ 14,697,956</u>	<u>\$ 22,848,219</u>	<u>\$ 176,318,219</u>

2017 Refunding Certificates of Participation

On January 19, 2017, Ventura County Schools Facilities Financing Corporation issued the 2017 Refunding Certificates of Participation in the amount of \$11,685,780. The certificates were issued at an aggregate price of \$11,500,779 (representing the principal amount of \$11,685,780 less cost of issuance of \$185,001). The certificates have a final maturity to occur on November 1, 2036 and a fixed interest rate of 3.18%. Proceeds from the sale of certificates were used to refund the Corporation's outstanding certificates from 2008 Refunding Certificates of Participation and to pay the cost of issuance. At June 30, 2023, the principal outstanding was \$8,572,605.

The certificates through 2037 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 493,207	\$ 268,688	\$ 761,895
2025	511,033	252,862	763,895
2026	528,523	236,472	764,995
2027	545,223	219,532	764,755
2028	560,835	202,070	762,905
2029-2033	3,084,696	728,816	3,813,512
2034-2037	2,849,088	308,102	3,157,190
Total	<u>\$ 8,572,605</u>	<u>\$ 2,216,542</u>	<u>\$ 10,789,147</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$1,712,421.

Leases

The District entered into agreements to lease copying equipment for District sites. The final lease terminates in July 2024. The annual interest rates charged on the leases range from 1.50% to 3.70%. At June 30, 2023, the District has recognized right-to-use assets, net of accumulated amortization, of \$78,871, and a lease liability of \$79,938, related to this agreement. During the fiscal year, the District recorded \$77,090 in amortization expense and \$1,902 in interest expense for the right-to-use of the equipment.

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	\$ 79,478	\$ 730	\$ 74,663
2025	460	1	461
Total	<u>\$ 79,938</u>	<u>\$ 731</u>	<u>\$ 75,124</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of educational and business software. At June 30, 2023, the District has recognized right-to-use subscriptions IT assets, net of accumulated amortization, of \$1,186,285 and a SBITA liability of \$817,059 related to these agreements. During the fiscal year, the District recorded \$256,468 in amortization expense and \$11,943 in interest expense. The subscriptions have an interest rate of 3.5%.

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	\$ 284,738	\$ 15,732	\$ 300,470
2025	264,870	18,622	283,492
2026	127,797	10,450	138,247
2027	92,122	5,645	97,767
2028	47,532	1,970	49,502
Total	<u>\$ 817,059</u>	<u>\$ 52,419</u>	<u>\$ 869,478</u>

Supplemental Early Retirement Plan (SERP)

During 2020-2021 fiscal year, the District adopted a supplemental early retirement plan whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities were purchased for 26 employees who retired during the 2020-2021 school year.

As of June 30, 2023, the total balance of outstanding obligations for the supplemental early retirement plan was \$416,000.

Future payments for the SERP are as follows:

Year Ending June 30,	Annual Payment
2024	\$ -
2025	208,000
2026	208,000
Total	<u>\$ 416,000</u>

Note 11 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 32,942,298	\$ 8,077,969	\$ 9,738,505	\$ 2,831,833
Medicare Premium Payment (MPP) Program	477,297	-	-	(92,838)
Total	<u>\$ 33,419,595</u>	<u>\$ 8,077,969</u>	<u>\$ 9,738,505</u>	<u>\$ 2,738,995</u>

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 four of GASB Statement No. 75.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	374
Active employees	<u>1,010</u>
Total	<u><u>1,384</u></u>

Benefits Provided

The postretirement health plan and the District's obligation vary by employee group as described below:

Retirees have access through the CALPERS health benefit program to the same medical plan as active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplemental plan, with Medicare becoming the primary payer.

Employees become eligible to retire and receive a contribution from the District towards their healthcare benefits upon attainment of age 50 and 5 years of covered PERS services (age 52 and 5 years for PEPRAs employees), or age 55 and 5 years of covered STRS service. Benefits are accessible for the lifetime of the retiree and spouse or surviving spouse (and dependent children up to the age of 26). The District uses a statutory schedule to determine if monthly contribution on behalf of all eligible retirees and surviving spouses, in addition to an administrative fee. This benefit is not contractual and only offered while the District uses CALPERS for medical benefits coverage.

Integrated medical/prescription drug cover is provided through CALPERS under the Public Employee' Medical and Hospice Care Act (PEMHACA). Employees can choose from a variety of HMO and PPO options providing comprehensive medical and prescription drug coverage.

For purposes of its contract with PEMHACA, the District uses a statutory schedule to determine its monthly contribution on behalf of each active employee. The statutory amount will be indexed by the Medical CPI each year thereafter. The District also pays an administrative fee.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Las Virgenes Education Association (LVEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through agreements with the District, LVEA, CSEA, and unrepresented groups. For the measurement period of June 30, 2023, the District contributed \$1,084,031 to the Plan, of which the entire amount was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of \$32,942,298 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined using the following assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Salary increases	2.75 %, average, including inflation
Discount rate	3.65 %
Healthcare cost trend rates	4.00 %

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and retirees. For classified employees, mortality rates were based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees, and for classified retirees mortality rates were based on the 2021 CalPERS Retiree Mortality for Miscellaneous and Schools Employees.

The actuarial assumptions used in the June 30, 2023, valuation were based on retirement and turnover tables provided by CalSTRS and CalPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	\$ 34,254,112
Service cost	1,683,214
Interest	1,223,201
Differences between expected and actual experience in the measurement of the total OPEB liability	(2,613,678)
Changes of assumptions	(520,520)
Benefit payments	(1,084,031)
Net change in total OPEB liability	(1,311,814)
Balance, June 30, 2023	\$ 32,942,298

Changes of assumptions and other inputs reflect a change in the discount rate from 2.35% in 2022 to 3.65% in 2023.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	\$ 38,194,222
Current discount rate (3.65%)	32,942,298
1% increase (4.65%)	28,687,634

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 (3.00%)	\$ 27,797,209
Current healthcare cost trend rate (4.00%)	32,942,298
1% increase (5.00%)	39,570,772

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 \$2,831,833. 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	\$ 89,841	\$ 3,111,261
Changes of assumptions	7,988,128	6,627,244
Total	<u>\$ 8,077,969</u>	<u>\$ 9,738,505</u>

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
2023	\$ (74,584)
2024	74,885
2025	(126,479)
2026	97,387
2027	97,387
Thereafter	(1,729,132)
Total	<u>\$ (1,660,536)</u>

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 \$477,297 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 0.1449%, and 0.1429%, resulting in a net increase in the proportionate share of 0.0020%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(92,838).

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%)	\$ 520,345
Current discount rate (3.54%)	477,297
1% increase (4.54%)	440,022

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)	\$ 437,937
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	477,297
1% increase (5.50% Part A and 6.40% Part B)	521,913

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 26,600	\$ -	\$ -	\$ 3,375	\$ 29,975
Stores inventories	293,020	-	-	89,970	382,990
Prepaid expenditures	3,927	12,940	-	68,921	85,788
Total nonspendable	323,547	12,940	-	162,266	498,753
Restricted					
Legally restricted programs	20,240,099	-	-	-	20,240,099
Student activity	-	-	-	1,555,991	1,555,991
Food service	-	-	-	2,466,866	2,466,866
Deferred maintenance	-	-	-	657,535	657,535
Capital projects	-	1,871,075	-	968,617	2,839,692
Debt service	-	-	18,488,919	-	18,488,919
Total restricted	20,240,099	1,871,075	18,488,919	6,874,258	47,474,351
Assigned					
Supplemental grant carryover	440,412	-	-	-	440,412
Declining enrollment	3,500,000	-	-	-	3,500,000
Other	13,396,473	-	-	-	13,396,473
Total assigned	17,336,885	-	-	-	17,336,885
Unassigned					
Reserve for economic uncertainties	4,970,013	-	-	-	4,970,013
Remaining unassigned	13,750,016	-	-	-	13,750,016
Total unassigned	18,720,029	-	-	-	18,720,029
Total	\$ 56,620,560	\$ 1,884,015	\$ 18,488,919	\$ 7,036,524	\$ 84,030,018

Note 13 - 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 participated in Alliance of Schools for Cooperative Insurance Program (ASCIP) and Schools Excess Liability Fund (SELF), public entity risk pools for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Schools Linked for Insurance Management (SLIM), a public entity risk pool for workers' compensation insurance coverage. The intent of the SLIM is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SLIM. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in SLIM. Each participant pays its workers' compensation premium based on its individual rate.

Employee Health and Welfare Benefits

For fiscal year 2023, the District participated in the Self-Insurance Schools of California III (SISC III), a public entity risk pool for its dental insurance coverage. In Addition, the District has contracted with various commercial insurance carriers to provide employee health benefits, including health and other miscellaneous insurance. The District pays a monthly premium based on the number of employees enrolled using pre-negotiated premium for each of the commercial insurance carriers.

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 67,085,050	\$ 15,663,696	\$ 10,599,261	\$ 4,752,170
CalPERS	41,971,321	13,712,440	4,284,417	3,372,088
Total	<u>\$ 109,056,371</u>	<u>\$ 29,376,136</u>	<u>\$ 14,883,678</u>	<u>\$ 8,124,258</u>

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 December 31, 2012	On or after January 1, 2013
Hire date		
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 \$11,534,587.

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	\$ 67,085,050
State's proportionate share of the net pension liability	<u>33,595,931</u>
Total	<u>\$ 100,680,981</u>

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 0.0965% and 0.0951%, resulting in a net increase in the proportionate share of 0.0014%.

For the year ended June 30, 2023, the District recognized pension expense of \$4,752,170. In addition, the District recognized pension expense and revenue of \$2,709,490 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	\$ 11,534,587	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	747,148	2,288,693
Differences between projected and actual earnings on pension plan investments	-	3,280,589
Differences between expected and actual experience in the measurement of the total pension liability	55,030	5,029,979
Changes of assumptions	3,326,931	-
	<u>\$ 15,663,696</u>	<u>\$ 10,599,261</u>
Total	<u>\$ 15,663,696</u>	<u>\$ 10,599,261</u>

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	\$ (2,409,836)
2025	(2,610,649)
2026	(3,921,725)
2027	5,661,621
	<u>\$ (3,280,589)</u>
Total	<u>\$ (3,280,589)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,778,861
2025	(1,181,390)
2026	(1,283,183)
2027	(1,140,060)
2028	(1,138,934)
Thereafter	(224,857)
Total	<u>\$ (3,189,563)</u>

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%)	\$ 113,935,297
Current discount rate (7.10%)	67,085,050
1% increase (8.10%)	28,185,260

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	25.37%	25.37%

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 \$5,462,282.

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 \$41,971,321. 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 0.1220% and 0.1212%, resulting in a net increase in the proportionate share of 0.0008%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,372,088. 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	\$ 5,462,282	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,240,117
Differences between projected and actual earnings on pension plan investments	4,955,672	-
Differences between expected and actual experience in the measurement of the total pension liability	189,686	1,044,300
Changes of assumptions	3,104,800	-
Total	<u>\$ 13,712,440</u>	<u>\$ 4,284,417</u>

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	\$ 826,449
2025	733,003
2026	374,427
2027	3,021,793
Total	<u>\$ 4,955,672</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (802,124)
2025	(555,074)
2026	410,961
2027	(43,694)
Total	<u>\$ (989,931)</u>

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%)	\$ 60,629,698
Current discount rate (6.90%)	41,971,321
1% increase (7.90%)	26,550,858

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 \$5,389,489 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies**Grants**

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

Litigation

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

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Alliance of Schools for Cooperative Insurance Program (ASCIP), Schools Linked for Insurance Management (SLIM), and Self-Insured Schools of California III (SISC III) public entity risk pools. The District pays an annual premium to the applicable entity for its property & liability coverage, workers' compensation, and dental coverage. The relationships between the District, the pools, and the JPA's 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 \$1,136,454, \$3,420,476, and \$1,227,158, to ASCIP, SLIM, and SISC III, respectively.

Note 17 - Subsequent Events

On August 2, 2023, Las Virgenes Unified School District issued the 2022 General Obligation Bonds, Series A, in the amount of \$85,000,000. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$97,342,356 (representing the principal amount of \$85,000,000 plus an original issue premium of \$12,805,665 less costs of issuance of \$463,309). The bonds have a final maturity to occur on August 1, 2048, and interest rates of 5.00 to 6.00%. Proceeds from the sale of bonds will be used to repair, upgrade, equip, and construct school facilities; to prepay the outstanding amount of the 2017 Refunding Certificates of Participation; and to pay the costs of issuing the Bonds.

Note 18 - Adoption of New Accounting Standard

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

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ (37,703,911)
Right-to-use subscription IT assets, net of amortization	576,315
Subscription liabilities	<u>(474,136)</u>
Net Position - Beginning, as restated on July 1, 2022	<u><u>\$ (37,601,732)</u></u>



Required Supplementary Information
June 30, 2023

Las Virgenes Unified School District

Las Virgenes Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 106,526,658	\$ 110,894,928	\$ 110,969,133	\$ 74,205
Federal sources	8,703,391	10,327,448	10,636,098	308,650
Other State sources	18,530,869	28,850,129	32,082,907	3,232,778
Other local sources	9,948,105	11,996,699	11,927,788	(68,911)
Total revenues	143,709,023	162,069,204	165,615,926	3,546,722
Expenditures				
Current				
Certificated salaries	58,317,274	62,788,262	62,128,366	659,896
Classified salaries	22,256,646	23,167,151	22,934,576	232,575
Employee benefits	37,697,648	40,176,682	39,106,602	1,070,080
Books and supplies	5,769,655	5,296,965	4,551,304	745,661
Services and operating expenditures	18,097,337	21,283,266	19,302,762	1,980,504
Other outgo	707,984	911,732	1,431,690	(519,958)
Capital outlay	820,735	865,124	1,223,747	(358,623)
Debt service				
Debt service - principal	-	-	321,733	(321,733)
Debt service - interest and other	-	-	13,880	(13,880)
Total expenditures	143,667,279	154,489,182	151,014,660	3,474,522
Excess of Revenues Over Expenditures	41,744	7,580,022	14,601,266	7,021,244
Other Financing Sources (Uses)				
Transfers in	-	1,300,000	1,366,307	66,307
Other sources - proceeds from SBITAs	-	-	587,725	587,725
Other sources - proceeds from leases	-	-	9,850	9,850
Transfers out	(1,250,000)	(15,440,729)	(1,250,000)	14,190,729
Net Financing Sources (Uses)	(1,250,000)	(14,140,729)	713,882	14,854,611
Net Change in Fund Balances	(1,208,256)	(6,560,707)	15,315,148	21,875,855
Fund Balance - Beginning	41,305,412	41,305,412	41,305,412	-
Fund Balance - Ending	\$ 40,097,156	\$ 34,744,705	\$ 56,620,560	\$ 21,875,855

Las Virgenes Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 1,683,214	\$ 2,256,950	\$ 1,158,454
Interest	1,223,201	875,566	951,981
Differences between expected and actual experience	(2,613,678)	-	133,555
Changes of assumptions	(520,520)	(7,804,406)	11,418,924
Benefit payments	(1,084,031)	(961,941)	(790,410)
Net change in total OPEB liability	(1,311,814)	(5,633,831)	12,872,504
Total OPEB Liability - Beginning	34,254,112	39,887,943	27,015,439
Total OPEB Liability - Ending	\$ 32,942,298	\$ 34,254,112	\$ 39,887,943
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	\$ 1,124,713	\$ 1,045,798	\$ 1,084,204
Interest	978,698	981,192	901,764
Differences between expected and actual experience	(1,773,623)	(54,296)	16,406
Changes of assumptions	206,537	1,463,872	(1,062,679)
Benefit payments	(717,926)	(759,316)	(753,003)
Net change in total OPEB liability	(181,601)	2,677,250	186,692
Total OPEB Liability - Beginning	27,197,040	24,519,790	24,333,098
Total OPEB Liability - Ending	\$ 27,015,439	\$ 27,197,040	\$ 24,519,790
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.

Las Virgenes Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1449%	0.1429%	0.1475%
Proportionate share of the net OPEB liability	\$ 477,297	\$ 570,135	\$ 718,462
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	0.1711%	0.1508%	0.1513%
Proportionate share of the net OPEB liability	\$ 556,783	\$ 577,386	\$ 636,582
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Las Virgenes Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0965%	0.0951%	0.0973%	0.0967%	0.0959%
Proportionate share of the net pension liability	\$ 67,085,050	\$ 43,274,808	\$ 94,288,856	\$ 87,368,939	\$ 88,160,629
State's proportionate share of the net pension liability	33,595,931	21,774,205	48,605,917	47,665,589	50,476,083
Total	\$ 100,680,981	\$ 65,049,013	\$ 142,894,773	\$ 135,034,528	\$ 138,636,712
Covered payroll	\$ 56,602,246	\$ 52,897,238	\$ 52,497,836	\$ 53,368,428	\$ 51,302,571
Proportionate share of the net pension liability as a percentage of its covered payroll	118.52%	81.81%	179.61%	163.71%	171.84%
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		0.0951%	0.0940%	0.1000%	0.0970%
Proportionate share of the net pension liability		\$ 87,920,393	\$ 76,028,140	\$ 67,324,000	\$ 56,683,890
State's proportionate share of the net pension liability		52,012,962	43,287,836	35,606,879	34,228,524
Total		\$ 139,933,355	\$ 119,315,976	\$ 102,930,879	\$ 90,912,414
Covered payroll		\$ 50,598,712	\$ 38,085,918	40,708,052	43,816,667
Proportionate share of the net pension liability as a percentage of its covered payroll		173.76%	199.62%	165.38%	129.37%
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.

Las Virgenes Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.1220%	0.1212%	0.1377%	0.1401%	0.1443%
Proportionate share of the net pension liability	\$ 41,971,321	\$ 25,649,666	\$ 42,242,148	\$ 40,826,134	\$ 38,476,047
Covered payroll	\$ 15,769,162	\$ 17,427,415	\$ 19,842,265	\$ 19,445,643	\$ 19,093,664
Proportionate share of the net pension liability as a percentage of its covered payroll	266.16%	147.18%	212.89%	209.95%	201.51%
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		0.1429%	0.1503%	0.1505%	0.1469%
Proportionate share of the net pension liability		\$ 34,114,106	\$ 29,684,343	\$ 22,183,849	\$ 16,676,727
Covered payroll		\$ 18,223,618	\$ 16,558,335	14,983,774	15,414,613
Proportionate share of the net pension liability as a percentage of its covered payroll		187.20%	179.27%	148.05%	108.19%
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.

Las Virgenes Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 11,534,587	\$ 9,577,100	\$ 8,542,904	\$ 8,977,130	\$ 8,688,380
Less contributions in relation to the contractually required contribution	11,534,587	9,577,100	8,542,904	8,977,130	8,688,380
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 60,390,508	\$ 56,602,246	\$ 52,897,238	\$ 52,497,836	\$ 53,368,428
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
		2018	2017	2016	2015
Contractually required contribution		\$ 7,402,961	\$ 6,365,318	\$ 4,086,619	\$ 3,614,875
Less contributions in relation to the contractually required contribution		7,402,961	6,365,318	4,086,619	3,614,875
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 51,302,571	\$ 50,598,712	\$ 38,085,918	\$ 40,708,052
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.

Las Virgenes Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 5,462,282	\$ 3,612,715	\$ 3,607,475	\$ 3,913,093	\$ 3,512,272
Less contributions in relation to the contractually required contribution	5,462,282	3,612,715	3,607,475	3,913,093	3,512,272
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,530,477	\$ 15,769,162	\$ 17,427,415	\$ 19,842,265	\$ 19,445,643
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%
		2018	2017	2016	2015
Contractually required contribution		\$ 2,965,437	\$ 2,530,896	\$ 1,961,666	\$ 1,763,740
Less contributions in relation to the contractually required contribution		2,965,437	2,530,896	1,961,666	1,763,740
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 19,093,664	\$ 18,223,618	\$ 16,558,335	\$ 14,983,774
Contributions as a percentage of covered payroll		15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 3.54% in 2022 to 3.65% in 2023.

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

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

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

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

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

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

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2023

Las Virgenes Unified School District

Las Virgenes Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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 Ventura County SELPA			
Special Education (IDEA) Cluster			
Special Education Grant to States - Basic			
Local Assistance	84.027	13379	\$ 2,102,015
Special Education Grant to States - IDEA			
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	132,817
Subtotal			2,234,832
Preschool Grants, Part B, Sec 619	84.173	13430	53,019
Total Special Education (IDEA) Cluster			2,287,851
Passed Through California Department of Education (CDE)			
Education Stabilization Fund (ESF)			
COVID-19: Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	2,147,655
COVID-19: Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund	84.425D	15559	3,513,039
COVID-19: Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	39,551
COVID-19: Expanded Learning Opportunities (ELO) Grant			
ESSER II State Reserve	84.425D	15618	4,590
COVID-19: Expanded Learning Opportunities (ELO) Grant			
ESSER III State Reserve Emergency Needs	84.425U	15620	203,921
COVID-19: Expanded Learning Opportunities (ELO) Grant			
ESSER III State Reserve Learning Loss	84.425U	15621	1,087,890
Subtotal			6,996,646
Title I Grants to Local Educational Agencies	84.010	14329	839,106
Supporting Effective Instruction State Grants	84.367	14341	189,873
English Language Acquisition State Grants	84.365	14346	68,402
Student Support and Academic Enrichment Program	84.424	15396	70,885
Rehabilitation Services - Vocational Rehabilitation			
Grants to States	84.126	10006	146,117
Total U.S. Department of Education			10,598,880
U.S. Department of Health and Human Services			
Passed Through Los Angeles County Office of Education			
COVID-19 Epidemiology and Laboratory Capacity of			
Infectious Diseases	93.323	C-21897:21:23	49
Total U.S. Department of Health and Human Services			49

Las Virgenes Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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 Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program, Section 4	10.555	13523	\$ 376,691
National School Lunch Program, Section 11	10.555	13524	251,899
National Lunch Program, Commodities	10.555	13396	637,905
Subtotal			1,266,495
School Breakfast Program - Basic	10.553	13525	150,131
School Breakfast Program - Especially Needy	10.553	13526	29,762
Subtotal			179,893
Total Child Nutrition Cluster			1,446,388
Total U.S. Department of Agriculture			1,446,388
Total Federal Financial Assistance			\$ 12,045,317

ORGANIZATION

The Las Virgenes Unified School District (the District) was unified in 1962 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates eight elementary, one alternative K-8 school, three middle and two comprehensive high schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Lesli Stein	President	2026
Angela Cutbill	Vice President	2026
Dallas Lawrence	Clerk	2026
Jill Gaines	Member	2024
Linda Menges	Member	2024

ADMINISTRATION

Dan Stepenosky, Ed.D.	Superintendent
Ryan Gleason, Ed. D.	Assistant Superintendent, Business Services
Steve Scifres, Ed.D	Assistant Superintendent, Human Resources

Las Virgenes Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Final Report	
	Second Period Report 5BA11BFC	Annual Report 5BA11B89
Regular ADA		
Transitional kindergarten through third	2,398.97	2,403.05
Fourth through sixth	1,940.71	1,946.70
Seventh and eighth	1,430.72	1,435.61
Ninth through twelfth	3,302.06	3,293.83
Total Regular ADA	9,072.46	9,079.19
Extended Year Special Education		
Transitional kindergarten through third	6.00	6.00
Fourth through sixth	2.49	2.49
Seventh and eighth	1.67	1.67
Ninth through twelfth	2.62	2.62
Total Extended Year Special Education	12.78	12.78
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.25	1.17
Ninth through twelfth	13.64	13.85
Total Special Education, Nonpublic, Nonsectarian Schools	14.89	15.02
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.66	0.66
Total ADA	9,100.79	9,107.65

Las Virgenes Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	43,245	-	43,245	183	-	183	Complied
Grades 1 - 3	50,400							
Grade 1		52,287	-	52,287	183	-	183	Complied
Grade 2		52,287	-	52,287	183	-	183	Complied
Grade 3		52,287	-	52,287	183	-	183	Complied
Grades 4 - 8	54,000							
Grade 4		56,028	-	56,028	183	-	183	Complied
Grade 5		56,028	-	56,028	183	-	183	Complied
Grade 6		57,495	-	57,495	182	-	182	Complied
Grade 7		57,495	-	57,495	182	-	182	Complied
Grade 8		57,495	-	57,495	182	-	182	Complied
Grades 9 - 12	64,800							
Grade 9		66,468	-	66,468	183	-	183	Complied
Grade 10		66,468	-	66,468	183	-	183	Complied
Grade 11		66,468	-	66,468	183	-	183	Complied
Grade 12		66,468	-	66,468	183	-	183	Complied

Las Virgenes Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

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

	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund
	<u> </u>	<u> </u>	<u> </u>
Fund Balance			
Balance, June 30, 2023, Unaudited Actuals	\$ 256,572	\$ 3,243,870	\$ 19,427,830
Increase in			
Fair market adjustment to			
cash in county treasury	-	-	(938,911)
Due from other funds	1,359,855	-	-
Accounts payable	(1,616,427)	-	-
Due to other funds	-	(1,359,855)	-
	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2023, Audited Financial Statements	<u>\$ -</u>	<u>\$ 1,884,015</u>	<u>\$ 18,488,919</u>

Las Virgenes Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ^{1,3}
General Fund				
Revenues	\$ 152,618,773	\$ 165,615,926	\$ 140,179,071	\$ 133,481,149
Other sources	-	1,963,882	-	-
Total revenues and other sources	<u>152,618,773</u>	<u>167,579,808</u>	<u>140,179,071</u>	<u>133,481,149</u>
Expenditures	161,763,327	151,014,660	134,481,926	120,944,069
Other uses	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>2,055,704</u>
Total expenditures and other uses	<u>163,013,327</u>	<u>152,264,660</u>	<u>135,731,926</u>	<u>122,999,773</u>
Increase/(Decrease) in Fund Balance	<u>(10,394,554)</u>	<u>15,315,148</u>	<u>4,447,145</u>	<u>10,481,376</u>
Ending Fund Balance ³	<u>\$ 46,226,006</u>	<u>\$ 56,620,560</u>	<u>\$ 41,305,412</u>	<u>\$ 36,858,267</u>
Available Reserves ²	<u>\$ 14,550,722</u>	<u>\$ 18,720,029</u>	<u>\$ 28,393,711</u>	<u>\$ 25,353,678</u>
Available Reserves as a Percentage of Total Outgo	<u>8.93%</u>	<u>12.29%</u>	<u>20.92%</u>	<u>20.61%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 298,005,925</u>	<u>\$ 270,013,372</u>	<u>\$ 357,001,251</u>
K-12 Average Daily Attendance at P-2	<u>8,934</u>	<u>9,101</u>	<u>9,488</u>	<u>10,420</u>

The General Fund balance has increased by \$19,762,293 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$10,394,554 (18.4%). 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 liabilities have decreased by \$58,995,326 over the past two years.

Average daily attendance has decreased by 1,319 over the past two years. An additional decline of 167 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 subject to audit.

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

³ Ending balance for 2021 was restated. However, revenues and expenditures were not restated to show the effects of the restatement.

Las Virgenes Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 1,546,159	\$ 2,188,473	\$ 2,386,450	\$ 958,579	\$ 7,079,661
Receivables	60,114	865,706	12,273	10,038	948,131
Prepaid expenditures	68,921	-	-	-	68,921
Stores inventories	39,469	50,501	-	-	89,970
Total assets	\$ 1,714,663	\$ 3,104,680	\$ 2,398,723	\$ 968,617	\$ 8,186,683
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 50,282	\$ 503,695	\$ 515,939	\$ -	\$ 1,069,916
Unearned revenue	-	80,243	-	-	80,243
Total liabilities	50,282	583,938	515,939	-	1,150,159
Fund Balances					
Nonspendable	108,390	53,876	-	-	162,266
Restricted	1,555,991	2,466,866	1,882,784	968,617	6,874,258
Total fund balances	1,664,381	2,520,742	1,882,784	968,617	7,036,524
Total liabilities and fund balances	\$ 1,714,663	\$ 3,104,680	\$ 2,398,723	\$ 968,617	\$ 8,186,683

Las Virgenes Unified School District

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

Year Ended June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 1,773,425	\$ -	\$ -	\$ 1,773,425
Other State sources	-	2,256,432	-	-	2,256,432
Other local sources	2,053,064	26,416	73,518	20,858	2,173,856
Total revenues	2,053,064	4,056,273	73,518	20,858	6,203,713
Expenditures					
Current					
Pupil services					
Food services	-	3,055,512	-	-	3,055,512
Administration					
All other administration	13,500	79,520	-	-	93,020
Plant services	-	-	108,944	-	108,944
Ancillary services	1,940,328	-	-	-	1,940,328
Facility acquisition and construction	-	-	1,011,045	-	1,011,045
Total expenditures	1,953,828	3,135,032	1,119,989	-	6,208,849
Excess (Deficiency) of Revenues Over Expenditures	99,236	921,241	(1,046,471)	20,858	(5,136)
Other Financing Sources					
Transfers in	-	-	1,250,000	-	1,250,000
Net Change in Fund Balances	99,236	921,241	203,529	20,858	1,244,864
Fund Balance - Beginning	1,565,145	1,599,501	1,679,255	947,759	5,791,660
Fund Balance - Ending	\$ 1,664,381	\$ 2,520,742	\$ 1,882,784	\$ 968,617	\$ 7,036,524

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 Las Virgenes Unified School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in 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 does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities 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 Supply Chain Assistance Funds and COVID-19 Epidemiology and Laboratory Capacity of Infectious Diseases funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2023. The unspent balances are reported as legally restricted within the General Fund and the Cafeteria Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 12,409,523
Supply Chain Assistance Funds	10.555	(327,037)
COVID-19 Epidemiology and Laboratory Capacity of Infections Diseases	93.323	(37,169)
Total Federal Financial Assistance		<u>\$ 12,045,317</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2023

Las Virgenes Unified School District



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

To the Governing Board
Las Virgenes Unified School District
Calabasas, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Las Virgenes Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as items 2023-001, 2023-002, and 2023-003, that we consider to be material weaknesses.

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the 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.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 12, 2024



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

To the Governing Board
Las Virgenes Unified School District
Calabasas, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs, as item 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings 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 certain deficiencies 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 2023-004, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings 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.

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
January 12, 2024



Independent Auditor's Report on State Compliance

To the Governing Board
Las Virgenes Unified School District
Calabasas, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

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

We did not perform Before/After School Education and Safety Program procedures because the program is not offered by the District.

The District did not offer Independent Study – Course Based; therefore, we did not perform procedures related to Independent Study – Course Based.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 12, 2024



Schedule of Findings and Questioned Costs
June 30, 2023

Las Virgenes Unified School District

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	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
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
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 material weaknesses of internal controls related to the financial statements that are 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 – Adjustments and Financial Statement Preparation (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. 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 2022-2023 unaudited actuals financial report. Through review of supporting records, we noted misstatements in the Building Fund and the Capital Facilities Fund.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified as a result of our review available District records related to the financial account balances as reported in the unaudited actuals reporting package.

Effect

Due to the condition identified, the District's Building Fund has been overstated by \$256,572, and the Capital Facilities Fund has been overstated by \$1,359,855.

Cause

The cause of the condition identified is due to inadequate review processes related to the District's financial activity.

Repeat Finding

No.

Recommendation

Prior to closing the books, the District's management should review financial account balances to ensure that they 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

LVUSD closed the sale of our Series A Bonds for approximately \$85M in August of 2023. This serves as the first quarter of a \$340M Proposition 39 Bond. In an effort to maximize the purchasing power and to initiate capital improvement projects in the Summer of 2023, the District utilized fund balance from Fund 14, Fund 25 and Fund 21. The Board passed a reimbursement resolution to utilize these funds and then reimburse fund 21.1 (Measure S) once the Series A sale was completed. Managing the timing of these projects and work completion across the fiscal year led to staff not assigning proportional expenditures to the 2022-2023 fiscal year for Fund 21.1. Moving forward the CBO and Assistant Directors of Finance and Accounting will more carefully review financial account balances to ensure that they have been correctly reported.

2023-002 30000 – Fair Market Value of Cash in County Treasury

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records. 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 a material misstatement of a balance within the District's 2022-2023 unaudited actuals financial report. Through review of supporting records, we noted that the Bond Interest and Redemption Fund's Cash in County Treasury balance was overstated by \$938,911.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified as a result of our review of available records related to the financial account balances in the Bond Interest and Redemption Fund.

Effect

Due to the condition identified, the District's Bond Interest and Redemption Fund's ending fund balance has been overstated by \$938,911.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Repeat Finding

Yes, see prior year finding 2022-002.

Recommendation

Prior to closing the books, the District's management should review financial account balances to ensure that they 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

The Chief Business Officer and Assistant Directors of Finance and Accounting will ensure the fair market adjustment is booked at year end in the Bond Interest and Redemption Fund.

2023-003 30000 – Overstatement of Receivable and Unearned Revenues

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

Condition

During the course of our engagement, we identified significant misstatements of balances within the District's 2022-2023 unaudited actuals. Specifically, the District overstated its General Fund receivables and unearned revenue balances by \$966,593.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2022-2023 unaudited actuals.

Effect

While the condition identified resulted in no net change to the ending fund balance of the General Fund, both assets and liabilities were materially misstated.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Repeat Finding

Yes, see prior year finding 2022-003.

Recommendation

Management should review financial account balances to ensure that they 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

The CBO and the Assistant Directors of Finance and Accounting have added additional steps to ensure that we reverse unearned revenue being booked for the fiscal year that is being closed.

The following finding represents a significant deficiency of internal controls and an instance of noncompliance including questioned costs that are 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

2023-004 50000 (Allowable Costs/Cost Principles, Significant Deficiency)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-through Entity: California Department of Education
Federal Program: Education Stabilization Fund (ESF)
ALN: 84.425D & 84.425U (FY 2022-2023)
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency and Non-Compliance

Criteria or Specific Requirements

The Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1) states:

“Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.”

Furthermore, the California Department of Education’s (CDE) FAQs on Capital Expenditures state the following:

“In accordance with 2 CFR 200.439, prior approval is required for any single big-ticket purchases at the cost of \$5,000 or more using the funding sources cited above. These purchases can include general purpose equipment, buildings, and land, including material improvements. This means one costly item (or several items which make up one unit) and the cost includes all the ancillary expenses such as design costs, new electrical circuit for the item, and other related fees.

To obtain approval, an LEA must fill out the Capital Expenditures Pre-Approval Application Form”

Condition

The District had a total of \$226,920 in capital expenditures charged to ESF that was not pre-approved by CDE.

Questioned Costs

A total of \$226,920 in questioned costs were noted based on the condition identified.

Context

The condition was identified as a result of our review and testing of expenditures charged to various ESF programs.

Effect

As a result of the condition identified, the District was not in compliance with the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1).

Cause

The cause appears to be attribute to the District's improper monitoring and lack of knowledge over this specific compliance requirement. Additionally, a contributing factor appears to be a turnover in a key position that provides oversight for this program.

Repeat Finding

No.

Recommendation

The District should become familiar with all of the compliance requirements with ESF. As a resource, the District should utilize a combination of guidance provided by CDE and also by Subpart E of the Uniform Guidance that provides guidance on cost principles. Additionally, the District should establish more effective control activities and monitoring over how Federal funds are spent to ensure compliance, moving forward.

Corrective Action Plan and Views of Responsible Officials

Federal ESSER Funding was released in waves following the COVID-19 pandemic. The compliance for reporting and audits of these pandemic-related funds was new for staff across the state of California. Given this, staff did not send a capital outlay pre-approval request for technology equipment. Furthermore, more close oversight was needed regarding a multi-year subscription for a technology firewall that exceeded the grant timelines. Moving forward, the CBO and Assistant Directors of Finance and Accounting will work to ensure there are more layers of approval for Capital Outlay expenditures, especially as they relate to restricted categorical resources.

None reported.

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

Financial Statements Findings

2022-001 30000 – Prior-Period Adjustment

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our review of current year state categorical program revenues, the related accounts receivable accruals, and clearing of prior year accounts receivable accruals, we noted that the District identified an amount of \$2,899,471 in the General Fund that had been accrued in error in the prior year. Additionally, the District's liability holding accounts associated with health and welfare benefits and workers' compensation activities were previously overstated by \$433,145.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified as a result of our review of the clearing of prior-year accruals and of the beginning fund balance in the General Fund.

Effect

The effect of the error was a restatement of the beginning fund balance in the General Fund in the amount of \$2,466,326.

Cause

The cause of the condition identified appears to be due to late guidance issued by the California Department of Education with respect to certain categorical program revenues and the source of those revenues. The District's year-end review processes related to the preparation of the District's year-end financial statements did not identify the change needed prior to finalizing the closing of the books. Additionally, the District's liability holding accounts appear to be inadequately reconciled which resulted in a gradual build up of excess amounts held in the liability accounts.

Recommendation

Prior to closing the books, the District should review any final guidance from the county or California Department of Education that could have an impact on the financial statements. With the various new sources of revenue that Districts have received in the prior and current year, new guidance is being issued and is changing frequently. Furthermore, the District should review all of its liability holding accounts associated with various fringe benefits and ensure that balances held in these accounts are accurate.

Current Status

Implemented.

2022-002 30000 – Fair Market Value of Cash in County Treasury

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

Condition

During the course of our engagement, we identified a material misstatement of a balance within the District's 2020-2021 unaudited actuals financial report. Through review of supporting records, we noted that the Bond Interest and Redemption Fund's Cash in County Treasury balance was overstated by \$756,709.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified as a result of our review of available records related to the financial account balances in the Bond Interest and Redemption Fund.

Effect

Due to the condition identified, the District's Bond Interest and Redemption Fund's ending fund balance has been overstated by \$756,709.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Recommendation

Prior to closing the books, the District's management should review financial account balances to ensure that they have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information.

Current Status

Not implemented, see current year finding 2023-002.

2022-003 30000 – Overstatement of Accounts Receivable and Unearned Revenues

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of financial account balances to ensure that they agree to corresponding supporting records.

Condition

During the course of our engagement, we identified significant misstatements of balances within the District's 2021-2022 unaudited actuals. Specifically, the District overstated its General Fund accounts receivable and unearned revenue balances by \$7,297,360.

Questioned Costs

There were no questioned costs associated with the condition.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2021-2022 unaudited actuals.

Effect

While the condition identified resulted in no net change to the ending fund balance of the General Fund, both assets and liabilities were materially misstated.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Recommendation

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

Current Status

Not implemented, see current year finding 2023-003.

Federal Awards Findings

2022-004 50000 (Reporting, Material Weakness)

Federal Program Affected

Federal Agency: U.S. Department of Health and Human Services
Pass-through Entity: Los Angeles County Office of Education
Federal Program: COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases
CFDA/ALN: 93.323 (FY 2021-2022)

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Non-Compliance

Criteria or Specific Requirements

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

Submit weekly progress reports and monthly financial reports to LACOE. The reports will include the following information:

- Total enrollment
- Number of individuals tested (student and staff)
- Number of testing locations
- Number of tests – PCR (total and positive tests)
- Number of tests – Antigen (total and positive tests)
- Number of tests – Other (type of test; total and positive tests)

- Total positive tests
- Description of program activities
- Other indicators that may arise to ascertain program progress

Condition

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

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

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

Effect

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

Cause

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

Recommendation

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

Current Status

Program period ended in the prior year and was a one-time award. The district did not have this program in the FY 2022-2023.

2022-005 50000 (Maintenance of Effort, Significant Deficiency)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-through Entity: California Department of Education
Federal Program: Special Education Cluster
CFDA/ALN: 84.173 & 84.027 (FY 2021-2022)
Compliance Requirement: Maintenance of Effort

Type of Finding: Significant Deficiency and Non-Compliance

Criteria or Specific Requirements

The Code of Federal Regulations, Title 34, Subtitle B, Chapter III, Part 300, Subpart C, Section 300.203(a)(1)) states:

For purposes of establishing the LEA's eligibility for an award for a fiscal year, the SEA must determine that the LEA budgets, for the education of children with disabilities, at least the same amount, from at least one of the following sources, as the LEA spent for that purpose from the same source for the most recent fiscal year for which information is available:

- i. Local funds only;
- ii. The combination of State and local funds;
- iii. Local funds only on a per capita basis; or
- iv. The combination of State and local funds on a per capita basis.

The State of California Department of Education checks compliance with the federal code through the LEA's completion of the Report SEMA within the Standardized Account Code Structure Financial Reporting Software Unaudited Actuals module. The Report SEMA calculates the LEA's maintenance of effort (MOE) compliance by comparing the current year's applicable expenditures to the most recent year that the LEA met the MOE.

Condition

The District did not meet the maintenance of effort requirement for the 2021-2022 fiscal year using any of the four tests noted in the federal code.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our examination of Report SEMA within the Standardized Account Code Structure Financial Reporting Software Unaudited Actuals reporting package for the 2021-2022 fiscal year.

Effect

The District did not comply with Code of Federal Regulations, Title 34, Subtitle B, Chapter III, Part 300, Subpart C, Section 300.203(a)(1).

Cause

The condition appears to have resulted from the District's decreased expenditure of state and local funds on Special Education programs.

Recommendation

The District should examine if any of the exempt reduction options apply to its situation. If none apply, the District should prepare for a possible reduction in federal Special Education/IDEA funding.

Current Status

Implemented.