



Financial Statements
June 30, 2023

Kings Canyon Unified School District

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Kings Canyon Unified School District

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Independent Auditor's Report

To the Governing Board
Kings Canyon Unified School District
Reedley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Kings Canyon 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, the major fund, and the aggregate remaining fund information of the Kings Canyon Unified School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
December 14, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The District is committed to maximizing its fiscal resources for the purpose of increasing academic achievement for all students. The District continues to focus its fiscal resources to meet its mission of helping students attain their highest potential. The District continues to work together in collaboration with its educational partners to focus its revenues and expenditures on the most effective activities and practices to achieve this mission.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District 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. These statements include all assets of the District (including capital assets and right-to-use leased 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 the governmental funds.

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

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

The Primary unit of the government is the Kings Canyon 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, liabilities, and deferred inflows 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 separate the District activities as follows:

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$149.2 million for the fiscal year ended June 30, 2023. Of this amount, \$51.9 million was restricted. 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. The \$149.2 million in net position of governmental activities represents the accumulated results of all past years' operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 126,526,264	\$ 100,875,560
Capital assets and right-to-use leased assets	250,152,016	216,953,006
Total assets	376,678,280	317,828,566
Deferred Outflows of Resources	45,557,406	32,831,502
Liabilities		
Current liabilities	23,464,191	20,588,608
Long-term liabilities	233,251,563	185,886,312
Total liabilities	256,715,754	206,474,920
Deferred Inflows of Resources	16,329,851	56,080,702
Net Position		
Net investment in capital assets	176,055,257	140,482,942
Restricted	51,948,321	30,029,988
Unrestricted (deficit)	(78,813,497)	(82,408,484)
Total net position	\$ 149,190,081	\$ 88,104,446

Changes in Net Position

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

Table 2

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	\$ 1,121,354	\$ 1,512,384
Operating grants and contributions	77,355,756	46,197,803
Capital grants and contributions	4,020,418	3,801,170
General revenues		
Federal and State aid not restricted	125,028,641	112,131,254
Property taxes	20,599,126	18,809,977
Other general revenues	27,906,716	19,530,110
Total revenues	<u>256,032,011</u>	<u>201,982,698</u>
Expenses		
Instruction-related	124,912,828	103,680,012
Pupil services	31,136,618	26,403,537
Administration	8,927,355	7,195,472
Plant services	20,147,872	20,798,610
Other	9,821,703	9,966,381
Total expenses	<u>194,946,376</u>	<u>168,044,012</u>
Change in net position	<u>\$ 61,085,635</u>	<u>\$ 33,938,686</u>

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$194.9 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$20.6 million because the cost was paid by those who benefited from the programs of \$1.1 million or by other governments and organizations who subsidized certain programs with grants and contributions totaling \$81.4 million. We paid for the remaining “public benefit” portion of our governmental activities with \$152.9 million in Federal and State unrestricted funds, and with other revenues, like interest and general entitlements. Kings Canyon remains steady in building our reserves, maintaining efficiencies and maximizing categorical flexibilities. Our core values are safety for students and employees, student achievement, jobs for employees and fiscal responsibility.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction-related, 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	\$ 124,912,828	\$ 103,680,012	\$ (68,980,241)	\$ (74,166,597)
Pupil services	31,136,618	26,403,537	(9,988,892)	(11,505,378)
Administration	8,927,355	7,195,472	(6,897,023)	(5,748,311)
Plant services	20,147,872	20,798,610	(18,364,616)	(17,667,794)
All other services	9,821,703	9,966,381	(8,218,076)	(7,444,575)
Total	<u>\$ 194,946,376</u>	<u>\$ 168,044,012</u>	<u>\$ (112,448,848)</u>	<u>\$ (116,532,655)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$103.9 million, which is an increase of \$22.8 million from last year. The primary reasons for this overall increase are:

- The General Fund is our principal operating fund. The fund balance in the General Fund increased from \$49.0 million to \$69.1 million due to the Learning Recovery Emergency Block Grant.
- The non-major governmental funds increased by \$2.6 million, primarily due to:
 - Increased meal reimbursement revenues due to increased enrollment and reimbursement rates.
 - Receipt of school facilities apportionment funding

Table 4

Governmental Funds	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 48,957,914	\$ 223,649,321	\$ 203,469,754	\$ 69,137,481
Student Activities	526,105	1,200,249	1,050,243	676,111
Charter Schools	4,630,573	6,848,426	6,134,865	5,344,134
Adult Education	635,905	1,464,465	1,477,696	622,674
Child Development	203,334	2,724,777	2,832,080	96,031
Cafeteria	2,429,258	10,758,192	8,961,964	4,225,486
Capital Facilities	2,827,851	1,095,330	1,941,359	1,981,822
County School Facilities	3,680,280	4,020,417	2,551,543	5,149,154
Special Reserve Fund for Capital Outlay Projects	12,136,748	7,757,632	8,631,878	11,262,502
Bond Interest and Redemption	5,086,784	5,680,715	5,393,891	5,373,608
Total	<u>\$ 81,114,752</u>	<u>\$ 265,199,524</u>	<u>\$ 242,445,273</u>	<u>\$ 103,869,003</u>

General Fund Budgetary Highlights

Over the course of the past year, the District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted 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.

The District budgeted an increase in General Fund balance of approximately \$5.6 million. While revenues and transfers in were approximately \$27.8 million less than budgeted, expenditures and transfers out were approximately \$42.5 million less than budgeted, leaving the fund with an actual increase of approximately \$20.2 million.

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

Capital Assets and Right-to-Use Leased Assets

At June 30, 2023, the District had \$250.2 million in a broad range of capital assets and right-to-use leased assets, (net of depreciation and amortization expenses), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$33.2 million (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 34,962,249	\$ 17,024,658
Buildings and improvements	208,068,610	193,464,708
Equipment	7,065,524	6,100,300
Right-to-use leased assets	55,633	363,340
Total	<u>\$ 250,152,016</u>	<u>\$ 216,953,006</u>

This year's major additions included the completion of various portable projects and the Reedley High School HVAC and auto shop projects. We present more detailed information regarding our capital assets and right-to-use leased assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of this year, the District had \$233.3 million in debt versus \$185.9 million last year, an increase of \$47.4 million. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	\$ 84,595,729	\$ 86,425,686
Unamortized premiums	2,565,250	2,831,835
Leases	60,501	390,013
Compensated absences	784,432	547,799
Net OPEB liability	26,009,123	24,899,689
Aggregate net pension liability	<u>119,236,528</u>	<u>70,791,290</u>
Total	<u>\$ 233,251,563</u>	<u>\$ 185,886,312</u>

The District's S&P bond rating as of the most recent bond issuance was "AA". The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries.

At year-end, the District has a net pension liability of \$119.2 million versus \$70.8 million last year, an increase of \$48.4 million, or 68.4%. The District also reported deferred outflows of resources from pension activities of \$39.8 million, and deferred inflows of resources from pension activities of \$10.1 million. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

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

- **Our Employees:** The District employees are caring professionals who are skilled, empowered and prepared to provide effective services.
- **Safety:** The District strives to provide a safe and nurturing learning environments to support students social, emotional, and academic success. As these indicators have improved, it is not coincidental that student achievement has continued to increase.
- **Fiscal Responsibility:** The District works hard to protect and preserve the fiscal health of the District and has a Board policy of a ten percent reserve. We strive to achieve long-term stability so that our energy can be focused on providing quality education to our students. We are very thankful for the State and Federal funding such as ESSER, In-Person Learning Grant, COVID Relief Fund and Expanded Learning Opportunities. With this one-time funding, we have purchased technology, expanded our supports, Social Emotional Learning, in person learning and facilities.
- **Facilities:** The District continues to maintain our investment in facilities, provide more learning opportunities, co-curricular and sporting facilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In considering the District Budget for the 2023-2024 school year, the Governing Board and District Administration used the following criteria:

- You can find our LCAP on the District website. Meaningful engagement of parents, pupils, and other stakeholders, including those representing the subgroups identified in *Education Code* Section 52052, continues to be critical during the LCAP planning.
- Conservative budgeting
- Maintain a minimum of ten percent reserve
- Enrollment and ADA – remains flat

HOW TO CONTACT THE DISTRICT'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Shaun L. Rodriguez, Director of Fiscal Services, at (559) 305-7033.

Kings Canyon Unified School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 105,931,868
Receivables	20,289,294
Stores inventories	305,102
Capital assets not depreciated	34,962,249
Capital assets, net of accumulated depreciation	215,134,134
Right-to-use leased assets, net of accumulated amortization	55,633
Total assets	<u>376,678,280</u>
Deferred Outflows of Resources	
Deferred charge on refunding	1,841,773
Deferred outflows of resources related to OPEB	3,895,735
Deferred outflows of resources related to pensions	39,819,898
Total deferred outflows of resources	<u>45,557,406</u>
Liabilities	
Accounts payable	20,051,039
Interest payable	806,930
Unearned revenue	2,606,222
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,647,835
Long-term liabilities other than OPEB and pensions due in more than one year	84,358,077
Net other postemployment benefits liability (OPEB)	26,009,123
Aggregate net pension liabilities	119,236,528
Total liabilities	<u>256,715,754</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	6,239,542
Deferred inflows of resources related to pensions	10,090,309
Total deferred inflows of resources	<u>16,329,851</u>
Net Position	
Net investment in capital assets	176,055,257
Restricted for	
Debt service	4,566,678
Capital projects	7,130,976
Educational programs	35,562,393
Child nutrition	4,012,163
Student activities	676,111
Unrestricted (deficit)	<u>(78,813,497)</u>
Total net position	<u><u>\$ 149,190,081</u></u>

Kings Canyon Unified School District

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 104,425,797	\$ 772,693	\$ 46,979,360	\$ 4,020,418	\$ (52,653,326)
Instruction-related activities					
Supervision of instruction	2,966,802	14,192	690,116	-	(2,262,494)
Instructional library, media, and technology	2,254,512	-	148,043	-	(2,106,469)
School site administration	15,265,717	11,831	3,295,934	-	(11,957,952)
Pupil services					
Home-to-school transportation	7,040,748	-	1,298,004	-	(5,742,744)
Food services	8,647,959	196,940	9,903,115	-	1,452,096
All other pupil services	15,447,911	44,723	9,704,944	-	(5,698,244)
Administration					
Data processing	1,720,187	-	52,325	-	(1,667,862)
All other administration	7,207,168	16,928	1,961,079	-	(5,229,161)
Plant services	20,147,872	52,409	1,730,847	-	(18,364,616)
Ancillary services	3,979,741	11,638	1,554,656	-	(2,413,447)
Community services	578,860	-	1,362	-	(577,498)
Interest on long-term liabilities	3,636,266	-	-	-	(3,636,266)
Other outgo	1,626,836	-	35,971	-	(1,590,865)
Total governmental activities	<u>\$ 194,946,376</u>	<u>\$ 1,121,354</u>	<u>\$ 77,355,756</u>	<u>\$ 4,020,418</u>	<u>(112,448,848)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					14,518,209
Property taxes, levied for debt service					5,751,162
Taxes levied for other specific purposes					329,755
Federal and State aid not restricted to specific purposes					125,028,641
Interest and investment earnings					(844,885)
Miscellaneous and unspent entitlement revenues					28,751,601
Subtotal, general revenues and subventions					<u>173,534,483</u>
Change in Net Position					61,085,635
Net Position - Beginning					<u>88,104,446</u>
Net Position - Ending					<u>\$ 149,190,081</u>

Kings Canyon Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 72,256,853	\$ 33,675,015	\$ 105,931,868
Receivables	15,827,371	4,461,923	20,289,294
Due from other funds	1,345,516	53,456	1,398,972
Stores inventories	92,429	212,673	305,102
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 89,522,169</u>	<u>\$ 38,403,067</u>	<u>\$ 127,925,236</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 17,836,052	\$ 2,214,987	\$ 20,051,039
Due to other funds	4,733	1,394,239	1,398,972
Unearned revenue	2,543,903	62,319	2,606,222
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>20,384,688</u>	<u>3,671,545</u>	<u>24,056,233</u>
Fund Balances			
Nonspendable	242,429	213,323	455,752
Restricted	29,499,554	23,255,697	52,755,251
Committed	27,376,418	-	27,376,418
Assigned	433,094	11,262,502	11,695,596
Unassigned	11,585,986	-	11,585,986
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>69,137,481</u>	<u>34,731,522</u>	<u>103,869,003</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 89,522,169</u>	<u>\$ 38,403,067</u>	<u>\$ 127,925,236</u>

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

Total Fund Balance - Governmental Funds		\$ 103,869,003
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	\$ 366,306,771	
Accumulated depreciation is	<u>(116,210,388)</u>	
Net capital assets		250,096,383
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	1,469,921	
Accumulated amortization is	<u>(1,414,288)</u>	
Net right-to-use leased assets		55,633
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.		
		(806,930)
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)	1,841,773	
Other postemployment benefits (OPEB)	3,895,735	
Net pension liability	<u>39,819,898</u>	
Total deferred outflows of resources to pensions		45,557,406
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)	(6,239,542)	
Net pension liability	<u>(10,090,309)</u>	
Total deferred inflows of resources to pensions		(16,329,851)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(119,236,528)

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

The District's OPEB liability is not due and payable in the current period,
and is not reported as a liability in the funds. (26,009,123)

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 including unamortized premiums (75,878,031)

Leases (60,501)

Compensated absences (vacations) (784,432)

In addition, capital appreciation general obligation bonds were
issued. The accretion of interest to date on the general
obligation bonds is

(11,282,948)

Total long-term liabilities (88,005,912)

Total net position - governmental activities \$ 149,190,081

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ 131,016,605	\$ 5,357,109	\$ 136,373,714
Federal sources	32,406,596	9,112,641	41,519,237
Other State sources	51,741,213	11,083,883	62,825,096
Other local sources	8,484,907	9,303,236	17,788,143
Total revenues	<u>223,649,321</u>	<u>34,856,869</u>	<u>258,506,190</u>
Expenditures			
Current			
Instruction	96,124,490	5,770,756	101,895,246
Instruction-related activities			
Supervision of instruction	2,976,595	81,627	3,058,222
Instructional library, media, and technology	2,343,418	6,625	2,350,043
School site administration	14,486,314	1,363,845	15,850,159
Pupil services			
Home-to-school transportation	6,312,857	15,836	6,328,693
Food services	104,040	8,280,536	8,384,576
All other pupil services	15,737,367	358,481	16,095,848
Administration			
Data processing	1,638,652	-	1,638,652
All other administration	6,192,457	395,902	6,588,359
Plant services	17,935,580	1,581,670	19,517,250
Ancillary services	2,964,046	1,052,263	4,016,309
Community services	597,663	-	597,663
Other outgo	1,626,836	-	1,626,836
Facility acquisition and construction	29,564,927	12,515,753	42,080,680
Debt service			
Principal	329,512	3,320,000	3,649,512
Interest and other	-	2,073,891	2,073,891
Total expenditures	<u>198,934,754</u>	<u>36,817,185</u>	<u>235,751,939</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,714,567</u>	<u>(1,960,316)</u>	<u>22,754,251</u>
Other Financing Sources (Uses)			
Transfers in	-	6,693,334	6,693,334
Transfers out	(4,535,000)	(2,158,334)	(6,693,334)
Net Financing Sources (Uses)	<u>(4,535,000)</u>	<u>4,535,000</u>	<u>-</u>
Net Change in Fund Balances	20,179,567	2,574,684	22,754,251
Fund Balance - Beginning	48,957,914	32,156,838	81,114,752
Fund Balance - Ending	<u>\$ 69,137,481</u>	<u>\$ 34,731,522</u>	<u>\$ 103,869,003</u>

Kings Canyon 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		\$ 22,754,251
Amounts Reported for Governmental Activities in the Statement of Activities are different because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation and amortization expenses in the period.		
Depreciation and amortization expenses	\$ (10,787,725)	
Capital outlays	<u>44,002,535</u>	
Net expense adjustment		33,214,810
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(1,490,043)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(15,800)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(236,633)
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.		4,402,355
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.		(1,387,070)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		266,585
Deferred charge on refunding amortization		(93,202)

Kings Canyon 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

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	3,320,000
Leases	329,512

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

20,870

Change in net position of governmental activities

\$ 61,085,635

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Kings Canyon Unified School District was organized on July 1, 1972, under the laws of the State of California. The District operates under a locally elected seven-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 twelve elementary schools, three middle schools, two high schools, one continuation school, two charter schools, one independent study school, and an adult education school.

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

Other Organizations

The District has approved charters for Kings Canyon Online Charter School and Reedley Middle College High Charter School pursuant to *Education Code* Section 47605. The Kings Canyon Online Charter School and Reedley Middle College High Charter School are operated by the District, and their financial activities are presented in the Charter Schools Fund.

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 comprised of governmental funds.

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 Fund

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.

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, was not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been consolidated with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of \$433,094.

Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Charter Schools Fund** The Charter Schools Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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.

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

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

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

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

Investments

Investments held at June 30, 2023, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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

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

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

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

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

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.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the Statement of Net Position. Debt premiums related to those obligations are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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.

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 official 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 ten percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has no related debt outstanding as of June 30, 2023. 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 \$51,948,321 of restricted net position.

Interfund Activity

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

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

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno 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.

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	<u>\$ 105,931,868</u>
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Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	\$ 686,501
Cash in revolving	150,650
Investments	<u>105,094,717</u>
Total deposits and investments	<u>\$ 105,931,868</u>

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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$105,094,717 in the Fresno County Treasury Investment Pool that has an average weighted maturity of 862 days.

Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, \$401,284 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 - Receivables

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

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	\$ 9,802,561	\$ 2,008,188	\$ 11,810,749
State Government			
LCFF apportionment	-	476,883	476,883
Other State	5,625,133	1,595,401	7,220,534
Local Sources	399,677	381,451	781,128
Total	<u>\$ 15,827,371</u>	<u>\$ 4,461,923</u>	<u>\$ 20,289,294</u>

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

Note 4 - Capital Assets and Right-to-Use Leased Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,032,322	\$ -	\$ -	\$ 7,032,322
Construction in progress	9,992,336	23,064,614	(5,127,023)	27,929,927
Total capital assets not being depreciated	17,024,658	23,064,614	(5,127,023)	34,962,249
Capital assets being depreciated				
Land improvements	35,911,029	2,333,410	-	38,244,439
Buildings and improvements	246,059,429	21,388,780	-	267,448,209
Furniture and equipment	23,983,120	2,342,754	(674,000)	25,651,874
Total capital assets being depreciated	305,953,578	26,064,944	(674,000)	331,344,522
Total capital assets	322,978,236	49,129,558	(5,801,023)	366,306,771
Accumulated depreciation				
Land improvements	(11,997,570)	(1,602,446)	-	(13,600,016)
Buildings and improvements	(76,508,180)	(7,515,842)	-	(84,024,022)
Furniture and equipment	(17,882,820)	(1,361,730)	658,200	(18,586,350)
Total accumulated depreciation	(106,388,570)	(10,480,018)	658,200	(116,210,388)
Net depreciable capital assets	199,565,008	15,584,926	(15,800)	215,134,134
Right-to-use leased assets being amortized				
Buildings and improvements	29,119	-	(29,119)	-
Furniture and equipment	1,469,921	-	-	1,469,921
Total right-to-use leased assets being amortized	1,499,040	-	(29,119)	1,469,921
Accumulated amortization				
Buildings and improvements	(15,145)	(13,974)	29,119	-
Furniture and equipment	(1,120,555)	(293,733)	-	(1,414,288)
Total accumulated amortization	(1,135,700)	(307,707)	29,119	(1,414,288)
Net right-to-use leased assets	363,340	(307,707)	-	55,633
Governmental activities capital assets and right- to-use leased assets, net	\$ 216,953,006	\$ 38,341,833	\$ (5,142,823)	\$ 250,152,016

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

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

Governmental Activities	
Instruction	\$ 6,392,811
School site administration	104,800
Home-to-school transportation	1,467,203
Food services	314,401
Data processing	209,600
All other administration	398,533
Plant services	<u>1,900,377</u>
Total depreciation and amortization expenses - governmental activities	<u>\$ 10,787,725</u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	\$ 1,345,516	\$ 4,733
Non-Major Governmental Funds		
Charter Schools	-	77,495
Adult Education	7,311	49,111
Child Development	-	1,047,695
Cafeteria	19,865	219,938
Special Reserve Fund for Capital Outlay Projects	<u>26,280</u>	<u>-</u>
Total	<u>\$ 1,398,972</u>	<u>\$ 1,398,972</u>

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

The General Fund owes the Adult Non-Major Governmental Fund for PERS and indirect cost corrections.	\$ 1,497
The General Fund owes the Cafeteria Non-Major Governmental Fund for adult meals.	3,236
The Charter Schools Non-Major Governmental Fund owes the General Fund for warehouse orders.	51,215
The Charter Schools Non-Major Governmental Fund owes the Special Reserve Non-Major Governmental Fund for Capital Outlay Project for expense coding error.	26,280
The Adult Non-Major Governmental Fund owes the General Fund for indirect costs.	35,095
The Adult Non-Major Governmental Fund owes the Cafeteria Non-Major Governmental Fund for adult meals.	14,016
The Child Development Non-Major Governmental Fund owes the General Fund for indirect charges and payroll.	1,045,082
The Child Development Non-Major Governmental Fund owes the Cafeteria Non-Major Governmental Fund for adult meals.	2,613
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs and workers' compensation costs.	214,123
The Cafeteria Non-Major Governmental Fund owes the Adult Non-Major Governmental Fund for indirect cost corrections.	5,815
Total	<u>\$ 1,398,972</u>

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2023, consists of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for various projects.	\$ 1,700,000
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for funding facility projects.	2,835,000
The Charter Schools Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for various projects.	158,334
The Charter Schools Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for repayment of the Reedley Middle College construction cost.	2,000,000
Total	<u>\$ 6,693,334</u>

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

Note 6 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 10,938,558	\$ 1,938,735	\$ 12,877,293
State apportionment	543,656	101,890	645,546
Salaries and benefits	6,353,838	174,362	6,528,200
Total	<u>\$ 17,836,052</u>	<u>\$ 2,214,987</u>	<u>\$ 20,051,039</u>

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 617,497	\$ 24,751	\$ 642,248
State categorical aid	1,926,406	25,000	1,951,406
Other local	-	12,568	12,568
Total	<u>\$ 2,543,903</u>	<u>\$ 62,319</u>	<u>\$ 2,606,222</u>

Note 8 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 86,425,686	\$ 1,490,043	\$ (3,320,000)	\$ 84,595,729	\$ 3,590,000
Unamortized debt					
premiums	2,831,835	-	(266,585)	2,565,250	-
Leases	390,013	-	(329,512)	60,501	57,835
Compensated absences	547,799	236,633	-	784,432	-
Total	<u>\$ 90,195,333</u>	<u>\$ 1,726,676</u>	<u>\$ (3,916,097)</u>	<u>\$ 88,005,912</u>	<u>\$ 3,647,835</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The unamortized premium will be amortized over the life of the related debt. The leases are paid by the fund using the right-to-use asset. The compensated absences will be paid by the fund for which the employee worked.

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

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
2020 GORB							
5/12/20	8/1/47	1.31-1.61	\$ 17,120,000	\$ 16,745,000	\$ -	\$ (125,000)	\$ 16,620,000
2019 GORB							
8/7/19	8/1/32	4.00	1,840,000	1,840,000	-	-	1,840,000
8/7/19	8/1/51	3.48-3.91	15,332,915	15,332,914	-	-	15,332,914
Accreted interest				1,815,922	803,438	-	2,619,360
2016 GORB							
1/21/16	8/1/31	2.00-5.00	14,740,000	12,660,000	-	(720,000)	11,940,000
2012 GOB							
6/6/13	8/1/32	3.50-4.00	15,000,000	1,440,000	-	-	1,440,000
9/18/14	8/1/44	3.63-5.00	8,300,000	5,495,000	-	-	5,495,000
1/21/16	8/1/43	2.00-5.00	16,700,000	16,455,000	-	(240,000)	16,215,000
2006 GOB							
11/29/07	8/1/32	3.95-5.00	2,404,967	1,448,498	-	(131,501)	1,316,997
Accreted interest				1,794,122	144,950	(158,499)	1,780,573
2002 GOB							
7/31/02	8/1/27	3.00-5.68	17,996,488	3,766,779	-	(653,909)	3,112,870
Accreted interest				7,632,451	541,655	(1,291,091)	6,883,015
Total				<u>\$ 86,425,686</u>	<u>\$ 1,490,043</u>	<u>\$ (3,320,000)</u>	<u>\$ 84,595,729</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	\$ 769,049	\$ 1,570,951	\$ 2,340,000	\$ -	\$ 2,340,000
2025	755,345	1,507,890	2,263,235	126,765	2,390,000
2026	745,699	1,545,252	2,290,951	264,049	2,555,000
2027	735,733	1,533,818	2,269,551	405,449	2,675,000
2028	726,936	1,520,414	2,247,350	552,650	2,800,000
2029-2033	697,105	985,263	1,682,368	727,632	2,410,000
2034-2038	3,940,297	606,903	4,547,200	3,097,800	7,645,000
2039-2043	4,180,621	670,025	4,850,646	5,059,354	9,910,000
2044-2048	4,046,646	667,266	4,713,912	7,786,088	12,500,000
2049-2052	3,165,350	675,166	3,840,516	7,074,484	10,915,000
Total	<u>\$ 19,762,781</u>	<u>\$ 11,282,948</u>	<u>\$ 31,045,729</u>	<u>\$ 25,094,271</u>	<u>\$ 56,140,000</u>

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 1,250,000	\$ 2,047,344	\$ 3,297,344
2025	1,445,000	1,988,036	3,433,036
2026	1,665,000	1,919,353	3,584,353
2027	1,885,000	1,840,043	3,725,043
2028	2,115,000	1,750,171	3,865,171
2029-2033	14,265,000	7,007,124	21,272,124
2034-2038	8,855,000	4,571,363	13,426,363
2039-2043	13,070,000	2,890,068	15,960,068
2044-2048	9,000,000	681,000	9,681,000
Total	<u>\$ 53,550,000</u>	<u>\$ 24,694,502</u>	<u>\$ 78,244,502</u>

Leases

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

<u>Lease</u>	<u>Leases Outstanding July 1, 2022</u>	<u>Payments</u>	<u>Leases Outstanding June 30, 2023</u>
Facility	\$ 14,168	\$ (14,168)	\$ -
Postage Meter	12,932	(5,056)	7,876
Copiers	362,913	(310,288)	52,625
Total	<u>\$ 390,013</u>	<u>\$ (329,512)</u>	<u>\$ 60,501</u>

Facility

The District entered into an agreement to lease a facility for 25 months beginning June 2021. Under the terms of the lease, the District paid the monthly payments of \$1,200, which amounted to total principal and interest costs of \$30,000. The annual interest rate charged on the lease is 3.0%. During the fiscal year, the District recorded \$13,974 in amortization expense and \$233 in interest expense for the right-to-use the building. As of June 30, 2023, the lease has been paid in full.

Postage Meter

The District entered into an agreement to lease a postage meter for five years beginning November 2019. Under the terms of the lease, the District paid the quarterly payments of \$1,347, which amounted to total principal and interest costs of \$28,287. The annual interest rate charged on the lease is 3.0%. At June 30, 2023, the District has recognized a right-to-use asset of \$26,277 and a lease liability of \$7,876 related to this agreement. During the fiscal year, the District recorded \$5,004 in amortization expense and \$30 in interest expense for the right-to-use the postage meter.

Copiers

The District entered into an agreement to lease copiers for five years beginning February 2019. Under the terms of the lease, the District paid monthly payments starting at \$25,585 in 2019 increasing to \$26,411 in 2023. This amounted to total principal and interest costs of \$1,553,360. The annual interest rate charged on the lease is 3.0%. At June 30, 2023, the District has recognized a right-to-use asset of \$1,443,644 and a lease liability of \$52,625 related to this agreement. During the fiscal year, the District recorded \$288,729 in amortization expense and \$6,644 in interest expense for the right-to-use the copiers.

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	\$ 57,835	\$ 375	\$ 58,210
2025	2,666	30	2,696
Total	<u>\$ 60,501</u>	<u>\$ 405</u>	<u>\$ 60,906</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$784,432.

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported a 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	\$ 25,521,006	\$ 3,895,735	\$ 6,239,542	\$ 2,225,578
Medicare Premium Payment (MPP) Program	488,117	-	-	(70,634)
Total	<u>\$ 26,009,123</u>	<u>\$ 3,895,735</u>	<u>\$ 6,239,542</u>	<u>\$ 2,154,944</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 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	133
Active employees	<u>1,136</u>
Total	<u>1,269</u>

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Kings Canyon Education Association (KCEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, KCEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2023, the District paid \$679,331 in benefits, including credit for an implicit subsidy totaling \$88,543.

Total OPEB Liability of the District

The total OPEB liability of \$25,521,006 was measured as of June 30, 2023, by applying certain roll-forward procedures to the actuarial valuation prepared as of June 30, 2022.

Actuarial Assumptions

The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.65%
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table and the 2017 CalPERS Mortality for Miscellaneous and School Employees Table. Mortality rates vary by age and sex (and sometimes retirement and disability). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer. Retirement rates for certificated employees were based on the 2020 CalSTRS retirement rates. Retirement rates for classified and management employees were based on the 2017 CalSTRS retirement rates. The rates are usually based on age and/or length of service.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study as of June 30, 2022.

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	<u>\$ 24,340,938</u>
Service cost	1,350,759
Interest	871,986
Changes of assumptions or other inputs	(274,803)
Benefit payments	<u>(767,874)</u>
Net change in total OPEB liability	<u>1,180,068</u>
Balance, June 30, 2023	<u><u>\$ 25,521,006</u></u>

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

Changes in Assumptions - The discount rate increased from 3.54% to 3.65% since the previous measurement.

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%)	\$ 27,955,565
Current discount rate (3.65%)	25,521,006
1% increase (4.65%)	23,308,293

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.0%)	\$ 22,327,770
Current healthcare cost trend rate (4.0%)	25,521,006
1% increase (5.0%)	29,371,626

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 \$2,225,578. The deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 453,255	\$ 3,137,706
Changes of assumptions	3,442,480	3,101,836
Total	<u>\$ 3,895,735</u>	<u>\$ 6,239,542</u>

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 463,710	\$ 460,877
2025	463,710	460,877
2026	447,254	460,877
2027	299,248	460,877
2028	299,248	460,877
Thereafter	1,922,565	3,935,157
Total	<u>\$ 3,895,735</u>	<u>\$ 6,239,542</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 \$488,117 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 0.1482% and 0.1401%, resulting in a net increase in the proportionate share of 0.0081%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(70,634).

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%)	\$ 532,141
Current discount rate (3.54%)	488,117
1% increase (4.54%)	449,998

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 447,865
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	488,117
1% increase (5.50% Part A and 6.40% Part B)	533,744

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	\$ 150,000	\$ 650	\$ 150,650
Stores inventories	92,429	212,673	305,102
Total nonspendable	242,429	213,323	455,752
Restricted			
Educational programs	29,499,554	6,062,839	35,562,393
Student activities	-	676,111	676,111
Food service	-	4,012,163	4,012,163
Capital projects	-	7,130,976	7,130,976
Debt services	-	5,373,608	5,373,608
Total restricted	29,499,554	23,255,697	52,755,251
Committed			
Instructional resources	27,376,418	-	27,376,418
Assigned			
Other postemployment benefits	433,094	-	433,094
Capital projects	-	11,262,502	11,262,502
Total assigned	433,094	11,262,502	11,695,596
Unassigned			
Reserve for economic uncertainties	11,585,986	-	11,585,986
Total	\$ 69,137,481	\$ 34,731,522	\$ 103,869,003

Note 11 - Risk Management**Property and Liability**

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

Workers' Compensation

For fiscal year 2023, the District participated in the California Risk Management Authority (CRMA), an insurance purchasing pool. The intent of SIA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in CRMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in CRMA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of CRMA. Participation in the CRMA is limited to districts that can meet CRMA selection criteria.

Employee Medical Benefits

The District has contracted with California Valued Trust (CVT) to provide employee health benefits for management, confidential employees, and certificated and classified employees. CVT is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 12 - 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	\$ 68,605,869	\$ 21,382,033	\$ 8,523,050	\$ 7,234,823
CalPERS	50,630,659	18,437,865	1,567,259	7,032,575
Total	<u>\$ 119,236,528</u>	<u>\$ 39,819,898</u>	<u>\$ 10,090,309</u>	<u>\$ 14,267,398</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 \$12,041,710.

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	\$ 68,605,869
State's proportionate share of the net pension liability	<u>34,357,551</u>
Total	<u>\$ 102,963,420</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 0.0987% and 0.0932%, resulting in a net increase in the proportionate share of 0.0055%.

For the year ended June 30, 2023, the District recognized pension expense of \$7,234,823. In addition, the District recognized pension expense and revenue of \$2,770,914 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,041,710	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,881,692	24,080
Differences between projected and actual earnings on pension plan investments	-	3,354,961
Differences between expected and actual experience in the measurement of the total pension liability	56,278	5,144,009
Changes of assumptions	<u>3,402,353</u>	<u>-</u>
Total	<u>\$ 21,382,033</u>	<u>\$ 8,523,050</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.

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (2,464,467)
2025	(2,669,832)
2026	(4,010,632)
2027	5,789,970
Total	<u>\$ (3,354,961)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 3,258,612
2025	404,614
2026	251,843
2027	81,714
2028	(9,091)
Thereafter	184,542
Total	<u>\$ 4,172,234</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%)	\$ 116,518,211
Current discount rate (7.10%)	68,605,869
1% increase (8.10%)	28,824,220

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 \$6,628,043.

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 \$50,630,659. 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 0.1471% and 0.1396%, resulting in a net increase in the proportionate share of 0.0075%.

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$7,032,575. 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	\$ 6,628,043	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,857,530	307,503
Differences between projected and actual earnings on pension plan investments	5,978,104	-
Differences between expected and actual experience in the measurement of the total pension liability	228,821	1,259,756
Changes of assumptions	3,745,367	-
Total	<u>\$ 18,437,865</u>	<u>\$ 1,567,259</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 of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 996,958
2025	884,233
2026	451,676
2027	3,645,237
Total	<u>\$ 5,978,104</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,452,670
2025	1,507,918
2026	1,292,000
2027	11,871
Total	<u>\$ 4,264,459</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%)	\$ 73,138,551
Current discount rate (6.90%)	50,630,659
1% increase (7.90%)	32,028,714

Social Security

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

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 \$5,511,678 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, and have been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 13 - 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 not currently a party to any legal proceedings.

Kings Canyon Unified School District

Notes to Financial Statements

June 30, 2023

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Student Support Center	\$ 2,604,274	April 2024
After School Program portables	203,306	December 2023
OCHS modular concession	161,106	September 2023
RHS door replacement	31,009	September 2023
DLA water	1,239,933	September 2023
Playgrounds - various sites	531,170	September 2023
Portables - various sites	566,960	September 2023
OCHS hub	228,142	September 2023
Riverview portables	34,955	September 2023
Washington storage	101,235	September 2023
Enger efficiencies	2,688,387	May 2024
Washington modulars and shelter	123,874	September 2023
Grant site improvements	79,331	September 2023
Resurfacing	243,280	September 2023
New offices	19,223,257	October 2023
Total	<u>\$ 28,060,219</u>	

Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the California Valued Trust (CVT), California Risk Management Authority (CRMA), and the School Excess Liability Fund (SELF) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

The District does not have any board members appointed to the governing board of CVT.

During the year ended June 30, 2023, the District made payments of \$14,969,434 to CVT for employee medical benefits.

The District does not have any board members appointed to the governing board of CRMA.

During the year ended June 30, 2023, the District made payments of \$1,159,166 CRMA for workers' compensation insurance

The District does not have any board members appointed to the governing board of CRMA and SELF.

During the year ended June 30, 2023, the District made payments of \$885,055 to CRMA and SELF for property and liability insurance coverage.



Required Supplementary Information
June 30, 2023

Kings Canyon Unified School District

Kings Canyon 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	\$ 122,805,554	\$ 131,825,711	\$ 131,016,605	\$ (809,106)
Federal sources	9,733,759	54,938,587	32,406,596	(22,531,991)
Other State sources	18,084,867	54,494,250	51,741,213	(2,753,037)
Other local sources	7,721,019	10,236,897	8,484,907	(1,751,990)
Total revenues ¹	158,345,199	251,495,445	223,649,321	(27,846,124)
Expenditures				
Current				
Certificated salaries	60,126,406	67,661,590	63,921,922	3,739,668
Classified salaries	23,244,254	24,893,826	23,373,155	1,520,671
Employee benefits	42,421,799	44,581,999	40,966,395	3,615,604
Books and supplies	13,323,896	16,996,681	10,191,138	6,805,543
Services and operating expenditures	25,018,722	33,205,368	28,252,981	4,952,387
Other outgo	1,138,390	1,573,728	911,849	661,879
Capital outlay	18,959,286	57,013,959	30,987,802	26,026,157
Total expenditures ¹	184,232,753	245,927,151	198,934,754	46,992,397
Excess (Deficiency) of Revenues Over Expenditures	(25,887,554)	5,568,294	24,714,567	19,146,273
Other Financing Sources (Uses)				
Transfers in	103,823	-	-	-
Transfers out	(3,200,000)	-	(4,535,000)	(4,535,000)
Net Change in Fund Balances	(28,983,731)	5,568,294	20,179,567	14,611,273
Fund Balance - Beginning	48,957,914	48,957,914	48,957,914	-
Fund Balance - Ending	\$ 19,974,183	\$ 54,526,208	\$ 69,137,481	\$ 14,611,273

¹ Due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

Kings Canyon 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	\$ 1,350,759	\$ 1,872,213	\$ 1,809,105
Interest	871,986	652,866	635,550
Difference between expected and actual experience	-	(3,602,552)	-
Changes of assumptions	(274,803)	(3,266,211)	114,101
Benefit payments	(767,874)	(1,209,130)	(1,298,171)
Net change in total OPEB liability	1,180,068	(5,552,814)	1,260,585
Total OPEB Liability - Beginning	24,340,938	29,893,752	28,633,167
Total OPEB Liability - Ending	<u>\$ 25,521,006</u>	<u>\$ 24,340,938</u>	<u>\$ 29,893,752</u>
Covered Payroll	<u>N/A ¹</u>	<u>N/A ¹</u>	<u>N/A ¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A ¹</u>	<u>N/A ¹</u>	<u>N/A ¹</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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.

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 1,084,173	\$ 1,052,595	\$ 838,328
Interest	727,444	761,914	747,519
Difference between expected and actual experience	462,316	302,452	-
Changes of assumptions	4,031,970	996,786	-
Benefit payments	<u>(743,332)</u>	<u>(1,537,019)</u>	<u>(1,470,303)</u>
Net change in total OPEB liability	5,562,571	1,576,728	115,544
Total OPEB Liability - Beginning	<u>23,070,596</u>	<u>21,493,868</u>	<u>21,378,324</u>
Total OPEB Liability - Ending	<u><u>\$ 28,633,167</u></u>	<u><u>\$ 23,070,596</u></u>	<u><u>\$ 21,493,868</u></u>
Covered Payroll	<u>N/A ¹</u>	<u>N/A ¹</u>	<u>N/A ¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A ¹</u>	<u>N/A ¹</u>	<u>N/A ¹</u>
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.

Kings Canyon 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	2020	2019	2018
Proportion of the net OPEB liability	0.1482%	0.1401%	0.1563%	0.1567%	0.1527%	0.1513%
Proportionate share of the net OPEB liability	\$ 488,117	\$ 558,751	\$ 662,370	\$ 583,634	\$ 584,464	\$ 636,688
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Kings Canyon Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2023

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0987%	0.0932%	0.0897%	0.0886%	0.0851%
Proportionate share of the net pension liability	\$ 68,605,869	\$ 42,410,709	\$ 86,927,494	\$ 80,014,382	\$ 78,186,294
State's proportionate share of the net pension liability	34,357,551	21,339,424	44,811,134	43,653,187	44,765,310
Total	<u>\$ 102,963,420</u>	<u>\$ 63,750,133</u>	<u>\$ 131,738,628</u>	<u>\$ 123,667,569</u>	<u>\$ 122,951,604</u>
Covered payroll	<u>\$ 55,914,332</u>	<u>\$ 52,429,065</u>	<u>\$ 49,194,602</u>	<u>\$ 48,337,967</u>	<u>\$ 46,635,218</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>122.70%</u>	<u>80.89%</u>	<u>176.70%</u>	<u>165.53%</u>	<u>167.66%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.1471%	0.1396%	0.1377%	0.1373%	0.1349%
Proportionate share of the net pension liability	\$ 50,630,659	\$ 28,380,581	\$ 42,239,689	\$ 40,014,167	\$ 35,957,046
Covered payroll	<u>\$ 22,559,664</u>	<u>\$ 20,020,643</u>	<u>\$ 19,845,799</u>	<u>\$ 19,060,165</u>	<u>\$ 17,785,281</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>224.43%</u>	<u>141.76%</u>	<u>212.84%</u>	<u>209.94%</u>	<u>202.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

Kings Canyon Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2023

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0836%	0.0838%	0.0831%	0.0847%
Proportionate share of the net pension liability	\$ 77,305,980	\$ 67,788,614	\$ 55,971,347	\$ 49,514,741
State's proportionate share of the net pension liability	45,733,565	38,590,849	29,602,672	29,899,139
Total	\$ 123,039,545	\$ 106,379,463	\$ 85,574,019	\$ 79,413,880
Covered payroll	\$ 44,519,141	\$ 42,242,563	\$ 39,923,063	\$ 37,939,042
Proportionate share of the net pension liability as a percentage of its covered payroll	173.65%	160.47%	140.20%	130.51%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.1306%	0.1302%	0.1333%	0.1277%
Proportionate share of the net pension liability	\$ 31,170,711	\$ 25,706,149	\$ 19,649,573	\$ 14,493,258
Covered payroll	\$ 16,656,185	\$ 15,601,249	\$ 14,718,571	\$ 13,425,170
Proportionate share of the net pension liability as a percentage of its covered payroll	187.14%	164.77%	133.50%	107.96%
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.

Kings Canyon Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
CalSTRS					
Contractually required contribution	\$ 12,041,710	\$ 9,460,705	\$ 8,467,294	\$ 8,412,277	\$ 7,869,421
Less contributions in relation to the contractually required contribution	<u>12,041,710</u>	<u>9,460,705</u>	<u>8,467,294</u>	<u>8,412,277</u>	<u>7,869,421</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 63,045,602</u>	<u>\$ 55,914,332</u>	<u>\$ 52,429,065</u>	<u>\$ 49,194,602</u>	<u>\$ 48,337,967</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
CalPERS					
Contractually required contribution	\$ 6,628,043	\$ 5,168,419	\$ 4,144,273	\$ 3,913,790	\$ 3,442,647
Less contributions in relation to the contractually required contribution	<u>6,628,043</u>	<u>5,168,419</u>	<u>4,144,273</u>	<u>3,913,790</u>	<u>3,442,647</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 26,125,514</u>	<u>\$ 22,559,664</u>	<u>\$ 20,020,643</u>	<u>\$ 19,845,799</u>	<u>\$ 19,060,165</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>

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

Kings Canyon Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS				
Contractually required contribution	\$ 6,729,462	\$ 5,600,508	\$ 4,532,627	\$ 3,545,168
Less contributions in relation to the contractually required contribution	<u>6,729,462</u>	<u>5,600,508</u>	<u>4,532,627</u>	<u>3,545,168</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 46,635,218</u>	<u>\$ 44,519,141</u>	<u>\$ 42,242,563</u>	<u>\$ 39,923,063</u>
Contributions as a percentage of covered payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS				
Contractually required contribution	\$ 2,762,232	\$ 2,313,211	\$ 1,848,280	\$ 1,732,523
Less contributions in relation to the contractually required contribution	<u>2,762,232</u>	<u>2,313,211</u>	<u>1,848,280</u>	<u>1,732,523</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 17,785,281</u>	<u>\$ 16,656,185</u>	<u>\$ 15,601,249</u>	<u>\$ 14,718,571</u>
Contributions as a percentage of covered payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.
- Changes in Assumptions - The discount rate increased from 3.54% to 3.65% since the previous measurement.

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

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

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

Kings Canyon Unified School District

Kings Canyon 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 Defense Naval Junior ROTC	[1]	N/A	\$ 40,917
Federal Communications Commision COVID-19, Emergency Connectivity Fund	32.009	N/A	587,452
U.S. Department of Education Passed Through California Department of Education Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	1,560,233
Special Education Grants to States - Private School ISP	84.027	10115	20,673
Subtotal 84.027 programs			1,580,906
Special Education Preschool Grants - Part B, Section 619	84.173	13430	37,562
COVID-19, Special Education ARP Preschool Grants - Part B, Section 619	84.173	15639	15,137
Subtotal 84.173 programs			52,699
Total Special Education Cluster			1,633,605
Adult Education - Basic Grants to States	84.002	14508	53,180
Adult Education - Basic Grants to States	84.002	13978	150,220
Subtotal 84.002 programs			203,400
Migrant Education State Grant Program	84.011	14326	227,952
Migrant Education State Grant Program - Summer	84.011	10005	105,181
Subtotal 84.011 programs			333,133
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	6,362,095
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	15559	12,524,527
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III) Learning Loss	84.425U	10155	2,247,161
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	483,940
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425D	15619	162,923
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Emergency Needs	84.425U	15620	648,554
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Learning Loss	84.425U	15621	410,026
COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W	15566	5,456
Subtotal 84.425 programs			22,844,682

[1] Federal Financial Assistance Listing Number not available

See Notes to Supplementary Information

Kings Canyon 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 California Department of Education			
Title I Grants to Local Educational Agencies	84.010	14329	5,220,273
ESEA: ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	<u>272,279</u>
Subtotal 84.010 programs			<u>5,492,552</u>
Career and Technical Education - Basic Grants to States	84.048	14894	131,273
English Language Acquisition State Grants - LEP	84.365	14346	242,276
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	678,556
Student Support and Academic Enrichment Program	84.424	15396	<u>220,953</u>
Total U.S. Department of Education			<u>31,780,430</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
COVID-19, Child Development ARP California State Preschool Program	93.575	15640	<u>71,589</u>
Total, CCDF Cluster			<u>71,589</u>
Total U.S. Department of Health and Human Services			<u>71,589</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	<u>224,127</u>
Total, Forest Service Schools and Roads Cluster			<u>224,127</u>
COVID-19, Pandemic EBT Local Administrative Grant	10.649	15644	<u>5,814</u>
Child Nutrition Cluster			
Supply Chain Assistance (SCA) Funds	10.555	15655	297,243
National School Lunch Program	10.555	13391	5,437,736
National School Lunch Program - Meal Supplements	10.555	13396	404,339
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>602,176</u>
Subtotal 10.555 programs			6,741,494
School Breakfast Program - Especially Needy Breakfast	10.553	13526	126,475
National School Lunch Program - Summer Food Program	10.559	13004	1,805,900
Fresh Fruit and Vegetable Program	10.582	14968	<u>120,502</u>
Total Child Nutrition Cluster			<u>8,794,371</u>
Total U.S. Department of Agriculture			<u>9,024,312</u>
Total Federal Financial Assistance			<u><u>\$41,504,700</u></u>

Organization

The Kings Canyon Unified School District was organized on July 1, 1966, and consists of an area comprising approximately 600 square miles. The District operates twelve elementary schools, three middle schools, two high schools, one continuation school, two charter schools, one independent study school, and an adult education school. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Robin Tyler	President	2026
Sarah Rola	Clerk	2026
Clotilda Mora	Member	2024
Craig Cooper	Member	2024
Nancy Hernandez	Member	2024
Monica Benner	Member	2026
Noel Remick	Member	2026

Administration

Name	Title
John Campbell	Superintendent
Roberto Gutierrez	Deputy Superintendent
Jose Guzman	Assistant Superintendent of Business & Educational Operations
Lori Botkin	Assistant Superintendent-Elementary Education
Eddie Nolen	Assistant Superintendent-Secondary Education
Sergio Rodriguez	Student Services Administrator
Ronnie Pack	Administrator of Resource Development
Shaun Rodriguez	Director of Fiscal Services

Kings Canyon Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	<u>Second Period Report</u>	<u>Annual Report</u>
Kings Canyon Unified School District		
Regular ADA		
Transitional kindergarten through third	2,588.11	2,605.00
Fourth through sixth	2,099.48	2,107.38
Seventh and eighth	1,373.14	1,383.94
Ninth through twelfth	<u>2,676.15</u>	<u>2,654.80</u>
Total regular ADA	<u><u>8,736.88</u></u>	<u><u>8,751.12</u></u>
Kings Canyon Online Charter School		
All non-classroom based attendance		
Regular ADA		
Transitional kindergarten through third	11.97	12.44
Fourth through sixth	11.16	11.77
Seventh and eighth	27.94	29.08
Ninth through twelfth	<u>87.76</u>	<u>88.78</u>
Total Charter School ADA	<u><u>138.83</u></u>	<u><u>142.07</u></u>
Reedley Middle College High Charter School		
All classroom based attendance		
Regular ADA		
Ninth through twelfth	<u><u>228.19</u></u>	<u><u>229.51</u></u>

Kings Canyon Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Kings Canyon Unified School District

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	53,880	180	Complied
Grades 1 - 3	50,400			
Grade 1		53,630	180	Complied
Grade 2		59,600	180	Complied
Grade 3		59,600	180	Complied
Grades 4 - 8	54,000			
Grade 4		59,600	180	Complied
Grade 5		59,600	180	Complied
Grade 6		61,980	180	Complied
Grade 7		61,980	180	Complied
Grade 8		61,980	180	Complied
Grades 9 - 12	64,800			
Grade 9		65,332	180	Complied
Grade 10		65,332	180	Complied
Grade 11		65,332	180	Complied
Grade 12		65,332	180	Complied

Reedley Middle College High School Charter School

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Actual Days	Status
Grades 9 - 12	64,800			
Grade 9		64,918	180	Complied
Grade 10		64,918	180	Complied
Grade 11		64,918	180	Complied
Grade 12		64,918	180	Complied

Kings Canyon 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.

	General Fund	Non-Major Governmental Charter School Fund
	<u> </u>	<u> </u>
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	\$ 69,681,137	\$ 5,011,546
Increase in		
Receivables	-	230,698
Accounts payable	(543,656)	-
Decrease in		
Accounts payable	<u>-</u>	<u>101,890</u>
Balance, June 30, 2023, Audited Financial Statements	<u><u>\$ 69,137,481</u></u>	<u><u>\$ 5,344,134</u></u>

Kings Canyon Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ⁴				
Revenues	\$ 214,330,001	\$ 223,641,308	\$ 173,921,585	\$ 160,535,701
Expenditures	243,838,693	198,877,885	164,595,629	137,240,961
Other uses and transfers out	5,407,460	4,591,869	11,500,000	4,000,000
Total Expenditures and Other Uses	249,246,153	203,469,754	176,095,629	141,240,961
Increase/(Decrease) in Fund Balance	(34,916,152)	20,171,554	(2,174,044)	19,294,740
Ending Fund Balance	\$ 33,788,235	\$ 68,704,387	\$ 48,532,833	\$ 50,706,877
Available Reserves ²	\$ 15,419,941	\$ 11,585,986	\$ 5,283,150	\$ 26,911,475
Available Reserves as a Percentage of Total Outgo	6.19%	5.69%	3.00%	19.05%
Long-Term Liabilities ⁵	Not Available	\$ 233,251,563	\$ 185,886,312	\$ 252,297,967
Average Daily Attendance at P-2 ³	8,940	8,737	8,708	9,158

The General Fund balance has increased by \$17,997,510 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$34,916,152 (50.8%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring a deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$19,046,404 over the past two years mostly due to changes in the net pension obligation.

Average daily attendance has decreased by 421 over the past two years; however, growth of 203 ADA is anticipated during fiscal year 2023-2024.

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

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

³ Excludes charter schools ADA.

⁴ General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

⁵ Long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statement No. 87, *Leases*.

Kings Canyon Unified School District
Schedule of Charter Schools
Year Ended June 30, 2023

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Kings Canyon Online	1074	Yes
Reedley Middle College High	1513	Yes

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

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets										
Deposits and investments	\$ 676,111	\$ 5,027,704	\$ 521,875	\$ 236,752	\$ 2,307,109	\$ 2,675,827	\$ 5,562,698	\$ 11,294,340	\$ 5,372,599	\$ 33,675,015
Receivables	-	674,601	204,246	925,895	2,353,355	73,338	1,120	228,359	1,009	4,461,923
Due from other funds	-	-	7,311	-	19,865	-	-	26,280	-	53,456
Stores inventories	-	-	-	-	212,673	-	-	-	-	212,673
Total assets	\$ 676,111	\$ 5,702,305	\$ 733,432	\$ 1,162,647	\$ 4,893,002	\$ 2,749,165	\$ 5,563,818	\$ 11,548,979	\$ 5,373,608	\$ 38,403,067
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 226,719	\$ 61,647	\$ 18,921	\$ 439,216	\$ 767,343	\$ 414,664	\$ 286,477	\$ -	\$ 2,214,987
Due to other funds	-	77,495	49,111	1,047,695	219,938	-	-	-	-	1,394,239
Unearned revenue	-	53,957	-	-	8,362	-	-	-	-	62,319
Total liabilities	-	358,171	110,758	1,066,616	667,516	767,343	414,664	286,477	-	3,671,545
Fund Balances										
Nonspendable	-	-	-	-	213,323	-	-	-	-	213,323
Restricted	676,111	5,344,134	622,674	96,031	4,012,163	1,981,822	5,149,154	-	5,373,608	23,255,697
Assigned	-	-	-	-	-	-	-	11,262,502	-	11,262,502
Total fund balances	676,111	5,344,134	622,674	96,031	4,225,486	1,981,822	5,149,154	11,262,502	5,373,608	34,731,522
Total liabilities and fund balances	\$ 676,111	\$ 5,702,305	\$ 733,432	\$ 1,162,647	\$ 4,893,002	\$ 2,749,165	\$ 5,563,818	\$ 11,548,979	\$ 5,373,608	\$ 38,403,067

Kings Canyon Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2023

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues										
Local Control Funding Formula	\$ -	\$ 5,357,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,357,109
Federal sources	-	22,929	203,400	83,788	8,802,524	-	-	-	-	9,112,641
Other State sources	-	1,337,146	1,252,357	2,635,334	1,749,487	-	4,073,072	-	36,487	11,083,883
Other local sources	1,200,249	131,242	8,708	5,655	206,181	1,095,330	(52,655)	1,064,298	5,644,228	9,303,236
Total revenues	1,200,249	6,848,426	1,464,465	2,724,777	10,758,192	1,095,330	4,020,417	1,064,298	5,680,715	34,856,869
Expenditures										
Current										
Instruction	-	2,574,223	766,546	2,429,987	-	-	-	-	-	5,770,756
Instruction-related activities										
Supervision of instruction	-	73,115	4,748	3,764	-	-	-	-	-	81,627
Instructional library, media, and technology	-	-	6,625	-	-	-	-	-	-	6,625
School site administration	-	667,992	419,698	276,155	-	-	-	-	-	1,363,845
Pupil services										
Home-to-school transportation	-	15,836	-	-	-	-	-	-	-	15,836
Food services	-	-	-	-	8,280,536	-	-	-	-	8,280,536
All other pupil services	-	340,948	17,533	-	-	-	-	-	-	358,481
Administration										
All other administration	-	49,826	30,749	110,955	204,372	-	-	-	-	395,902
Plant services	-	220,899	81,795	11,219	477,056	-	-	790,701	-	1,581,670
Ancillary services	1,050,243	2,020	-	-	-	-	-	-	-	1,052,263
Facility acquisition and construction	-	31,672	150,002	-	-	1,941,359	2,551,543	7,841,177	-	12,515,753
Debt service										
Principal	-	-	-	-	-	-	-	-	3,320,000	3,320,000
Interest and other	-	-	-	-	-	-	-	-	2,073,891	2,073,891
Total expenditures	1,050,243	3,976,531	1,477,696	2,832,080	8,961,964	1,941,359	2,551,543	8,631,878	5,393,891	36,817,185

Kings Canyon Unified School District

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

Year Ended June 30, 2023

	Student Activities Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	150,006	2,871,895	(13,231)	(107,303)	1,796,228	(846,029)	1,468,874	(7,567,580)	286,824	(1,960,316)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	6,693,334	-	6,693,334
Transfers out	-	(2,158,334)	-	-	-	-	-	-	-	(2,158,334)
Net Financing Sources (Uses)	-	(2,158,334)	-	-	-	-	-	6,693,334	-	4,535,000
Net Change in Fund Balances	150,006	713,561	(13,231)	(107,303)	1,796,228	(846,029)	1,468,874	(874,246)	286,824	2,574,684
Fund Balance - Beginning	526,105	4,630,573	635,905	203,334	2,429,258	2,827,851	3,680,280	12,136,748	5,086,784	32,156,838
Fund Balance - Ending	<u>\$ 676,111</u>	<u>\$ 5,344,134</u>	<u>\$ 622,674</u>	<u>\$ 96,031</u>	<u>\$ 4,225,486</u>	<u>\$ 1,981,822</u>	<u>\$ 5,149,154</u>	<u>\$ 11,262,502</u>	<u>\$ 5,373,608</u>	<u>\$ 34,731,522</u>

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 Kings Canyon 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 Kings Canyon Unified School District, it is not intended to and does not present the net position, changes in net position or fund balances of Kings Canyon Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$602,176 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of COVID-19, Child Development ARP California State Preschool One-Time Stipend that were recognized as revenue in the previous year but expended in the current year. Additionally, the Supply Chain Assistance and COVID-19, Child Development Program Rates Supplements funds have been recorded in the current period as revenues but have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the Cafeteria Fund and Child Development Fund respectively.

Description	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		\$ 41,519,237
Supply Chain Assistance (SCA) Funds	10.649	(2,338)
COVID-19, Child Development ARP California State Preschool Program One-Time Stipend	93.575	71,589
COVID-19, Child Development ARP California State Preschool Program Rate Supplements	93.575	(83,788)
Total Federal Financial Assistance		<u>\$ 41,504,700</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.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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



Independent Auditor's Reports
June 30, 2023

Kings Canyon 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
Kings Canyon Unified School District
Reedley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kings Canyon 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 December 14, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 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. 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

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*.

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

Kings Canyon Unified School District's Response to Finding

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

Fresno, California
December 14, 2023



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
Kings Canyon Unified School District
Reedley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kings Canyon 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.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Fresno, California
December 14, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Kings Canyon Unified School District
Reedley, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Kings Canyon 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.

Qualified Opinion on Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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.

Unmodified Opinion on Each of the Other Programs

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, except as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

Basis for Qualified and Unmodified Opinions

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.

Matter Giving Rise to Qualified Opinion on Classroom Teacher Salaries

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Classroom Teacher Salaries, Finding 2023-002.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
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	No (see below)
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	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	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No (see below)
Transitional Kindergarten	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No (see below)

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

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

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

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.

The District did not submit the Independent Study Certification for ADA Loss Mitigation; therefore, we did not perform procedures related to the Independent Study Certification for ADA Loss Mitigation.

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

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

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

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

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

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on 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. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 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 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 2023-002 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 internal control over compliance 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 *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.

Fresno, California
December 14, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Kings Canyon 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	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Special Education Cluster	84.027, 84.173
Title I Programs	84.010
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III) Learning Loss	84.425U
COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425D
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
COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W

Kings Canyon Unified School District

Summary of Auditor's Results

Year Ended June 30, 2023

Federal Awards

Dollar threshold used to distinguish between type A
and type B programs:

\$ 1,245,141

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

Yes

Type of auditor's report issued on compliance for programs:

Unmodified

Unmodified for all programs except for the following
program which was qualified:

 Name of Program

Classroom Teacher Salaries

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

2023-001 30000 - Internal Control Over Financial Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements in accordance with *Generally Accepted Accounting Principles* (GAAP).

Condition

During our testing of the District's state general apportionment and related year-end accruals we discovered multiple miscalculations leading to a material audit adjustment to the unaudited financial statements. The following conditions were noted during our audit:

- The District did not record Transfers to Charter Schools in Lieu of Property Taxes in the General Fund or in the Charter Fund.
- The District posted an Account Receivable of LCFF funding for \$246,185 at Kings Canyon Online Charter and an Account Payable for LCFF funding at Reedley Middle College High for \$101,890. Based on or LCFF calculation, neither of these year-end accruals should have been posted.

These errors resulted in the District not preparing financial statements in accordance with GAAP.

Questioned Costs

The above conditions resulted in the following questioned costs:

- Transfers of Charter Schools in Lieu of Property Taxes decreased state apportionment revenue and increase Accounts Payable in the General Fund by \$543,656. This total was broken out into three Charter Schools. Kings Canyon Online was owed \$180,387, Reedley Middle College was owed \$296,496, and Hume Lake was owed \$66,773.
- Transfers of Charter Schools in Lieu of Property Taxes increased state apportionment revenue and increase accounts receivable by \$476,883. This total was broken out into two charter schools. Kings Canyon Online was owed \$180,387 and Reedley Middle College was owed \$296,496.
- The reduction in accounts receivable and accounts payable in the charter fund resulted in a decrease in state apportionment revenue of \$144,295.

Context

The condition was identified through inquiry with District personnel and review of available District records related to LCFF.

Effect

The total General Fund revenues are overstated by \$543,656. The total Charter Fund revenues are understated by \$332,588. An audit adjustment was necessary due to the errors, which changed the unaudited balances in the General Fund and Charter Fund. This also impacted the entity wide full accrual financial statements.

Cause

A few factors contributed to the oversight. The calculation is involved, and a complicated workbook is utilized to determine the District's ending balances. Also, the Charter fund is made up of two charter schools. This can make it difficult to track individual apportionment entries.

Repeat Finding (Yes or No)

Yes, this is repeat finding related to finding 2022-001.

Recommendation

The District should ensure that someone other than the preparer, that has knowledge of the state apportionment calculation, reviews the final state apportionment workbook prior to the related accruals being posted to balance the ending state apportionment funding. Additionally, the District should ensure that someone that has knowledge of grant and entitlement funding calculations review the final year end calculations prior to closing.

Corrective Action Plan and Views of Responsible Officials

The Director of Fiscal Services has added the posting of taxes in lieu of as a standalone task on the end of year procedure checklist.

None reported.

The following finding represents a material instance of noncompliance including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries

2023-002 61000 - Classroom Teacher Salaries

Criteria or Specific Requirements

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55 percent (for unified districts) of total expenditures of the District.

Condition

The District spent 47.31 percent of their \$156,300,648 current expense of education (salaries and benefits, supplies, equipment, services, and indirect costs) on classroom teacher salaries and benefits.

Questioned Costs

The deficiency was calculated to be \$12,019,520.

Context

The condition was identified through inquiry with District personnel and review of available District records related to classroom teacher salaries.

Effect

The deficiency amount was determined to be \$12,019,520; therefore, the District is out of compliance with *Education Code* Section 41372.

Cause

To be in compliance, the school district would have to pay classroom teacher salaries that are in excess of those paid by other comparable school districts.

Repeat Finding

Yes, this is a repeat finding related to finding 2022-002.

Recommendation

We recommend the District continue to work on this requirement and apply for a waiver of the requirement from the Fresno County Superintendent of Schools.

Corrective Action Plan and Views of Responsible Officials

As identified in 2021-2022 Financial Statements, the District continues to utilize one-time funding to be used specifically for COVID-19 related expenditures. This injection of funds continues to impact the ratio for Current Expense of Education. A waiver was submitted on September 20, 2023, with Fresno County Superintendent of Schools office. The Director of Fiscal Services will conduct an analysis to identify and evaluate ways to maximize resources for the purposes of increasing the Current Expense of Education to meet the 55% requirement.

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 Statement Findings

2022-001 30000 - Internal Control Over Financial Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements in accordance with *Generally Accepted Accounting Principles* (GAAP).

Condition

The following conditions were noted during our audit of the year-end balances:

- During our testing of the state apportionment and year-end related accruals, we discovered an error leading to a material audit adjustment to the unaudited financial statements.
- During a post-closing review by the Fresno County Superintendent of Schools, it was discovered that the District erroneously recorded an ending fund balance for the In-Person Instruction (IPI) Grant rather than unearned revenue.

These errors resulted in the District not preparing financial statements in accordance with GAAP.

Questioned Costs

The above conditions resulted in an increase of \$638,827 to the state apportionment revenue and a decrease of \$1,580,421 to the other state revenue. The net effect of these two misstatements resulted in an overall reduction of \$941,594 to the General Fund revenues.

Effect

The total General Fund revenues are overstated by \$941,594, and an audit adjustment was necessary. This changed the unaudited balances in the General Fund which also impacted the entity wide full accrual financial statements.

Cause

During the closing process, the District's state apportionment calculation was not updated to include June 30, 2022, actual figures resulting in the understatement. The IPI Grant was miscalculated as an entitlement and thus incorrectly ended the year with a fund balance.

Repeat Finding

Yes, this is a repeat finding related to finding 2021-001.

Recommendation

The District should ensure that someone other than the preparer, that has knowledge of the state apportionment calculation, reviews the final state apportionment workbook prior to the related accruals being posted to balance the ending state apportionment funding. Additionally, the District should ensure that someone that has knowledge of grant and entitlement funding calculations review the final year end calculations prior to closing.

Current Status

Not implemented, see current year findings and recommendations.

State Compliance Findings

2022-002 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55 percent (for unified districts) of total expenditures of the District.

Condition

The District spent 47.05 percent of their current expense (\$137,741,567) of education on classroom teacher salaries and benefits.

Questioned Costs

There are no questioned costs related to this finding.

Effect

The noncompliance resulted in the District being deficient by 7.95% or \$10,950,455.

Cause

As a result of the District receiving significant sources of one-time funding to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained.

Repeat Finding

No.

Recommendation

We recommend the District continue to work on this requirement and apply for a waiver from the county superintendent of schools.

Current Status

Not implemented, see current year findings and recommendations.