



Financial Statements
June 30, 2023

Vista Unified School District

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Independent Auditor's Report

To the Governing Board
Vista Unified School District
Vista, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vista 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 business-type activities, each major fund, and the aggregate remaining fund information of the Vista Unified School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Rancho Cucamonga, California
April 10, 2024



EXCELLENCE ★ INNOVATION

Superintendent: Matt Doyle, Ed.D.

Board Members: Martha Alvarado, Julie Kelly, Rena Marrocco, Rosemary Smithfield, and Cipriano Vargas

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Governmental-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

The purpose of Vista Unified School District is to inspire every student to persevere as a critical thinker who collaborates to solve real world problems.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All 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 Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

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

Governmental Activities – Most of the District's services are reported in governmental activities. This includes the education of transitional kindergarten through grade twelve students, adult education, student 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.

Business-Type Activities – The District charges fees to help cover the costs of certain services it provides. The District has a fee-based child care program that is included here.

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 specific 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 and the California Department of Education.

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. In addition, we use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2021-2022 to 2022-2023 was \$26.91 million. The increase in LCFF revenues was due to the 13.26% statutory cost of living adjustment (COLA) and LCFF augmentation. The District's LCFF was funded on a three prior-year average ADA of 19,091. The District's Unduplicated Pupil Percentage was 67.48%, which generated \$42.4 million in Supplemental and Concentration dollars.
- The General Fund expenditures increased by \$36.3 million or 12.6% over the previous year amount primarily due to the use of COVID-19 relief funds and expansion of our learning recovery programs.
- Total General Fund revenues and other sources exceeded expenditures and other uses by \$58.0 million.
- The General Fund ended the fiscal year with 10.73% reserves in the unrestricted fund balance.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$73,322,188 for the fiscal year ended June 30, 2023. Of this amount, \$(210,908,700) was unrestricted net position (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1 - Net Position) and change in net position (Table 2 - Changes in Net Position) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Assets						
Current and other assets	\$ 391,177,619	\$ 349,600,806	\$ 1,746,650	\$ 823,640	\$ 392,924,269	\$ 350,424,446
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	287,528,221	256,415,159	-	-	287,528,221	256,415,159
Total assets	678,705,840	606,015,965	1,746,650	823,640	680,452,490	606,839,605
Deferred outflows of resources	65,924,284	52,103,055	843,155	337,018	66,767,439	52,440,073
Liabilities						
Current liabilities	52,877,747	33,526,401	128,762	76,582	53,006,509	33,602,983
Long-term liabilities other than OPEB and pension	305,013,588	324,775,333	-	-	305,013,588	324,775,333
Net other postemployment benefits liability	28,919,836	33,909,239	-	-	28,919,836	33,909,239
Aggregate net pension liability	237,213,260	150,985,631	2,675,571	1,716,171	239,888,831	152,701,802
Total liabilities	624,024,431	543,196,604	2,804,333	1,792,753	626,828,764	544,989,357
Deferred inflows of resources	46,952,596	130,520,244	116,381	662,661	47,068,977	131,182,905
Net Position						
Net investment in capital assets	161,605,533	139,169,553	-	-	161,605,533	139,169,553
Restricted	122,625,355	78,053,082	-	-	122,625,355	78,053,082
Unrestricted (deficit)	(210,577,791)	(232,820,463)	(330,909)	(1,294,756)	(210,908,700)	(234,115,219)
Total net position (deficit)	\$ 73,653,097	\$ (15,597,828)	\$ (330,909)	\$ (1,294,756)	\$ 73,322,188	\$ (16,892,584)

The \$(210,577,791) in unrestricted (deficit) of governmental activities represents the accumulated results of all past years' operations, which also includes the District's long-term pension and OPEB obligations. Unrestricted net position (deficit) - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 9.55% from \$(232,820,463) in 2022 to \$(210,577,791) in 2023.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on pages 18 and 19. Table 2 takes the information from the statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 *	2023	2022	2023	2022 *
Revenues						
Program revenues						
Charges for services and sales	\$ 3,400,621	\$ 4,422,086	\$ 3,233,740	\$ 2,702,113	\$ 6,634,361	\$ 7,124,199
Operating grants and contributions	148,452,641	93,678,405	-	-	148,452,641	93,678,405
General revenues						
Federal and State aid not restricted	150,484,206	133,043,690	-	-	150,484,206	133,043,690
Property taxes	126,189,411	111,513,677	-	-	126,189,411	111,513,677
Other general revenues	9,186,527	8,120,277	(23,768)	3,741	9,162,759	8,124,018
Total revenues	<u>437,713,406</u>	<u>350,778,135</u>	<u>3,209,972</u>	<u>2,705,854</u>	<u>440,923,378</u>	<u>353,483,989</u>
Expenses						
Instruction-related	243,071,043	211,741,583	-	-	243,071,043	211,741,583
Pupil services	35,518,885	30,312,786	-	-	35,518,885	30,312,786
Administration	16,279,759	13,370,230	-	-	16,279,759	13,370,230
Plant services	30,668,614	23,111,302	-	-	30,668,614	23,111,302
All other services	22,924,180	16,400,911	2,246,125	4,103,415	25,170,305	20,504,326
Total expenses	<u>348,462,481</u>	<u>294,936,812</u>	<u>2,246,125</u>	<u>4,103,415</u>	<u>350,708,606</u>	<u>299,040,227</u>
Change in net position	<u>\$ 89,250,925</u>	<u>\$ 55,841,323</u>	<u>\$ 963,847</u>	<u>\$ (1,397,561)</u>	<u>\$ 90,214,772</u>	<u>\$ 54,443,762</u>

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

Governmental Activities

As reported in the *Statement of Activities* on pages 18 and 19, the cost of all of our governmental activities this year was \$348,462,481. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$126,189,411 because the cost was paid by those who benefited from the programs (\$3,400,621) or by other governments and organizations who subsidized certain programs with grants and contributions (\$148,452,641). We paid for the remaining "public benefit" portion of our governmental activities with \$159,670,733 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, 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	\$ 243,071,043	\$ 211,741,583	\$ (141,112,251)	\$ (148,580,037)
Pupil services	35,518,885	30,312,786	(10,076,816)	(9,783,644)
Administration	16,279,759	13,370,230	(7,494,832)	(9,678,889)
Plant services	30,668,614	23,111,302	(27,273,360)	(21,455,317)
All other services	22,924,180	16,400,911	(10,651,960)	(7,338,434)
Total	<u>\$ 348,462,481</u>	<u>\$ 294,936,812</u>	<u>\$ (196,609,219)</u>	<u>\$ (196,836,321)</u>

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$337,204,937, which is an increase of \$24,069,507 from last year (Table 4 - Governmental Funds).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 63,503,971	\$ 381,364,129	\$ 323,319,136	\$ 121,548,964
Adult Education	2,397,725	10,954,746	10,359,401	2,993,070
Student Activity	1,340,512	2,003,613	1,842,482	1,501,643
Cafeteria	7,847,424	15,813,550	12,336,270	11,324,704
Building	149,521,768	4,242,015	40,316,967	113,446,816
Capital Facilities	9,510,310	2,130,429	264,793	11,375,946
County School Facilities	331	(17)	-	314
Special Reserve Fund for Capital Outlay Projects	51,197,526	6,621,382	8,813,031	49,005,877
Bond Interest and Redemption	27,285,358	21,085,464	22,363,219	26,007,603
Debt Service Fund for Blended Component Units	530,505	561,995	1,092,500	-
Total	<u>\$ 313,135,430</u>	<u>\$ 444,777,306</u>	<u>\$ 420,707,799</u>	<u>\$ 337,204,937</u>

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased by \$63.5 million to \$121.5 million. This increase is due to:
 - a. Recognition of State and Federal COVID-19 relief funds that were used to support students' safety, learning loss, social and emotional supports. These funds are one time in nature, and available to spend down over multiple years.
2. Adult Education Fund ending fund balance improved slightly due to revenues being higher than expenditures.
3. Student Activity Fund increased slightly as a result of increased fundraising and student activities.
4. Cafeteria Fund ending fund balance continues to show an increase due to the universal free meals revenue model. The District has plans to implement much needed facilities modernizations.
5. Building Fund decreased in fund balance as the District moves forward with the construction projects approved under Measure LL GO Bond Program.
6. Capital Facilities Fund received a positive influx of developer fees.
7. Special Reserve Fund for Capital Outlay Projects – revenue from redevelopment funds and issuance of the 2022 certificates of participation. The District has been utilizing the funds for facilities projects outside of Measure LL.
8. Bond Interest and Redemption is used for the repayment of General Obligation Bonds. This fund is controlled by the county auditor and principal and interest on the bond is paid by the county treasurer from taxes levied by the county auditor. At unaudited actuals, ebbs and flows of the taxes levied and payments made during the year are recognized on the District's financial report.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 9, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of \$27.8 million. However, the District ended the year with a \$58.0 increase to the actual general fund ending balance, reflecting an improvement of \$30.2 million compared to the budget. The District realized the improvement through a combination of State and Federal COVID-19 Relief, and other one-time revenues. The State recommends minimum reserves of three percent of District expenditures be maintained for economic uncertainties and the District maintained compliance as of June 30, 2023.

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

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

At June 30, 2023, the District had \$287,528,221 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets, including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$31,113,062, or 12.13%, from last year.

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	\$ 109,639,243	\$ 80,883,721
Land improvements	24,614,189	19,844,122
Buildings and improvements	146,155,739	150,336,518
Furniture and equipment	6,806,369	4,841,551
Right-to-use leased assets	137,515	327,607
Right-to-use subscription IT assets	175,166	181,640
Total	<u>\$ 287,528,221</u>	<u>\$ 256,415,159</u>

Several capital projects are planned for the 2023-2024 year. We anticipate capital additions to be \$30.0 million for the 2023-2024 year.

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

Long-Term Liabilities including OPEB and Pension

At the end of this year, the District had \$573,822,255 in long-term liabilities outstanding versus \$511,386,374 last year, an increase of \$62,435,881, or 12.21%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Long-Term Liabilities						
General obligation bonds	\$ 246,159,185	\$ 259,899,001	\$ -	\$ -	\$ 246,159,185	\$ 259,899,001
Unamortized premiums	15,560,346	16,563,709	-	-	15,560,346	16,563,709
Certificates of participation	36,615,000	39,095,000	-	-	36,615,000	39,095,000
Unamortized premiums	3,296,338	3,534,627	-	-	3,296,338	3,534,627
Finance purchase agreement	-	181,049	-	-	-	181,049
Leases	139,373	329,811	-	-	139,373	329,811
Subscription-based IT arrangements	102,151	181,640	-	-	102,151	181,640
Supplemental early retirement plan	1,736,438	3,472,876	-	-	1,736,438	3,472,876
Compensated absences	1,404,757	1,517,620	-	-	1,404,757	1,517,620
Net OPEB liability	28,919,836	33,909,239	-	-	28,919,836	33,909,239
Aggregate net pension liability	237,213,260	150,985,631	2,675,571	1,716,171	239,888,831	152,701,802
Total	<u>\$ 571,146,684</u>	<u>\$ 509,670,203</u>	<u>\$ 2,675,571</u>	<u>\$ 1,716,171</u>	<u>\$ 573,822,255</u>	<u>\$ 511,386,374</u>

Since 2022, the District maintained a general obligation bond rating, S&P Global Ratings affirmed its A+ (SPUR) rating which qualifies it as Stable. This improvement reflects the increase in the District's reserves and efforts to reduce expenditures to realign with current revenue levels. The State limits the amount of general obligation debt that districts can issue based on the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is below the statutorily-imposed limit.

Other liabilities include certificates of participation, finance purchase agreement, leases, subscription-based IT arrangements, a supplemental early retirement plan, compensated absences, net other postemployment benefits (OPEB) liability (not including health benefits) and the aggregate net pension liability.

We present more detailed information regarding our long-term liabilities in Notes 10, 11, and 14 of the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic situation has a profound impact on the District's future. The financial well-being of the District is tied in large measure to the state funding formula, or LCFF (Local control Funding Formula).

Legislation passed in 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth. Factors related to LCFF that the District is monitoring include (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

Enrollment fluctuates due to population growth, competition from alternative school options, economic conditions and housing values. The District has projected a downward trend for enrollment for the next two school years which has a direct impact on the LCFF computation. Effective September 2022, Assembly Bill 185 amended *Education Code* 42238.05 adding a third option for calculating funded average daily attendance (ADA), which benefits districts experiencing declining enrollment. Districts can now choose between current year, prior year or the average of the three most recent prior years ADA. The district benefited from this option for the 2022-2023 school year.

The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are historically underfunded. Employer rate contributions towards both retirement systems have been steadily increasing for the past several years, currently estimated at 19.10% and 26.68%, respectively, for the 2023-2024 school year.

The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. Despite reduction in the planned rate increases for CalSTRS, the projected increased pension costs to school employers remain a significant fiscal factor.

In March 2020, the Coronavirus Aid Relief and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with \$1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, \$355 million in Governor's Emergency Education Relief (GEER) Funds, and \$4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and \$540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was signed into law. CRRSA provides California K-12 education with \$6.0 billion. Senate Bill 117 (SB 117), also signed in March 2020, earmarked \$100 million for appropriation to Local Educational Agencies.

In March 2021, the American Rescue Plan (ARP) was signed into law and provides California K-12 education with \$13.6 billion. Also, in March 2021, the State of California passed AB86, providing \$4.6 billion in Expanded Learning Opportunity (ELO) Grants and \$2.0 billion for In-Person Instruction (IPI) Grants. Other one-time allocations to LEAs to mitigate learning loss and teacher shortage were the Educator Effectiveness Grant and the Learning Recovery emergency Block Grant. Summary of the various aid and relief funding is below:

Legislation	Use of Funds	Expiration Date	VUSD Amount
SB 117 – COVID-19	Purchase of PPE & cleaning supplies	No deadline	\$0.3 million
CARES – ESSER (LLMF)	Coronavirus Response Activities	September 30, 2022	\$4.1 million
CARES – GEER (LLMF)	Student Learning; Health & Safety	September 30, 2022	\$1.5 million
CARES – CRF (LLMF)	Student Learning; Health & Safety	May 31, 2021	\$14.8 million
GF (LLMF)	Student Learning; Health & Safety	June 30, 2021	\$1.7 million
CRRSA	Coronavirus Response Activities (aka ESSER II)	September 30, 2023	\$18.4 million
ARP	Coronavirus Response Activities (aka ESSER III)	September 30, 2024	\$41.3 million
AB 86 - ELO	Learning Recovery	Partial September 30, 2023 and Partial September 30, 2024	\$15.0 million
AB 86 - IPI	In-Person Health, Safety, & Learning	September 30, 2024	\$7.8 million
AB27 – ARP	ARP-Homeless Children & Youth II	September 30, 2024	\$0.3 million
AB130 - Educator Effectiveness	Professional learning for teachers and administrators	June 30, 2026	\$5.2 million
AB181 – AMIMBG	Arts, Music, instructional materials and discretionary	June 30, 2026	\$11.2 million
AB182 - LREBG	Extended learning time, accelerating progress to close learning gaps and integrated pupil supports	June 30, 2028	\$23.6 million

Following a successful return to in-person learning for the 2021-2022 school year, Vista Unified continues to offer independent study as a learning option for those students who otherwise would face learning loss.

Looking into the future requires the District's administration and its board of trustees to plan carefully and prudently on how to apply resources to meet student needs over the next several years. The District must consider early and effective intervention, identify appropriate personnel actions, and maintain proper fiscal oversight. Vista Unified School District has an excellent track record in meeting these challenges.

All of these factors were considered in preparing the Vista Unified School District budget for the 2023-2024 fiscal year. Currently, the District is engaged in developing its Blueprint and budget for the 2024-2025 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact Ami Shackelford, Assistant Superintendent – Business Services, at Vista Unified School District, 1234 Arcadia Avenue, Vista, California 92084, or e-mail at amishackelford@vistausd.org.

Vista Unified School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 352,920,101	\$ 1,656,532	\$ 354,576,633
Receivables	34,193,774	166,511	34,360,285
Internal balances	76,393	(76,393)	-
Stores inventories	633,785	-	633,785
Lease receivables	3,353,566	-	3,353,566
Capital assets not depreciated	109,639,243	-	109,639,243
Capital assets, net of accumulated depreciation	177,576,297	-	177,576,297
Right-to-use leased assets, net of accumulated amortization	137,515	-	137,515
Right-to-use subscription IT assets, net of accumulated amortization	175,166	-	175,166
Total assets	678,705,840	1,746,650	680,452,490
Deferred Outflows of Resources			
Deferred charge on refunding	897,313	-	897,313
Deferred outflows of resources related to OPEB	3,442,692	-	3,442,692
Deferred outflows of resources related to pensions	61,584,279	843,155	62,427,434
Total deferred outflows of resources	65,924,284	843,155	66,767,439
Liabilities			
Accounts payable	39,720,487	128,762	39,849,249
Interest payable	4,112,580	-	4,112,580
Unearned revenue	8,874,613	-	8,874,613
Claims liability	170,067	-	170,067
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	18,892,966	-	18,892,966
Long-term liabilities other than OPEB and pensions due in more than one year	286,120,622	-	286,120,622
Net other postemployment benefit (OPEB) liability	28,919,836	-	28,919,836
Aggregate net pension liability	237,213,260	2,675,571	239,888,831
Total liabilities	624,024,431	2,804,333	626,828,764
Deferred Inflows of Resources			
Deferred charge on refunding	1,219,604	-	1,219,604
Deferred inflows of resources related to OPEB	11,298,802	-	11,298,802
Deferred inflows of resources related to pensions	31,121,952	116,381	31,238,333
Deferred inflows of resources related to leases	3,312,238	-	3,312,238
Total deferred inflows of resources	46,952,596	116,381	47,068,977
Net Position			
Net investment in capital assets	161,605,533	-	161,605,533
Restricted for			
Debt service	21,895,023	-	21,895,023
Capital projects	11,376,260	-	11,376,260
Educational programs	75,123,281	-	75,123,281
Other restrictions - self-insurance	1,895,277	-	1,895,277
Other restrictions - other activities	12,335,514	-	12,335,514
Unrestricted (deficit)	(210,577,791)	(330,909)	(210,908,700)
Total net position (deficit)	\$ 73,653,097	\$ (330,909)	\$ 73,322,188

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

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction	\$ 205,764,269	\$ 907,450	\$ 85,487,375	\$ (119,369,444)	\$ -	\$ (119,369,444)
Instruction-related activities						
Supervision of instruction	11,725,815	57,259	11,510,225	(158,331)	-	(158,331)
Instructional library, media, and technology	2,744,683	2,057	554,958	(2,187,668)	-	(2,187,668)
School site administration	22,836,276	30,429	3,409,039	(19,396,808)	-	(19,396,808)
Pupil services						
Home-to-school transportation	6,060,956	-	1,032,929	(5,028,027)	-	(5,028,027)
Food services	12,040,009	424,496	15,476,504	3,860,991	-	3,860,991
All other pupil services	17,417,920	62,777	8,445,363	(8,909,780)	-	(8,909,780)
Administration						
Data processing	2,621,504	-	279,349	(2,342,155)	-	(2,342,155)
All other administration	13,658,255	51,777	8,453,801	(5,152,677)	-	(5,152,677)
Plant services	30,668,614	777,388	2,617,866	(27,273,360)	-	(27,273,360)
Ancillary services	4,444,438	14,869	2,027,069	(2,402,500)	-	(2,402,500)
Community services	168,130	-	784	(167,346)	-	(167,346)
Enterprise services	(20,735)	-	198,684	219,419	-	219,419
Interest on long-term liabilities	10,540,290	-	-	(10,540,290)	-	(10,540,290)
Other outgo	7,792,057	1,072,119	8,958,695	2,238,757	-	2,238,757
Total governmental activities	348,462,481	3,400,621	148,452,641	(196,609,219)	-	(196,609,219)
Business-Type Activities						
Child care enterprise services	2,246,125	3,233,740	-	-	987,615	987,615
Total primary government	\$ 350,708,606	\$ 6,634,361	\$ 148,452,641	(196,609,219)	987,615	(195,621,604)

Vista Unified School District

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues and Subventions						
Property taxes, levied for general purposes				\$ 100,891,385	\$ -	\$ 100,891,385
Property taxes, levied for debt service				20,712,458	-	20,712,458
Taxes levied for other specific purposes				4,585,568	-	4,585,568
Federal and State aid not restricted to specific purposes				150,484,206	-	150,484,206
Interest, investment earnings, and change in fair market valuations				(1,566,338)	(23,768)	(1,590,106)
Miscellaneous				10,752,865	-	10,752,865
Subtotal, general revenues and subventions				285,860,144	(23,768)	285,836,376
Change in Net Position				89,250,925	963,847	90,214,772
Net Position (Deficit) - Beginning, as restated				(15,597,828)	(1,294,756)	(16,892,584)
Net Position (Deficit) - Ending				\$ 73,653,097	\$ (330,909)	\$ 73,322,188

Vista Unified School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 135,751,746	\$ 118,835,992	\$ 47,380,308	\$ 48,968,011	\$ 350,936,057
Receivables	27,801,591	1,108,548	47,228	5,226,570	34,183,937
Due from other funds	372,529	584	2,262,811	157,356	2,793,280
Stores inventories	146,444	-	-	487,341	633,785
Lease receivables	3,353,566	-	-	-	3,353,566
Total assets	\$ 167,425,876	\$ 119,945,124	\$ 49,690,347	\$ 54,839,278	\$ 391,900,625
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 30,408,650	\$ 6,497,574	\$ 684,470	\$ 1,309,272	\$ 38,899,966
Due to other funds	3,288,060	734	-	320,077	3,608,871
Unearned revenue	8,867,964	-	-	6,649	8,874,613
Total liabilities	42,564,674	6,498,308	684,470	1,635,998	51,383,450
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	3,312,238	-	-	-	3,312,238
Fund Balances					
Nonspendable	396,444	-	-	490,833	887,277
Restricted	72,130,211	113,446,816	49,005,877	52,712,447	287,295,351
Committed	1,446,709	-	-	-	1,446,709
Assigned	12,832,386	-	-	-	12,832,386
Unassigned	34,743,214	-	-	-	34,743,214
Total fund balances	121,548,964	113,446,816	49,005,877	53,203,280	337,204,937
Total liabilities, deferred inflows of resources, and fund balances	\$ 167,425,876	\$ 119,945,124	\$ 49,690,347	\$ 54,839,278	\$ 391,900,625

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

Total Fund Balance - Governmental Funds \$ 337,204,937

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	\$ 631,010,409	
Accumulated depreciation is	<u>(343,794,869)</u>	

Net capital assets		287,215,540
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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	1,358,309	
Accumulated amortization is	<u>(1,220,794)</u>	

Net right-to-use leased assets		137,515
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Right-to-use subscription IT assets used in governmental activities
are not financial resources and, therefore, are not reported as
assets in governmental funds.

The cost of right-to-use subscription IT assets is	310,123	
Accumulated amortization is	<u>(134,957)</u>	

Net right-to-use subscription IT assets		175,166
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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.

(4,112,580)

An internal service fund is used by management to charge the costs
of the dental and workers' compensation insurance programs to
the individual funds. The assets and liabilities of the internal service
fund are included with governmental activities in the statement
of net position.

1,895,277

Deferred outflows of resources represent a consumption of net
position in a future period and is not reported in the governmental
funds. Deferred outflows of resources amounted to and related to

Deferred charge on refunding	897,313	
Net OPEB liability	3,442,692	
Aggregate net pension liability	<u>61,584,279</u>	

Total deferred outflows of resources		65,924,284
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Vista Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

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

Deferred charge on refunding	\$ (1,219,604)
Net OPEB liability	(11,298,802)
Aggregate net pension liability	<u>(31,121,952)</u>

Total deferred inflows of resources	\$ (43,640,358)
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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(237,213,260)
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The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(28,919,836)
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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	(232,339,882)
Unamortized premium on bonds	(15,560,346)
Certificates of participation (COP)	(36,615,000)
Unamortized premium on COP	(3,296,338)
Leases	(139,373)
Subscription-based IT arrangements	(102,151)
Supplemental early retirement plan (SERP)	(1,736,438)
Compensated absences	(1,404,757)

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

(13,819,303)

Total long-term liabilities	<u>(305,013,588)</u>
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Total net position - governmental activities	<u><u>\$ 73,653,097</u></u>
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Vista Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 245,314,567	\$ -	\$ -	\$ -	\$ 245,314,567
Federal sources	34,621,915	-	-	11,006,521	45,628,436
Other State sources	80,779,505	-	-	15,242,920	96,022,425
Other local sources	20,398,399	4,242,015	6,065,019	25,795,807	56,501,240
Total revenues	381,114,386	4,242,015	6,065,019	52,045,248	443,466,668
Expenditures					
Current					
Instruction	204,862,802	-	-	1,652,991	206,515,793
Instruction-related activities					
Supervision of instruction	12,675,768	-	-	-	12,675,768
Instructional library, media, and technology	2,890,085	-	-	-	2,890,085
School site administration	23,641,581	-	-	1,273,309	24,914,890
Pupil services					
Home-to-school transportation	7,687,645	-	-	-	7,687,645
Food services	13,377	-	-	12,102,500	12,115,877
All other pupil services	18,602,685	-	-	342,198	18,944,883
Administration					
Data processing	2,741,181	-	-	-	2,741,181
All other administration	13,494,690	-	-	528,957	14,023,647
Plant services	30,492,047	6,250	407,234	512,628	31,418,159
Ancillary services	2,512,940	-	-	1,842,482	4,355,422
Community services	138,056	-	-	-	138,056
Other outgo	1,277,238	-	-	6,514,819	7,792,057
Enterprise services	108,920	-	-	-	108,920
Facility acquisition and construction	1,604,315	40,310,717	4,395,985	33,062	46,344,079
Debt service					
Principal	570,964	-	1,970,000	15,470,000	18,010,964
Interest and other	4,842	-	1,535,280	7,429,356	8,969,478
Total expenditures	323,319,136	40,316,967	8,308,499	47,702,302	419,646,904
Excess (Deficiency) of Revenues Over Expenditures	57,795,250	(36,074,952)	(2,243,480)	4,342,946	23,819,764
Other Financing Sources (Uses)					
Transfers in	129,755	-	556,363	504,532	1,190,650
Other sources - SBITAs	119,988	-	-	-	119,988
Transfers out	-	-	(504,532)	(556,363)	(1,060,895)
Net Financing Sources (Uses)	249,743	-	51,831	(51,831)	249,743
Net Change in Fund Balances	58,044,993	(36,074,952)	(2,191,649)	4,291,115	24,069,507
Fund Balance - Beginning	63,503,971	149,521,768	51,197,526	48,912,165	313,135,430
Fund Balance - Ending	\$ 121,548,964	\$ 113,446,816	\$ 49,005,877	\$ 53,203,280	\$ 337,204,937

Vista 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 \$ 24,069,507

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

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

Capital outlay	\$ 49,063,630
Depreciation and amortization expense	<u>(17,950,568)</u>

Net expense adjustment 31,113,062

Right-to-use subscription IT assets acquired this year were financed with subscription-based IT arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (119,988)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and supplementary retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the difference between vacation and supplementary retirement benefits earned and used. 1,849,301

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. 14,816,387

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. 972,102

Vista 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

Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	\$ 1,241,652
Deferred charge on refunding amortization	78,880

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	14,960,000
Certificates of participation	2,480,000
Leases	190,438
Subscription-based IT arrangements	199,477
Finance purchase agreement	181,049

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds increased by \$1,671,160, and second, \$1,220,184 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(2,891,344)

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

110,402

Change in net position of governmental activities

\$ 89,250,925

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

	Business-Type Activities Child Care Enterprise Fund	Governmental Activities Internal Service Fund
Assets		
Current assets		
Deposits and investments	\$ 1,656,532	\$ 1,984,044
Receivables	166,511	9,837
Due from other funds	896	891,984
Total current assets	<u>1,823,939</u>	<u>2,885,865</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	<u>843,155</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	128,762	820,521
Due to other funds	77,289	-
Claims liability	-	170,067
Total current liabilities	<u>206,051</u>	<u>990,588</u>
Noncurrent liabilities		
Net pension liability	<u>2,675,571</u>	<u>-</u>
Total liabilities	<u>2,881,622</u>	<u>990,588</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	<u>116,381</u>	<u>-</u>
Net Position		
Restricted for self-insurance	-	1,895,277
Unrestricted (deficit)	<u>(330,909)</u>	<u>-</u>
Total net position (deficit)	<u><u>\$ (330,909)</u></u>	<u><u>\$ 1,895,277</u></u>

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

	Business-Type Activities <u>Child Care Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues		
Charges for services	\$ 3,233,740	\$ 7,996,292
Other local revenues	<u>-</u>	<u>126,000</u>
Total operating revenues	<u>3,233,740</u>	<u>8,122,292</u>
Operating Expenses		
Payroll costs	1,899,290	-
Professional and contract services	-	7,905,147
Supplies and materials	28,270	-
Other operating costs	<u>318,565</u>	<u>-</u>
Total operating expenses	<u>2,246,125</u>	<u>7,905,147</u>
Operating Income	<u>987,615</u>	<u>217,145</u>
Nonoperating Revenues		
Unrealized loss on investments	(46,449)	(10,639)
Interest income	<u>22,681</u>	<u>33,651</u>
Total nonoperating revenue	<u>(23,768)</u>	<u>23,012</u>
Income before transfers	963,847	240,157
Transfers out	<u>-</u>	<u>(129,755)</u>
Change in Net Position	963,847	110,402
Total Net Position (Deficit) - Beginning	<u>(1,294,756)</u>	<u>1,784,875</u>
Total Net Position (Deficit) - Ending	<u><u>\$ (330,909)</u></u>	<u><u>\$ 1,895,277</u></u>

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

	Business-Type Activities Child Care Enterprise Fund	Governmental Activities Internal Service Fund
Operating Activities		
Cash received from customers	\$ 3,175,601	\$ -
Cash receipts from interfund services provided	-	7,660,230
Cash payments to suppliers of goods or services	23,910	(7,479,656)
Cash payments to employees for services	(1,980,137)	-
Other operating cash receipts	-	126,000
Other operating cash payments	(318,565)	-
Net Cash Provided by Operating Activities	<u>900,809</u>	<u>306,574</u>
Capital and Related Financing Activities		
Transfers to other funds	-	(129,755)
Investing Activities		
Interest on investments	(31,025)	17,190
Net Change in Cash and Cash Equivalents	869,784	194,009
Cash and Cash Equivalents, Beginning	<u>786,748</u>	<u>1,790,035</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,656,532</u></u>	<u><u>\$ 1,984,044</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 987,615	\$ 217,145
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities		
Receivables	(58,139)	-
Due from other fund	(896)	(329,706)
Deferred outflows of resources	(506,137)	-
Accrued liabilities	52,180	425,491
Due to other fund	13,066	(6,356)
Deferred inflows of resources	959,400	-
Net pension liability	(546,280)	-
Net Cash Provided by Operating Activities	<u><u>\$ 900,809</u></u>	<u><u>\$ 306,574</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Vista Unified School District (the District) was organized in 1936 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades Kindergarten - 12 as mandated by the State and/or Federal agencies. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult education school, and an adult transition center.

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

Component Units

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

The Vista Unified School District Improvement Corporation (the Corporation) has a financial and operational relationship with the Vista Unified School District which meet the reporting entity definition criteria of a component unit of Vista Unified School District. Certificates of participation (COPs) issued by the Corporation are included as long-term liabilities in the government-wide financial statements. The COP's financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Individually-prepared financial statements are not prepared for the Corporation.

Other Related Entities

Charter Schools The District has approved Charters for Belle Mente Montessori Academy (Charter No. 1515), Guajome Park Academy (Charter No. 0050), Guajome Learning Center (Charter No. 1351), North County Trade Tech Charter High School (Charter No. 0884), and School for Integrated Academies and Technologies (Charter No. 0627) Charter Schools pursuant to *Education Code* Section 47605. The Charter Schools are independently operated by separate governing boards and not considered component units of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and the acquisition of major governmental capital facilities and buildings.

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). This fund also accounts for the proceeds received from the issuance of certificates of participation to be used for capital outlay purposes.

Non-Major Governmental Funds

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

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

- **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), or the 2006 State School Facilities Fund (Proposition 1D). The fund is used primarily to account 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 17070.10 et seq.).

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

- **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).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used for the accumulation of resources for the payment of principal and interest on the certificates of participation issued.

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Child Care Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to fee-based child care services provided by the District to families.

- **Internal Service Fund** An Internal Service Fund may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured dental program that is accounted for in an Internal Service Fund. In addition, the District accounts for its workers' compensation program in the Internal Service Fund.

Basis of Accounting - Measurement Focus

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

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation of capital assets and amortization of right-to-use leased assets and right-to-use subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs, 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 use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

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

- **Governmental Funds** All Governmental Funds are accounted for using a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

Operating Revenues and Expenses Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 general long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

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

Investments

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental-type funds 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. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; portable classrooms and structures, 25 years; equipment, five to 15 years; vehicles, 15 years.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs and costs of refunding as debt service expenditures. Issuance costs, and costs of refunding, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with

the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

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

Subscriptions

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

Fund Balances - Governmental Funds

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

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, Superintendent or designee may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$122,625,355 of net position restricted by enabling legislation.

Interfund Activity

Transfers between governmental and business-type 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type 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 March 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 and become delinquent after November 1. The County of San Diego bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 5 and 10.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	\$ 352,920,101
Business-type activities	<u>1,656,532</u>
Total deposits and investments	<u><u>\$ 354,576,633</u></u>

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

Cash on hand and in banks	\$ 4,867,928
Cash with fiscal agent	165,471
Cash in revolving	253,492
Investments	<u>349,289,742</u>
Total deposits and investments	<u><u>\$ 354,576,633</u></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 manages its exposure to interest rate risk by primarily investing in the San Diego County Treasury Investment Pool and short-term money market funds. Other investments are specific to certificates of participation.

Specific Identification

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

Investment Type	Reported Amount	Average Maturity in Days
San Diego County Treasury Investment Pool	\$ 311,386,166	438
First American Government Obligations Fund	37,903,576	20
Total	<u>\$ 349,289,742</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Diego County Treasury Investment Pool and First American Government Obligations Fund are rated AAA by Standard and Poor's.

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 have a policy for custodial credit risk for deposits. The District's policy states that monies received and deposited with a financial institution shall be in accounts that are fully covered by Federal insurance. In addition, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of \$4,909,120 was exposed to custodial credit risk because it was uninsured, but collateralized with securities held by the pledging of financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

Investment Type	Reported Amount	Measurements Using Level 2 Inputs
First American Government Obligations Fund	\$ 37,903,626	\$ 37,903,626

Investments in the San Diego County Treasury Investment Pool are uncategorized.

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Federal Government							
Categorical aid	\$ 7,288,657	\$ -	\$ -	\$ 3,362,187	\$ -	\$ 10,650,844	\$ -
State Government							
Categorical aid	15,540,750	-	-	1,682,090	-	17,222,840	-
Lottery	1,133,081	-	-	-	-	1,133,081	-
Local Government							
Interest	1,009,327	1,108,548	47,228	157,083	9,837	2,332,023	9,258
Due from charters	843,785	-	-	-	-	843,785	-
Other local sources	1,985,991	-	-	25,210	-	2,011,201	157,253
Total	<u>\$ 27,801,591</u>	<u>\$ 1,108,548</u>	<u>\$ 47,228</u>	<u>\$ 5,226,570</u>	<u>\$ 9,837</u>	<u>\$ 34,193,774</u>	<u>\$ 166,511</u>

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

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 51,406,595	\$ 13,071	\$ -	\$ 51,419,666
Construction in progress	29,477,126	45,786,729	(17,044,278)	58,219,577
Total capital assets not being depreciated	80,883,721	45,799,800	(17,044,278)	109,639,243
Capital assets being depreciated				
Land improvements	39,899,519	6,597,585	-	46,497,104
Buildings and improvements	417,665,797	10,441,302	-	428,107,099
Furniture and equipment	43,626,225	3,140,738	-	46,766,963
Total capital assets being depreciated	501,191,541	20,179,625	-	521,371,166
Total capital assets	582,075,262	65,979,425	(17,044,278)	631,010,409
Accumulated depreciation				
Land improvements	(20,055,397)	(1,827,518)	-	(21,882,915)
Buildings and improvements	(267,329,279)	(14,622,081)	-	(281,951,360)
Furniture and equipment	(38,784,674)	(1,175,920)	-	(39,960,594)
Total accumulated depreciation	(326,169,350)	(17,625,519)	-	(343,794,869)
Net depreciable capital assets	175,022,191	2,554,106	-	177,576,297
Right-to-use leased assets being amortized				
Furniture and equipment	1,548,401	-	-	1,548,401
Accumulated amortization				
Furniture and equipment	(1,220,794)	(190,092)	-	(1,410,886)
Net right-to-use leased assets	327,607	(190,092)	-	137,515
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	181,640	128,483	-	310,123
Accumulated amortization	-	(134,957)	-	(134,957)
Net right-to-use subscription IT assets	181,640	(6,474)	-	175,166
Governmental activities				
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	\$ 256,415,159	\$ 48,157,340	\$ (17,044,278)	\$ 287,528,221

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

Governmental Activities	
Instruction	\$ 16,490,376
Instructional library, media, and technology	5,823
School site administration	17,955
Home-to-school transportation	85,811
Food services	476,288
All other pupil services	4,531
Data processing	127,344
All other administration	128,135
Plant services	351,401
Community services	36,583
Ancillary services	226,321
	<u>17,950,568</u>
Total depreciation and amortization expense governmental activities	<u>\$ 17,950,568</u>

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	July 1, 2022	Addition	Deletion	June 30, 2023
Cell tower 1 - ATT/VHS	\$ 350,763	\$ -	\$ (12,941)	\$ 337,822
Cell tower 2 - Sprint/Cox/RBV	38,317	-	(2,204)	36,113
Cell tower 3 - Verizon/RMMS	410,225	-	(13,712)	396,513
Cell tower 4 - Eco-site/Vertical Bridge/VAPA	61,290	-	(40,556)	20,734
Cell tower 5 - ATT/RBV	32,213	-	(32,213)	-
Cell tower 6 - Verizon/VHS	382,542	-	(15,118)	367,424
Cell tower 7 - Verizon/American Tower/VMMS	382,542	-	(15,118)	367,424
JCCS/Vista Focus	1,937,628	-	(110,092)	1,827,536
	<u>3,595,520</u>	<u>-</u>	<u>(241,954)</u>	<u>3,353,566</u>
Total	<u>\$ 3,595,520</u>	<u>\$ -</u>	<u>\$ (241,954)</u>	<u>\$ 3,353,566</u>

Cellular Tower Antenna Sites

The District leases a portion of its facilities for cellular tower antenna sites. These leases are non-cancelable for a period of ten years, with one renewal period of five years. The District believes the lessees will exercise the renewal option with reasonable certainty. The agreements allow for 2.00% to 3.00% annual CPI increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$131,862 in lease revenue and \$66,592 in interest revenue related to these agreements. At June 30, 2023, the District recorded \$1,526,030 in lease receivables and \$1,500,488 in deferred inflows of resources for these arrangements. The District used an interest rate of between 2.00% and 5.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

JCSS/Vista Focus

The District leases a portion of its real property to San Diego County Superintendent of Schools, starting on February 2022. The agreement is non-cancelable for a period of five years, with two renewal periods of five years. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allow for 2.00% annual CPI increases to the lease payments. During the fiscal year, the District recognized \$110,092 in lease revenue and \$34,984 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$1,827,536 in lease receivable and \$1,811,750 in deferred inflows of resources for this arrangement. The District used an interest rate of 2.00% based on the lease agreement rate.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2023, between major funds, non-major governmental funds, the child care enterprise fund, and the internal service fund are as follows:

Due To	Due From				Total
	General Fund	Building Fund	Non-Major Governmental Funds	Child Care Enterprise Fund	
General Fund	\$ -	\$ 451	\$ 298,760	\$ 73,318	\$ 372,529
Building Fund	-	-	584	-	584
Special Reserve Fund for Capital Outlay Projects	2,262,811	-	-	-	2,262,811
Non-Major Governmental Funds	156,837	-	519	-	157,356
Child Care Enterprise Fund	896	-	-	-	896
Internal Service Fund	867,516	283	20,214	3,971	891,984
Total	\$ 3,288,060	\$ 734	\$ 320,077	\$ 77,289	\$ 3,686,160

A balance of \$147,050 from the Adult Education Non-Major Governmental Fund to the General Fund was for indirect costs and other postemployment benefit charges.

A balance of \$151,710 due from the Cafeteria Non-Major Governmental Fund to the General Fund resulted from reimbursement of salaries and benefit charges.

The balance of \$2,262,811 due from the General Fund to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund was for the RDA payment.

The balance of \$867,516 due from the General Fund to the Internal Service Fund resulted from workers' compensation and other postemployment benefit charges.

The balance of \$73,318 due from the Child Care Enterprise Fund to the General Fund resulted from field trip expenses and payroll charges.

All remaining balance resulted for the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

Transfer To	Transfer From			Total
	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 129,755	\$ 129,755
Special Reserve Fund for Capital Outlay Projects	-	556,363	-	556,363
Non-Major Governmental Funds	504,532	-	-	504,532
Total	<u>\$ 504,532</u>	<u>\$ 556,363</u>	<u>\$ 129,755</u>	<u>\$ 1,190,650</u>

The Special Reserve Fund for Capital Outlay Projects transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for COP debt service payment.

\$ 504,532

The Debt Service Non-Major Governmental Fund for Blended Component Units transferred to the Special Reserve Fund for Capital Outlay Projects the residual balance to close out the COP.

556,363

The Internal Service Fund transferred to the General Fund for dental and workers compensation coverage payment

129,755

Total

\$ 1,190,650

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Salaries and benefits	\$ 14,135,962	\$ -	\$ -	\$ 465,572	\$ -	\$ 14,601,534	\$ 44,933
LCFF apportionment	823,982	-	-	-	-	823,982	-
Due to CDE	10,367	-	-	-	-	10,367	-
Due to other LEAs	47,046	-	-	521,780	-	568,826	-
Vendor payables	15,391,293	6,497,574	684,470	321,920	820,521	23,715,778	83,829
Total	<u>\$ 30,408,650</u>	<u>\$ 6,497,574</u>	<u>\$ 684,470</u>	<u>\$ 1,309,272</u>	<u>\$ 820,521</u>	<u>\$ 39,720,487</u>	<u>\$ 128,762</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 6,672,782	\$ 6,649	\$ 6,679,431
State categorical aid	2,191,657	-	2,191,657
Other local	3,525	-	3,525
Total	\$ 8,867,964	\$ 6,649	\$ 8,874,613

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 259,899,001	\$ 1,220,184	\$ (14,960,000)	\$ 246,159,185	\$ 15,920,000
Unamortized premium	16,563,709	-	(1,003,363)	15,560,346	-
Certificates of participation	39,095,000	-	(2,480,000)	36,615,000	1,060,000
Unamortized premium	3,534,627	-	(238,289)	3,296,338	-
Finance purchase agreement	181,049	-	(181,049)	-	-
Leases	329,811	-	(190,438)	139,373	99,745
Subscription-based IT arrangements	181,640	119,988	(199,477)	102,151	76,783
Supplemental early retirement plan	3,472,876	-	(1,736,438)	1,736,438	1,736,438
Compensated absences	1,517,620	-	(112,863)	1,404,757	-
Total	\$ 324,775,333	\$ 1,340,172	\$ (21,101,917)	\$ 305,013,588	\$ 18,892,966

Payments on the general obligation bonds are paid by the Bond Interest and Redemption Fund. Certificates of participation are paid by the Special Reserve Fund for Capital Outlay Projects and the Debt Service Fund for Blended Component Units. The finance purchase agreement, leases, subscription-based IT assets, and the supplemental early retirement plan payments are made by the General Fund. The compensated absences will be paid by the General Fund, Adult Education Fund, and Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
5/30/2002	02/01/27	5.85-5.86%	\$ 92,000,541	\$ 12,462,257	\$ 847,670	\$ -	\$ 13,309,927
1/7/2004	08/01/28	5.52%	20,359,341	4,696,744	372,514	-	5,069,258
10/2/2012	08/01/22	2.00-5.00%	56,480,000	6,905,000	-	(6,905,000)	-
10/20/2015	08/01/28	2.00-5.00%	42,060,000	15,245,000	-	(1,575,000)	13,670,000
6/6/2019	08/01/48	3.00-5.00%	56,500,000	43,620,000	-	(5,145,000)	38,475,000
2/25/2021	08/01/28	0.187-1.521%	39,460,000	38,700,000	-	(1,335,000)	37,365,000
6/1/2022	08/01/48	4.125-5.25%	138,270,000	138,270,000	-	-	138,270,000
				<u>\$ 259,899,001</u>	<u>\$ 1,220,184</u>	<u>\$ (14,960,000)</u>	<u>\$ 246,159,185</u>

Election of 2002, Series 2002A

In May 2002, the District issued \$92,000,541 of the Vista Unified School District, Election of 2002, Series 2002A General Obligation Bonds. The bonds issued included \$88,585,000 of current interest bonds and \$3,415,541 of capital appreciation bonds, with the capital appreciation bonds accreting to \$16,945,000. Proceeds from the sale of the bonds were used to fund construction, rehabilitation and repair of school facilities. The current interest bonds were refunded with the issuance of the 2012 General Obligation Refunding Bonds. The remaining bonds have a final maturity to occur on February 1, 2027, with interest rates of 5.85-5.86%. At June 30, 2023, the principal balance outstanding was \$13,309,927.

Election of 2002, Series 2003B

In January 2004, the District issued \$20,359,341 of the Vista Unified School District, Election of 2002, Series 2003B General Obligation Bonds. The bonds issued included \$19,215,000 of current interest bonds and \$1,144,341 of capital appreciation bonds, with the capital appreciation bonds accreting to \$7,425,000. Proceeds from the sale of the bonds were used to fund construction, rehabilitation and repair of school facilities. The current interest bonds were refunded with the issuance of the 2012 General Obligation Refunding Bonds. The remaining bonds have a final maturity to occur on August 1, 2028, with an interest rate of 5.52%. At June 30, 2023, the principal balance outstanding was \$5,069,258.

2012 General Obligation Refunding Bonds

In October 2012, the District issued \$56,480,000 of the Vista Unified School District, 2012 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 2.00 to 5.00%. Proceeds from the sale of the bonds were used to refund the outstanding General Obligation Bonds, Election of 2002A and Election of 2003B and pay certain costs of issuance. In 2021, a portion of the 2012 General Obligation Refunding Bonds were refunded with the issuance of the 2021 General Obligation Refunding Bonds. After the refunding, the final maturity date is August 1, 2022. At June 30, 2023, the bonds were paid in full.

2015 General Obligation Refunding Bonds

In October 2015, the District issued \$42,060,000 of the Vista Unified School District, 2015 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 2.00 to 5.00%. Proceeds from sale of bonds were used to refund all of the District's outstanding General Obligation Refunding Bonds (2004), Series 2005, and a portion of the District's outstanding Election of 2002, General Obligation Bonds, Series C, and pay certain costs of issuance. At June 30, 2023, the principal balance outstanding was \$13,670,000.

2018 Election, 2019 Series A

In June 2019, the District issued \$56,500,000 of the Vista Unified School District, 2018 Election, 2019 Series A General Obligation Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2048 and with interest rates of 3.00 to 5.00%. Proceeds from sale of bonds were used to finance the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance. At June 30, 2023, the principal balance outstanding was \$38,475,000.

2021 General Obligation Refunding Bonds

In February 2021, the District issued \$39,460,000 of the Vista Unified School District, 2021 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 0.187-1.521%. Proceeds from sale of bonds were used to refund a portion of the outstanding 2012 General Obligation Refunding Bonds, and to pay costs certain of issuance. At June 30, 2023, the principal balance outstanding was \$37,365,000.

2018 Election, 2022 Series B

In June 2022, the District issued \$138,270,000 of the Vista Unified School District, 2018 Election, 2022 Series B General Obligation Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2048 and with interest rates of 4.125-5.25%. Proceeds from sale of bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance. At June 30, 2023, the principal balance outstanding was \$138,270,000.

The general obligation bonds mature through 2049 as follows:

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2024	\$ 15,920,000	\$ -	\$ 9,157,136	\$ 25,077,136
2025	10,735,000	-	8,869,262	19,604,262
2026	11,115,000	-	8,699,758	19,814,758
2027	17,004,927	3,635,073	8,536,432	29,176,432
2028	8,995,000	-	8,343,939	17,338,939
2029-2033	22,569,258	2,355,742	39,156,683	64,081,683
2034-2038	24,115,000	-	35,099,200	59,214,200
2039-2043	44,290,000	-	27,377,750	71,667,750
2044-2048	72,495,000	-	14,229,750	86,724,750
2049	18,920,000	-	472,588	19,392,588
Total	<u>\$ 246,159,185</u>	<u>\$ 5,990,815</u>	<u>\$ 159,942,498</u>	<u>\$ 412,092,498</u>

Certificates of Participation

The District entered into a long-term lease-purchase agreement with the Vista Unified School District Improvement Corporation (the Corporation) for the acquisition, construction, and improvement of District facilities. The Corporation is a nonprofit public benefit corporation organized primarily to render financial assistance to the District by financing and constructing public school buildings and facilities in the District.

The outstanding certificates of participation are as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	COPs Outstanding July 1, 2022	Issued	Redeemed	COPs Outstanding June 30, 2023
5/6/1998	5/1/2023	3.80-5.125%	\$ 7,610,000	\$ 510,000	\$ -	\$ (510,000)	\$ -
5/12/2022	10/1/2037	4.00-5.00%	38,585,000	38,585,000	-	(1,970,000)	36,615,000
				<u>\$ 39,095,000</u>	<u>\$ -</u>	<u>\$ (2,480,000)</u>	<u>\$ 36,615,000</u>

In May 1998, Certificates of Participation of \$7,610,000 were issued. The certificates have a final maturity of May 1, 2023, with interest rates of 3.80-5.125%. As of June 30, 2023, the certificates were paid in full.

In May 2022, Certificates of Participation of \$38,585,000 were issued. The certificates have a final maturity of October 1, 2037, with interest rates of 4.00-5.00%. As of June 30, 2023, the principal balance outstanding was \$36,615,000.

The certificates mature through 2038 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,060,000	\$ 1,653,850	\$ 2,713,850
2025	1,195,000	1,597,475	2,792,475
2026	1,340,000	1,534,100	2,874,100
2027	1,510,000	1,462,850	2,972,850
2028	10,585,000	5,809,875	16,394,875
2029-2033	16,745,000	2,678,675	19,423,675
2034-2038	4,180,000	83,600	4,263,600
Total	<u>\$ 36,615,000</u>	<u>\$ 14,820,425</u>	<u>\$ 51,435,425</u>

Finance Purchase Agreement

The District has entered into an agreement to lease buses. The agreement is, in substance, a purchase, and is reported as a finance purchase agreement. At June 30, 2023, the principal balance was paid in full.

Leases

The District has entered into an agreement to lease vehicles. The District's liability on lease agreements is summarized below:

Lease	July 1, 2022	Addition	Payments	June 30, 2023
Vehicles	<u>\$ 329,811</u>	<u>\$ -</u>	<u>\$ (190,438)</u>	<u>\$ 139,373</u>

Vehicles

The District entered into an agreement to lease vehicles for five years, beginning July 1, 2018. Under the terms of the lease, the District pays a monthly payment of \$16,125. The annual interest rate charged on the lease is 1.75%. At June 30, 2023, the District has recognized a right-to-use asset of \$137,515 and a lease liability of \$139,373 related to this agreement. During the fiscal year, the District recorded \$190,092 in amortization expense for the right-to-use the vehicles.

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	\$ 99,745	\$ 965	\$ 100,710
2025	39,628	161	39,789
Total	<u>\$ 139,373</u>	<u>\$ 1,126</u>	<u>\$ 140,499</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of \$175,166 and a SBITA liability of \$102,151 related to these agreements. During the fiscal year, the District recorded \$134,957 in amortization expense. The District is required to make annual principal and interest payments through June 2025. The subscriptions have interest rates averaging 2.157%.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 76,783	\$ 1,833	\$ 78,616
2025	25,368	247	25,615
Total	<u>\$ 102,151</u>	<u>\$ 2,080</u>	<u>\$ 104,231</u>

Supplemental Early Retirement Plan (SERP)

In June 2017, the District adopted a supplemental early retirement plan (Plan 1) whereby certain eligible employees are provided an annuity to supplement the retirement benefits that they are entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to 182 employees are being paid over a five-year period. As of June 30, 2023, the outstanding balance was paid in full.

In November 2018, the District adopted a supplemental early retirement plan incentive (Plan 2) whereby certain eligible employees are provided a retirement incentive supplementing the retirement benefits that they are entitled to through the California State Teachers' Retirement System (STRS) and the California Public Employees Retirement System (PERS). The incentive annuities require the District to pay each retiring employee 70% of the salary earned in 2018-2019 over a five-year period with an annual administrative fee of 4% for each premium paid. Eligible employees must have been active as of the first day of school on August 15, 2018, be age 55 or older and have a minimum five years of district service, resign from the District as of June 30, 2019 and retire from STRS/PERS on or before July 1, 2019. A total of 162 employees participated in the plan. Total cost of the plan was \$8,682,191 with an effective first date of payment as of July 10, 2019 in the amount of \$1,736,438. As of June 30, 2023, the outstanding balance of the plan was \$1,736,438.

The annual requirements for annuity payments at June 30, 2023 are as follows:

Year Ending June 30,	
2024	<u>\$ 1,736,438</u>

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 27,891,105	\$ 3,442,692	\$ 11,298,802	\$ 754,261
Medicare Premium Payment (MPP) Program	1,028,731	-	-	(217,841)
Total	<u>\$ 28,919,836</u>	<u>\$ 3,442,692</u>	<u>\$ 11,298,802</u>	<u>\$ 536,420</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 July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	276
Active employees	<u>1,853</u>
Total	<u>2,129</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 Vista Teachers Association (VTA), 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, VTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid \$2,241,466 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$27,891,105 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	4.09% for 2022
Healthcare cost trend rates	4.50% for 2022

The discount rate was based on the 20-year tax-exempt general obligation bond municipal bonds with an average rating of AA/As or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds.

Mortality rates used were as follows:

- PERS Employees: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- STRS Employees: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table Fully generational using Scale MP-2021.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021 (Measurement Date)	\$ 32,662,667
Service cost	1,847,953
Interest	731,374
Differences between expected and actual experience	(2,123,239)
Change of assumptions	(2,986,204)
Benefit payments	(2,241,446)
Net change in total OPEB liability	(4,771,562)
Balance, June 30, 2022 (Measurement Date)	\$ 27,891,105

Change of assumptions reflect a change in the discount rate from 2.19% in 2021 to 4.09% in 2022.

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 (3.09%)	\$ 29,437,697
Current discount rate (4.09%)	27,891,105
1% increase (5.09%)	26,409,735

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.50%)	\$ 26,573,101
Current healthcare cost trend rate (4.50%)	27,891,105
1% increase (5.50%)	29,424,585

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 \$754,261. At June 30, 2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,544,519	\$ -
Differences between expected and actual experience	87,188	3,687,976
Change of assumptions	810,985	7,610,826
Total	\$ 3,442,692	\$ 11,298,802

Amounts reported as deferred outflows of resources for OPEB contributions subsequent to measurement date will be reported as a reduction of the total OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,347,337)
2025	(1,347,337)
2026	(1,313,064)
2027	(1,313,068)
2028	(1,348,498)
Thereafter	(3,731,325)
Total	\$ (10,400,629)

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 \$1,028,731 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 0.3123%, and 0.3125%, resulting in a net decrease in the proportionate share of 0.0002%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(217,841).

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%)	\$ 1,121,515
Current discount rate (3.54%)	1,028,731
1% increase (4.54%)	948,392

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 943,899
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,028,731
1% increase (5.50% Part A and 6.40% Part B)	1,124,893

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 250,000	\$ -	\$ -	\$ 3,492	\$ 253,492
Stores inventories	146,444	-	-	487,341	633,785
Total nonspendable	396,444	-	-	490,833	887,277
Restricted					
Legally restricted programs	72,130,211	-	-	4,494,713	76,624,924
Food service	-	-	-	10,833,871	10,833,871
Capital projects	-	113,446,816	49,005,877	11,376,260	173,828,953
Debt service	-	-	-	26,007,603	26,007,603
Total restricted	72,130,211	113,446,816	49,005,877	52,712,447	287,295,351
Committed					
Future textbook adoptions	1,446,709	-	-	-	1,446,709
Assigned					
Supplemental and concentration	12,832,386	-	-	-	12,832,386
Unassigned					
Reserve for economic uncertainties	9,730,929	-	-	-	9,730,929
Remaining unassigned	25,012,285	-	-	-	25,012,285
Total unassigned	34,743,214	-	-	-	34,743,214
Total	<u>\$ 121,548,964</u>	<u>\$ 113,446,816</u>	<u>\$ 49,005,877</u>	<u>\$ 53,203,280</u>	<u>\$ 337,204,937</u>

Note 13 - Risk Management

Description

The District's risk management activities are recorded in the General Fund and Internal Service Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance, except for the dental program which is self-insured through the Internal Service Fund. The District participates in Southern California Regional Liability Excess Fund (SCRLEF) for property and liability coverage. The District participated in the Protected Insurance Program for Schools Joint Powers Authority (PIPS) for workers' compensation. Refer to Note 16 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liability

The District records an estimated liability for dental claims against the District. Claims liability are based on estimates of the ultimate cost of reported claims using a two-month lag based on program history and experience.

Unpaid Claims Liability

The following represent the changes in approximate aggregate liability for the District from July 1, 2021 to June 30, 2023:

	Dental Program
Liability Balance, July 1, 2021	\$ 170,000
Claims and changes in estimates	1,002,639
Claims payments	(1,002,639)
Liability Balance, July 1, 2022	170,000
Claims and changes in estimates	1,007,765
Claims payments	(1,007,698)
Liability Balance, June 30, 2023	\$ 170,067
Assets available to pay claims at June 30, 2023	\$ 1,239,315

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 144,590,315	\$ 31,756,953	\$ 25,064,622	\$ 10,460,094
CalPERS	95,298,516	30,670,481	6,173,711	10,368,347
Total	<u>\$ 239,888,831</u>	<u>\$ 62,427,434</u>	<u>\$ 31,238,333</u>	<u>\$ 20,828,441</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	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

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 \$24,060,880.

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	\$ 144,590,315
State's proportionate share of the net pension liability	<u>72,410,264</u>
Total	<u>\$ 217,000,579</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 0.2081% and 0.2079%, resulting in a net increase in the proportionate share of 0.0002%.

For the year ended June 30, 2023, the District recognized pension expense of \$10,460,094. In addition, the District recognized pension expense and revenue of \$5,839,840 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	\$ 24,060,880	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	406,836	7,152,618
Differences between projected and actual earnings on pension plan investments	-	7,070,746
Differences between expected and actual experience in the measurement of the total pension liability	118,609	10,841,258
Change of assumptions	7,170,628	
	<u>\$ 31,756,953</u>	<u>\$ 25,064,622</u>
Total		

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (5,193,988)
2025	(5,626,807)
2026	(8,452,607)
2027	12,202,656
	<u>\$ (7,070,746)</u>
Total	

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,736,819
2025	(3,625,334)
2026	(3,650,349)
2027	(2,941,831)
2028	(2,017,797)
Thereafter	(799,311)
Total	<u><u>\$ (10,297,803)</u></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%)	\$ 245,567,982
Current discount rate (7.10%)	144,590,315
1% increase (8.10%)	60,748,491

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	25.370%	25.370%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 \$11,676,965.

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 \$95,298,516. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.2770% and 0.2860%, resulting in a net decrease in the proportionate share of 0.0090%.

For the year ended June 30, 2023, the District recognized pension expense of \$10,368,347. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 11,676,965	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	261,017	3,802,562
Differences between projected and actual earnings on pension plan investments	11,252,163	-
Differences between expected and actual experience in the measurement of the total pension liability	430,694	2,371,149
Change of assumptions	7,049,642	-
	<u>\$ 30,670,481</u>	<u>\$ 6,173,711</u>
Total	<u>\$ 30,670,481</u>	<u>\$ 6,173,711</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,876,503
2025	1,664,328
2026	850,159
2027	6,861,173
Total	<u>\$ 11,252,163</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (239,499)
2025	1,050,595
2026	887,410
2027	(130,864)
Total	<u>\$ 1,567,642</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%)	\$ 137,663,532
Current discount rate (6.90%)	95,298,516
1% increase (7.90%)	60,285,388

Alternative Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Public Agency Retirement System (PARS) as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.30% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$46,218, which represents 0.03% of its current year covered payroll.

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 \$11,616,114 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Vista Magnet Middle School - Facade Improvement	\$ 5,644,583	July 2024
Rancho Buena Vista High School - CTE classrooms	5,508,246	July 2024
Vista High School - New Classrooms	24,364,224	October 2024
District Wide - Roofing summer repairs	2,137,789	April 2024
Vista High School - Building "N" Modernization	52,039	November 2024
Vista High School - Track and Field Replacement	370,462	March 2025
Beaumont Elementary School - Modernization	22,820	August 2023
Lake Elementary School - Student restroom upgrades	30,714	December 2023
Foothill Elementary - Gutters	75,918	October 2024
District Wide - Grounds	448,108	January 2024
District Wide - Painting	588,750	Ongoing
Bobier Elementary School - Replace/Demo Relocatable Classrooms	1,946,314	December 2026
Rancho Buena Vista High School - Bleachers	85,150	October 2026
Rancho Buena Vista High School - Track and Field Replacement	333,828	February 2026
Rancho Minerva Middle School - Drainage and Paving	56,000	On Hold
Rancho Minerva Middle School - Building Envelope	65,700	On Hold
Fire Alarms - Various Sites	288,410	November 2024
Grapevine - Playground Equipment	39,750	February 2026
Indoor environmental	307,666	February 2025
Landscaping	152,927	Ongoing
Mission Meadows - Paving	45,375	June 2024
District Wide - Gutters	64,348	Ongoing
District Wide - Asphalt	368,750	Ongoing
District Wide - Flooring	930,488	January 2024
Vista High School - Ag upgrades	35,164	September 2023
Total	<u>\$ 43,963,523</u>	

Note 16 - Participation in Public Entity Risk Pools, Joint Power Authorities, and other Related Party Transactions

The District is a member of the Southern California Regional Liability Excess Fund (SCRLEF) and the Protected Insurance Program for Schools (PIPS) Joint Power Authority's (JPAs). The District pays an annual premium to SCRLEF and PIPS for its property and liability coverage and workers' compensation coverage. The relationships between the District 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.

During the year ended June 30, 2023, the District made payments of \$1,727,917 and \$6,699,530 to SCRLEF and PIPS, respectively, for services received.

Note 17 - Adoption of New Accounting Standard

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

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ (15,597,828)
Right-to-use subscription IT assets, net of amortization	181,640
Subscription liabilities	<u>(181,640)</u>
Net Position - Beginning, as restated on July 1, 2022	<u><u>\$ (15,597,828)</u></u>



Required Supplementary Information
June 30, 2023

Vista Unified School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 225,555,910	\$ 245,328,035	\$ 245,314,567	\$ (13,468)
Federal sources	57,895,141	41,015,737	34,621,915	(6,393,822)
Other State sources	30,381,384	64,857,896	80,779,505	15,921,609
Other local sources	21,489,990	23,569,656	20,398,399	(3,171,257)
Total revenues	335,322,425	374,771,324	381,114,386	6,343,062
Expenditures				
Current				
Certificated salaries	133,326,822	136,122,123	134,811,399	1,310,724
Classified salaries	51,225,249	47,926,190	46,607,560	1,318,630
Employee benefits	85,914,714	90,280,142	82,335,781	7,944,361
Books and supplies	22,832,159	24,208,109	15,624,826	8,583,283
Services and operating expenditures	31,906,460	40,776,361	38,466,013	2,310,348
Other outgo	1,160,018	6,287,393	933,749	5,353,644
Capital outlay	8,073,702	1,329,739	3,964,002	(2,634,263)
Debt service				
Debt service - principal	-	182,995	570,964	(387,969)
Debt service - interest and other	-	-	4,842	(4,842)
Total expenditures	334,439,124	347,113,052	323,319,136	23,793,916
Excess (Deficiency) of Revenues Over Expenditures	883,301	27,658,272	57,795,250	30,136,978
Other Financing Sources				
Transfers in	-	129,755	129,755	-
Other sources - SBITAs	-	-	119,988	119,988
Net Financing Sources (Uses)	-	129,755	249,743	119,988
Net Change in Fund Balances	883,301	27,788,027	58,044,993	30,256,966
Fund Balance - Beginning	63,503,971	63,503,971	63,503,971	-
Fund Balance - Ending	\$ 64,387,272	\$ 91,291,998	\$ 121,548,964	\$ 30,256,966

Vista 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	\$ 1,847,953	\$ 2,494,016	\$ 2,319,115
Interest	731,374	1,074,641	1,241,505
Change of benefit terms	-	250,241	-
Difference between expected and actual experience	(2,123,239)	(1,352,198)	(1,160,561)
Change of assumptions	(2,986,204)	(6,241,752)	1,210,312
Benefit payments	<u>(2,241,446)</u>	<u>(2,917,430)</u>	<u>(2,677,188)</u>
Net change in total OPEB liability	(4,771,562)	(6,692,482)	933,183
Total OPEB Liability - Beginning	<u>32,662,667</u>	<u>39,355,149</u>	<u>38,421,966</u>
Total OPEB Liability - Ending	<u><u>\$ 27,891,105</u></u>	<u><u>\$ 32,662,667</u></u>	<u><u>\$ 39,355,149</u></u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 2,240,185	\$ 2,208,760	\$ 2,136,132
Interest	1,333,485	1,267,401	1,226,930
Change of benefit terms	-	-	-
Difference between expected and actual experience	174,376	-	-
Changes of assumptions	109,084	(239,911)	-
Benefit payments	<u>(2,589,087)</u>	<u>(2,300,126)</u>	<u>(2,190,596)</u>
Net change in total OPEB liability	1,268,043	936,124	1,172,466
Total OPEB Liability - Beginning	<u>37,153,923</u>	<u>36,217,799</u>	<u>35,045,333</u>
Total OPEB Liability - Ending	<u><u>\$ 38,421,966</u></u>	<u><u>\$ 37,153,923</u></u>	<u><u>\$ 36,217,799</u></u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Vista 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,	<u>2023</u>	<u>2022</u>
Proportion of the net OPEB liability	<u>0.3123%</u>	<u>0.3125%</u>
Proportionate share of the net OPEB liability	<u>\$ 1,028,371</u>	<u>\$ 1,246,572</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>(0.94%)</u>	<u>(0.80%)</u>
Measurement Date	June 30, 2022	June 30, 2021

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.

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.2081%	0.2079%	0.2062%	0.2130%	0.2148%
Proportionate share of the net pension liability	\$ 144,590,315	\$ 94,618,156	\$ 199,852,414	\$ 192,336,873	\$ 197,397,120
State's proportionate share of the net pension liability	72,410,264	47,608,186	103,023,943	104,932,605	113,019,083
Total	<u>\$ 217,000,579</u>	<u>\$ 142,226,342</u>	<u>\$ 302,876,357</u>	<u>\$ 297,269,478</u>	<u>\$ 310,416,203</u>
Covered payroll	<u>\$ 122,933,044</u>	<u>\$ 113,502,372</u>	<u>\$ 111,762,731</u>	<u>\$ 114,467,340</u>	<u>\$ 114,330,000</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	117.62%	83.36%	178.82%	168.03%	172.66%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.2144%	0.2114%	0.2162%	0.1913%
Proportionate share of the net pension liability		\$ 198,306,666	\$ 170,952,455	\$ 145,525,900	\$ 111,784,971
State's proportionate share of the net pension liability		117,316,548	103,238,385	82,030,821	65,547,421
Total		<u>\$ 315,623,214</u>	<u>\$ 274,190,840</u>	<u>\$ 227,556,721</u>	<u>\$ 177,332,392</u>
Covered payroll		<u>\$ 113,647,544</u>	<u>\$ 105,825,061</u>	<u>\$ 97,351,892</u>	87,401,455
Proportionate share of the net pension liability as a percentage of its covered payroll		174.49%	161.54%	149.48%	127.90%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.2770%	0.2860%	0.2842%	0.3036%	0.2974%
Proportionate share of the net pension liability	\$ 95,298,516	\$ 58,083,646	\$ 87,191,395	\$ 88,485,067	\$ 79,286,454
Covered payroll	\$ 42,660,921	\$ 41,419,304	\$ 41,682,633	\$ 42,053,161	\$ 39,222,091
Proportionate share of the net pension liability as a percentage of its covered payroll	223.39%	140.23%	209.18%	210.41%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.3135%	0.3195%	0.3199%	0.3013%
Proportionate share of the net pension liability		\$ 74,851,254	\$ 63,097,931	\$ 47,158,218	\$ 34,202,366
Covered payroll		\$ 39,983,057	\$ 39,222,580	\$ 38,131,425	35,379,462
Proportionate share of the net pension liability as a percentage of its covered payroll		187.21%	160.87%	123.67%	96.67%
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.

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 24,060,880	\$ 20,800,271	\$ 18,330,633	\$ 19,111,427	\$ 18,635,283
Less contributions in relation to the contractually required contribution	<u>24,060,880</u>	<u>20,800,271</u>	<u>18,330,633</u>	<u>19,111,427</u>	<u>18,635,283</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 125,973,194</u>	<u>\$ 122,933,044</u>	<u>\$ 113,502,372</u>	<u>\$ 111,762,731</u>	<u>\$ 114,467,340</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>
		2018	2017	2016	2015
Contractually required contribution		\$ 16,497,819	\$ 14,296,861	\$ 11,355,029	\$ 8,644,848
Less contributions in relation to the contractually required contribution		<u>16,497,819</u>	<u>14,296,861</u>	<u>11,355,029</u>	<u>8,644,848</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 114,330,000</u>	<u>\$ 113,647,544</u>	<u>\$ 105,825,061</u>	<u>\$ 97,351,892</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 11,676,965	\$ 9,773,617	\$ 8,573,796	\$ 8,220,232	\$ 7,595,642
Less contributions in relation to the contractually required contribution	<u>11,676,965</u>	<u>9,773,617</u>	<u>8,573,796</u>	<u>8,220,232</u>	<u>7,595,642</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 46,026,665</u>	<u>\$ 42,660,921</u>	<u>\$ 41,419,304</u>	<u>\$ 41,682,633</u>	<u>\$ 42,053,161</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>
		2018	2017	2016	2015
Contractually required contribution		\$ 6,091,583	\$ 5,552,847	\$ 4,646,699	\$ 4,488,450
Less contributions in relation to the contractually required contribution		<u>6,091,583</u>	<u>5,552,847</u>	<u>4,646,699</u>	<u>4,488,450</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 39,222,091</u>	<u>\$ 39,983,057</u>	<u>\$ 39,222,580</u>	<u>\$ 38,131,425</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 Schedules

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Change of Assumptions* – The discount rate was changed from 2.19% in 2021 to 4.09% in 2022.

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change 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.

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Change 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

Vista Unified School District

Vista 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	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through North Coastal SELPA				
Special Education (IDEA) Cluster				
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	\$ 958,141	\$ -
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	4,386,308	-
Local Assistance, Part B, Private School ISPs	84.027	10115	69,269	-
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	242,898	-
Subtotal			5,656,616	-
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	99,453	-
Preschool Grants, Part B, Section 619	84.173	13430	169,435	-
Preschool Staff Development, Part B, Sec 619	84.173A	13431	506	-
Subtotal			269,394	-
Total Special Education (IDEA) Cluster			5,926,010	-
Passed Through California Department of Education (CDE)				
Adult Education: Adult Basic Education & ELA	84.002A	14508	712,680	573,251
Adult Secondary Education	84.002	13978	441,286	223,198
English Literacy & Civics Education	84.002A	14109	35,773	35,773
Subtotal			1,189,739	832,222
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010	14329	4,694,763	-
	84.010	15438	573,920	-
Subtotal			5,268,683	-
Education Stabilization Fund (ESF)				
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	13,038,687	-
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	4,823,514	-
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	744,289	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	1,197,186	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	507,597	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	93,320	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	61,853	-
Subtotal Education Stabilization Fund			20,466,446	-
Title III, Immigrant Student Program	84.365	15146	33,257	-
Title III, English Learner Student Program	84.365	14346	541,290	-
Subtotal			574,547	-
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Sec. 131	84.048	14894	194,623	-

Vista 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	Amounts Passed Through to Subrecipients
Passed through CDE (continued)				
Title II, Part A, Supporting Effective Instruction	84.367	14341	\$ 367,660	\$ -
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	471,917	-
Passed through San Diego County Office of Education (SDCOE)				
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14603	1,264,451	-
Passed through Department of Rehabilitation				
Workability II, Transition Partnership	84.126	10006	264,087	-
Total U.S. Department of Education			<u>35,988,163</u>	<u>832,222</u>
U.S. Department of Defense				
Junior ROTC Program	12.000	[1]	85,578	-
Total U.S. Department of Defense			<u>85,578</u>	<u>-</u>
U.S. Department of Agriculture				
Passed Through CDE				
Child Nutrition Cluster				
School Lunch - Section 4	10.555	13523	1,635,873	-
School Lunch - Section 11	10.555	13524	4,403,273	-
Commodities	10.555	13396	314,776	-
Subtotal			<u>6,353,922</u>	<u>-</u>
School Basic Breakfast Program	10.553	13525	71,570	-
School Breakfast Program Severe Need	10.553	13526	2,119,916	-
Subtotal			<u>2,191,486</u>	<u>-</u>
Total Child Nutrition Cluster			<u>8,545,408</u>	<u>-</u>
Passed Through California Department of Social Services				
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes	10.558	13529	937,495	-
CCFP Cash in Lieu of Commodities	10.558	13534	69,789	-
Subtotal			<u>1,007,284</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>9,552,692</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through San Diego County Office of Education (SDCOE)				
Demonstration Grants for Domestic Victims of Severe Forms of Human Trafficking	93.327	[1]	361	-
Total U.S. Department of Health and Human Services			<u>361</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 45,626,794</u>	<u>\$ 832,222</u>

[1] Direct award, no pass-through entity identifying number

Organization

The Vista Unified School District was established in 1936 and is comprised of an area of approximately 38.7 square miles in Vista, California. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult education school, and an adult transition center. There were no changes in the boundaries of the District during the current fiscal year.

Governing Board

Member	Office	Term Expires
Martha Alvarado	President	2026
Julie Kelly	Vice President	2024
Rena Marrocco	Clerk	2026
Cipriano Vargas	Member	2024
Rosemary Smithfield	Member	2024

Administration

Mathew Doyle, Ed.D	Superintendent
Rachel D'Ambroso	Assistant Superintendent, Human Relations
Ami Shackelford	Assistant Superintendent, Business Services
Christine Olmstead, Ed.D	Assistant Superintendent, Educational, Excellence & Innovation Services

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

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	5,417.70	5,452.14
Fourth through sixth	3,862.58	3,873.35
Seventh and eighth	2,392.55	2,394.59
Ninth through twelfth	5,540.18	5,500.30
Total Regular ADA	17,213.01	17,220.38
Extended Year Special Education		
Transitional kindergarten through third	13.89	13.89
Fourth through sixth	6.25	6.25
Seventh and eighth	2.51	2.51
Ninth through twelfth	6.53	6.53
Total Extended Year Special Education	29.18	29.18
Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	1.57	1.68
Seventh and eighth	3.81	3.74
Ninth through twelfth	15.28	14.94
Total Special Education, Nonpublic, and Nonsectarian Schools	20.66	20.36
Extended Year Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	0.14	0.14
Seventh and eighth	0.17	0.17
Ninth through twelfth	2.64	2.64
Total Extended Year Special Education, Nonpublic, and Nonsectarian Schools	2.95	2.95
Total ADA	17,265.80	17,272.87

Vista Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	55,200	-	55,200	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,300	-	54,300	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,300	-	54,300	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,300	-	54,300	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,300	-	54,300	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,300	-	54,300	180	-	180	N/A	N/A	N/A	Complied
Grade 6		58,471	-	58,471	180	-	180	N/A	N/A	N/A	Complied
Grade 7		58,471	-	58,471	180	-	180	N/A	N/A	N/A	Complied
Grade 8		58,471	-	58,471	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,859	-	64,859	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,859	-	64,859	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,859	-	64,859	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,859	-	64,859	180	-	180	N/A	N/A	N/A	Complied

Vista 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.

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund
Fund Balance				
Balance, June 30, 2023, Unaudited Actuals	\$ 1,439,641	\$ 2,877,744	\$ 11,945,168	\$ 11,320,568
Increase in				
Cash	62,002	-	-	55,378
Receivables	-	115,326	-	-
Decrease in				
Receivables	-	-	(521,238)	-
Inventory	-	-	(99,226)	-
Balance, June 30, 2023, Audited Financial Statements	<u>\$ 1,501,643</u>	<u>\$ 2,993,070</u>	<u>\$ 11,324,704</u>	<u>\$ 11,375,946</u>
	Bond Interest and Redemption	Internal Service Fund		
Fund Balance/Net Position				
Balance, June 30, 2023, Unaudited Actuals	\$ 26,736,856	\$ 1,406,221		
Increase in				
Due from other funds	-	319,056		
Decrease in				
Claims liability	-	170,000		
Cash in county treasury (change in FMV)	<u>(729,253)</u>	<u>-</u>		
Balance, June 30, 2023, Audited Financial Statements	<u>\$ 26,007,603</u>	<u>\$ 1,895,277</u>		

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

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund				
Revenues	\$ 346,473,646	\$ 381,114,386	\$ 316,718,271	\$ 286,804,787
Other sources	<u>138,720</u>	<u>647,454</u>	<u>96,493</u>	<u>573,923</u>
Total revenues and other sources	<u>346,612,366</u>	<u>381,761,840</u>	<u>316,814,764</u>	<u>287,378,710</u>
Expenditures	360,632,857	323,716,847	287,458,425	265,948,335
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,471,191</u>
Total expenditures and other uses	<u>360,632,857</u>	<u>323,716,847</u>	<u>287,458,425</u>	<u>268,419,526</u>
Increase/(Decrease) in Fund Balance	<u>(14,020,491)</u>	<u>58,044,993</u>	<u>29,356,339</u>	<u>18,959,184</u>
Ending Fund Balance	<u>\$ 107,528,473</u>	<u>\$ 121,548,964</u>	<u>\$ 63,503,971</u>	<u>\$ 34,147,632</u>
Available Reserves ²	<u>\$ 39,224,049</u>	<u>\$ 34,743,214</u>	<u>\$ 23,452,113</u>	<u>\$ 20,952,488</u>
Available Reserves as a Percentage of Total Outgo	<u>10.88%</u>	<u>10.73%</u>	<u>8.16%</u>	<u>7.81%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 573,822,255</u>	<u>\$ 511,386,374</u>	<u>\$ 480,381,732</u>
K-12 Average Daily Attendance at P-2	<u>17,167</u>	<u>17,266</u>	<u>17,298</u>	<u>19,437</u>

The General Fund balance has increased by \$87,401,332 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$14,020,491 (11.53 %). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by \$93,440,523 over the past two years.

Average daily attendance has decreased by 2,171 over the past two years. An additional decrease of 99 ADA is anticipated during fiscal year 2023-2024.

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

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

Vista 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>
Bella Mente Montessori Academy	1515	No
Guajome Park Academy	0050	No
Guajome Learning Center	1351	No
North County Trade Tech Charter High School	0884	No
School for Intergreated Academies and Technologies	0627	No

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

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
Assets				
Deposits and investments	\$ 2,828,686	\$ 1,510,058	\$ 7,338,987	\$ 11,281,779
Receivables	1,061,592	103	4,069,835	95,040
Due from other funds	-	-	157,356	-
Stores inventories	-	-	487,341	-
Total assets	<u>\$ 3,890,278</u>	<u>\$ 1,510,161</u>	<u>\$ 12,053,519</u>	<u>\$ 11,376,819</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 743,631	\$ 8,518	\$ 556,250	\$ 873
Due to other funds	153,577	-	165,916	-
Unearned revenue	-	-	6,649	-
Total liabilities	<u>897,208</u>	<u>8,518</u>	<u>728,815</u>	<u>873</u>
Fund Balances				
Nonspendable	-	-	490,833	-
Restricted	2,993,070	1,501,643	10,833,871	11,375,946
Total fund balances	<u>2,993,070</u>	<u>1,501,643</u>	<u>11,324,704</u>	<u>11,375,946</u>
Total liabilities and fund balances	<u>\$ 3,890,278</u>	<u>\$ 1,510,161</u>	<u>\$ 12,053,519</u>	<u>\$ 11,376,819</u>

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

	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 898	\$ 26,007,603	\$ -	\$ 48,968,011
Receivables	-	-	-	5,226,570
Due from other funds	-	-	-	157,356
Stores inventories	-	-	-	487,341
Total assets	<u>\$ 898</u>	<u>\$ 26,007,603</u>	<u>\$ -</u>	<u>\$ 54,839,278</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,309,272
Due to other funds	584	-	-	320,077
Unearned revenue	-	-	-	6,649
Total liabilities	<u>584</u>	<u>-</u>	<u>-</u>	<u>1,635,998</u>
Fund Balances				
Nonspendable	-	-	-	490,833
Restricted	<u>314</u>	<u>26,007,603</u>	<u>-</u>	<u>52,712,447</u>
Total fund balances	<u>314</u>	<u>26,007,603</u>	<u>-</u>	<u>53,203,280</u>
Total liabilities and fund balances	<u>\$ 898</u>	<u>\$ 26,007,603</u>	<u>\$ -</u>	<u>\$ 54,839,278</u>

Vista Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ 1,453,829	\$ -	\$ 9,552,692	\$ -
Other State sources	9,258,273	-	5,853,972	-
Other local sources	242,644	2,003,613	406,886	2,130,429
Total revenues	10,954,746	2,003,613	15,813,550	2,130,429
Expenditures				
Current				
Instruction	1,652,991	-	-	-
Instruction-related activities				
School site administration	1,273,309	-	-	-
Pupil services				
Food services	-	-	12,102,500	-
All other pupil services	342,198	-	-	-
Administration				
All other administration	136,898	-	127,266	264,793
Plant services	439,186	-	73,442	-
Ancillary services	-	1,842,482	-	-
Other outgo	6,514,819	-	-	-
Facility acquisition and construction	-	-	33,062	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	10,359,401	1,842,482	12,336,270	264,793
Excess (Deficiency) of Revenues Over Expenditures	595,345	161,131	3,477,280	1,865,636
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	595,345	161,131	3,477,280	1,865,636
Fund Balance - Beginning	2,397,725	1,340,512	7,847,424	9,510,310
Fund Balance - Ending	\$ 2,993,070	\$ 1,501,643	\$ 11,324,704	\$ 11,375,946

Vista Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 11,006,521
Other State sources	-	130,675	-	15,242,920
Other local sources	(17)	20,954,789	57,463	25,795,807
Total revenues	(17)	21,085,464	57,463	52,045,248
Expenditures				
Current				
Instruction	-	-	-	1,652,991
Instruction-related activities				
School site administration	-	-	-	1,273,309
Pupil services				
Food services	-	-	-	12,102,500
All other pupil services	-	-	-	342,198
Administration				
All other administration	-	-	-	528,957
Plant services	-	-	-	512,628
Ancillary services	-	-	-	1,842,482
Other outgo	-	-	-	6,514,819
Facility acquisition and construction	-	-	-	33,062
Debt service				
Principal	-	14,960,000	510,000	15,470,000
Interest and other	-	7,403,219	26,137	7,429,356
Total expenditures	-	22,363,219	536,137	47,702,302
Excess (Deficiency) of Revenues Over Expenditures	(17)	(1,277,755)	(478,674)	4,342,946
Other Financing Sources (Uses)				
Transfers in	-	-	504,532	504,532
Transfers out	-	-	(556,363)	(556,363)
Net Financing Sources (Uses)	-	-	(51,831)	(51,831)
Net Change in Fund Balances	(17)	(1,277,755)	(530,505)	4,291,115
Fund Balance - Beginning	331	27,285,358	530,505	48,912,165
Fund Balance - Ending	\$ 314	\$ 26,007,603	\$ -	\$ 53,203,280

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

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

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

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

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



Independent Auditor's Reports
June 30, 2023

Vista 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
Vista Unified School District
Vista, 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 business-type activities, each major fund, and the aggregate remaining fund information of Vista 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 April 10, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency 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*.

Vista Unified School District's Response to Findings

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 District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

We noted certain matters that we reported to management of the District in a separate letter dated April 10, 2024.

Purpose of this Report

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



Rancho Cucamonga, California
April 10, 2024



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

To the Governing Board
Vista Unified School District
Vista, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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.

Rancho Cucamonga, California
April 10, 2024



Independent Auditor's Report on State Compliance

To the Governing Board
Vista Unified School District
Vista, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. 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 finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 "Esde Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
April 10, 2024



Schedule of Findings and Questioned Costs
June 30, 2023

Vista 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

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.010
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
Dollar threshold used to distinguish between type A and type B programs	84.425U
Auditee qualified as low-risk auditee?	\$1,368,804

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters reported	Yes

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 Controls over Financial Reporting (Material Weakness)

Criteria or Specific Requirements

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

Condition

During the course of the audit, we noted that audit adjustments were required to ensure the financial statements were materially stated. Adjustments were required to cash, receivables, due from other funds, inventory, claims liability, and fair market value of cash in county treasury within the aggregate remaining funds as detailed on page 88.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of our audit of the account balances as of June 30, 2023. During our review of available District records and audit procedures performed related to the various account balances, the errors were identified.

Effect

The effect of the errors noted are summarized on page 88.

Cause

The cause of the misstatements appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements.

Repeat Finding

Yes, see prior year finding 2022-001.

Recommendation

A thorough review of the District's financial statements, including all closing entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The District has been implementing check lists and controls for the year-end closing processes as well as exposing the finance staff to numerous professional growth opportunities with the goal of increasing the collective knowledge of the department.

Constant changes in staff in recent years has contributed to this matter. As the District invests in building a strong financial team and management, we are confident that our internal controls and processes will also improve.

None reported.

The following finding represents a significant deficiency of internal control, and instance of noncompliance that is 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
40000	State Compliance

2023-002 40000 – After/Before School Education and Safety Program

Criteria or Specific Requirements

According to the California *Education Code* Section 8483a(2) related to the after school program, it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Additionally, according to the California *Education Code* Section 8483.1a(2) related to the before school program, it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the late arrival policy. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Condition

While verifying the total students served in the after school program at Vista Innovation Design Academy for the month of October 2022, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy. A total of 63 students did not have a documented reason for early release.

Additionally, while verifying the total students served in the after school program at Rancho Minerva Middle School for the month of October 2022, the auditor noted instances where students were signed out early without documenting the reason for early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy. A total of five students did not have a documented reason for early release.

While verifying the total before school students served at Rancho Minerva Middle School for the month of October 2022, the auditor noted instances where students were signed in late without documenting the reason for late arrival. Since the reason for late arrival was not documented, it could not be determined if the late arrival was consistent with the late arrival policy. A total of five students did not have a documented reason for late arrival.

Additionally, when verifying the total number of students served reported to the California Department of Education (CDE) for the 1st Half of the Fiscal year (July 2022-December 2022), the auditor noted discrepancies from site attendance calculations to the CDE reporting numbers. The total attendance count for Rancho Minerva Middle School's Before school program for the month of December was 449 students served, however the site reported zero students served to the CDE.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Context

The conditions identified resulted from our review of Vista Innovation Design Academy and Rancho Minerva Middle Schools' Daily sign in/out and monthly attendance tracker totals for the month of October 2022. The auditor selected three out of 14 schools for the first semi-annual reporting period dated July to December 2022. The auditor reviewed sign in/out records for the month of October 2022, and monthly attendance tracker report, submitted to the CDE.

Effect

The District was not compliant with *Education Code* Sections 8483a(2) and 8483.1a(2) for the 2022-2023 fiscal year since pupil attendance documentation was not maintained to support the total reported pupil attendance counts and amounts reported to CDE did not reconcile to attendance records.

Cause

The cause of the condition for the After School Program appears to be a result of parents failing to record an early release code on the sign-out sheet when checking their children out of the program and site personnel at Vista Innovation Design Academy and Rancho Minerva Middle School not adjusting the reported numbers for students with undocumented early release.

The cause of the condition for the Before School Program appears to be a result of failure to record a late arrival code on the sign-in sheet when checking children into the program and site personnel at Rancho Minerva Middle School not adjusting the reported numbers for students with undocumented late arrivals.

Additionally, there appears to be a lack of appropriate review procedures to verify that attendance information recorded by site personnel reconciles to the amounts reported to CDE.

Repeat Finding

No.

Recommendation

We recommend the District to verify that all after school and before school program personnel are aware of documentation requirements related to pupil attendance and continue to enforce its early release/late arrival policy by communicating with parents the importance of documenting the reason for early release/late arrival. Also, prior to submission of attendance information to the State, the District should ensure the totals reported only include students who attended the full program time or properly documented their reason for not attending a full day. An individual from the District should review monthly attendance numbers to verify that accurate information is being sent to the State for reporting.

Corrective Action Plan and Views of Responsible Officials

During the 2022-2023 School year, as the District expanded its before and after school program, training deficiencies and supervisory needs arose, which we have since addressed.

We have sustained ongoing training and supervision of the program as well as a centralized oversight system, including the addition of another supervisor.

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 financial statement findings.

Financial Statements Findings

2022-001 30000 – Internal Control (Material Weakness)

Criteria or Specific Requirements

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

Condition

During the course of the engagement, we noted that audit adjustments were required in order to ensure the financial statements were materially stated. The fund balances in the Building Fund, Special Reserve Fund for Capital Outlay Projects, and aggregate remaining governmental funds were overstated as a result of fair market value adjustments to cash in county of \$5,347,427. Upon reviewing the supporting records, we also discovered an error of \$32,844 in the quarterly interest apportionment accrual in the Building Fund. Cash with fiscal agent in the Special Reserve Fund for Capital Outlay Projects was understated by \$41,149,326 as a result of the District not recording the issuance of the 2022 certificates of participation. Lastly, we noted that the Proprietary Funds - Internal Service Fund had misstatements in various account balances as noted on page 88.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of our audit of the financial statement balances as of June 30, 2022. During our review of available District records and audit procedures performed related to current year ending balances, the errors noted were identified.

Effect

The effect of the errors noted are summarized on page 88.

Cause

The cause of the misstatement of the fair market value adjustment appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements. As it relates to the cash with fiscal agent in the Special Reserve Fund for Capital Outlay Projects, the District did not record the issuance of the 2022 COP as these transactions are not common or recurring. For the Proprietary Funds – Internal Service Fund, the cause is related to the District not properly accounting for the self-insured activity of the dental program and not adjusting the year-end liability as it relates to workers' compensation premium adjustments to actual payroll. Overall, the District's review of the financial statements and underlying records did not include a detailed review that would assist in identifying the errors noted. The cause of the misstatement of the quarterly interest accrual appears to be a result of lack of review of closing entries prior to the books being closed.

Recommendation

A thorough review of the District's financial statements, including all closing entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not implemented, see current year finding 2023-001.

Federal Awards Findings

2022-002 50000 – Federal Compliance (Significant Deficiency, Noncompliance)

Federal Program Affected

Federal Agency: U.S. Department of Education

Pass-Through Agency: California Department of Education (CDE)

Assistance Listing Number: 84.425U

Program Name: COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)

Fund: Learning Loss

Compliance Requirements: A/B (Activities Allowed or Unallowed and Allowable Costs/cost Principles)

Criteria or Specific Requirements

The United States Department of Education has approved a delegation agreement with the California Department of Education (CDE) that authorizes the CDE to establish indirect cost rates for California local education agencies (LEAs). The CDE has been delegated authority to calculate and approve indirect cost rates annually for LEAs. For the Education Stabilization Fund (ESF)

Program in fiscal year 2021-2022, *Education Code* Section 38101(c) limits school district indirect costs to the lesser of the District's individual CDE approved indirect cost rate, or the statewide average indirect rate. For ESF programs included under the Expanded Learning Opportunities (ELO) Grant, indirect costs are not allowable.

Condition

The District charged unallowable indirect costs totaling \$10,937 to the ELO Grant portion of the ESF Program.

Questioned Costs

The condition identified above resulted in \$10,937 of questioned costs for unallowable indirect costs charged to the grant funds.

Context

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

Effect

The District has charged unallowable expenditures to the federal program.

Cause

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

Recommendation

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

Current Status

Implemented.

State Compliance Findings

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

Criteria or Specific Requirements

California *Education Code* Section 51747, states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in California *Education Code* Section 51747. In addition, the District must maintain work samples for students who receive attendance credit through independent study to support the teacher's evaluation of work.

Condition

The District has implemented written learning agreements for each pupil enrolled in the short-term independent study program; however, the learning agreements were missing some of the elements required by California *Education Code* Section 51747. In addition, based on the review of the supporting attendance records and independent study contracts, apportionment was claimed for two students enrolled in the long-term independent study program where work samples were not available to support the attendance earned. As a result, the District has overclaimed ADA on its Second Period Report of Attendance.

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of \$1,615,121.33 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

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

Effect

The following table displays the effect of the condition identified by grade span:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
TK-3	95.80	\$ 10,785.93	\$ 1,033,292.09
4-6	45.47	9,916.78	450,915.99
7-8	1.30	10,210.12	13,273.16
9-12	9.69	12,140.36	117,640.09
140.			
Total	152.22		\$ 1,615,121.33

Cause

It appears that the condition has materialized as a result of the District not including all required elements in their short-term independent study agreements. For the two students who did not have work samples, it appears as though the teacher inadvertently gave credit to the two students for the one-week period right after winter break.

Recommendation

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

Current Status

Implemented.



Management
Vista Unified School District
Vista, California

In planning and performing our audit of the financial statements of Vista Unified School District (the District) for the year ended June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 10, 2024, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Vista Magnet Middle School

Observation

- While reviewing the June 30, 2023 bank reconciliation, it was noted that the reconciled balance did not agree to the financial statements for the ASB. The difference was \$49,740.

Recommendation

- Bank reconciliations should be reconciled to the financial statements during the monthly reconciliation process. A review of the reconciliations should be performed to check for inaccuracies that require further investigation or research. Corrections should be made as needed.

Madison Middle School

Observation

- Three out of five disbursements reviewed did not have evidence of receiving documentation and were delivered to a residential address. Payment was made to the vendor without evidence of receipt.

Recommendation

- Goods purchased with ASB funds should be delivered to the school and evidence of receipt should be verified prior to payment and kept as part of the supporting documentation.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
April 10, 2024