VICTOR ELEMENTARY SCHOOL DISTRICT
SAN BERNARDINO COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2022

NIGRO & NIGRO PC

VICTOR ELEMENTARY SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2022
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Victor Elementary School District
Victorville, California

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Victor Elementary School District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Victor Elementary School District, as of June 30, 2022, and the respective changes in financial position for the fiscal 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 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, except for the LEA Organization Structure and the Schedule of Charter Schools, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure and the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information in the Statistical Section of the audit report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

The LEA Organization Structure and the Schedule of Charter Schools has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro + Nigro, PC.

Murrieta, California
December 13, 2022

INTRODUCTION

This section of Victor Elementary School District's (VESD) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Please read this analysis in conjunction with the District's audited financial statements.

- The District is currently operating sixteen schools and two charter schools. VESD has an enrollment of 12,056 students for month 4 of the 2022-23 school year with enrollment projected to increase 104 for 2023-2024.

FINANCIAL HIGHLIGHTS

- Total net position increased 90.0% over the course of the year.
- The District's General Fund available reserves were 8.2% of total outgo.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and statistical information. The basic financial statements include two kinds of statements that present different views of the District:

- Government Wide Financial Statements – these district wide statements provide both short term and long-term information about the District's overall financial status.
- Fund Financial Statements – these focus on individual parts of the District, reporting the District's operations in more detail than the district wide statements.
- Notes to the financial statements provide more detailed data and explain some of the information on the statements. The required supplementary information section provides further explanations and supports the financial statements with a comparison of the District's budget for the year.

District Wide Statements
The district wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the 2021-22 revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district wide statements report the District's net position and how they have changed. Net position is the difference between the District's assets and liabilities and is one way to measure the District's financial health or position. However, to assess the overall health of the District, additional non-financial factors such as changes in the District's condition of school buildings and other facilities need to be considered.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and bond covenants.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

VESD has two kinds of funds:

Governmental Funds – All of the District's basic services are included in governmental funds, which generally focus on:

1. How cash and other financial assets can readily be converted to cash flow in and out
2. The balances left at year end that are available for spending

Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Fiduciary Funds – The District is a trustee, or fiduciary, for assets in relation to the CFDs. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district wide financial statements because the District cannot use these assets to finance its operations.

THE SCHOOL DISTRICT AS A WHOLE

One of the frequent questions asked about the District's finances is, "Is the District better off or worse as a result of the year's activities?" The "Statement of Net Position" and the "Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question.

Statement of Net Position and the Statement of Activities

VESD's combined net position was $83.3 million as of June 30, 2022, $39.4 million more than it was the year before. Current assets increased due to federal and state COVID funding.

	Governmental Activities		Variance Increase
	2022	2021	(Decrease)
Assets			
Current assets	$ 194,009,362	$ 159,298,661	$ 34,710,701
Capital assets	154,709,771	158,872,692	(4,162,921)
Total assets	348,719,133	318,171,353	30,547,780
Total deferred outflows of resources	44,707,994	57,731,360	(13,023,366)
Liabilities			
Current liabilities	33,301,733	33,563,312	(261,579)
Long-term liabilities	211,015,108	291,635,553	(80,620,445)
Total liabilities	244,316,841	325,198,865	(80,882,024)
Total deferred inflows of resources	65,819,318	6,772,428	59,046,890
Net position			
Net investment in capital assets	106,408,107	107,309,567	(901,460)
Restricted	99,960,806	65,661,200	34,299,606
Unrestricted	(123,078,488)	(129,039,347)	5,960,859
Total net position	$ 83,290,425	$ 43,931,420	$ 39,359,005

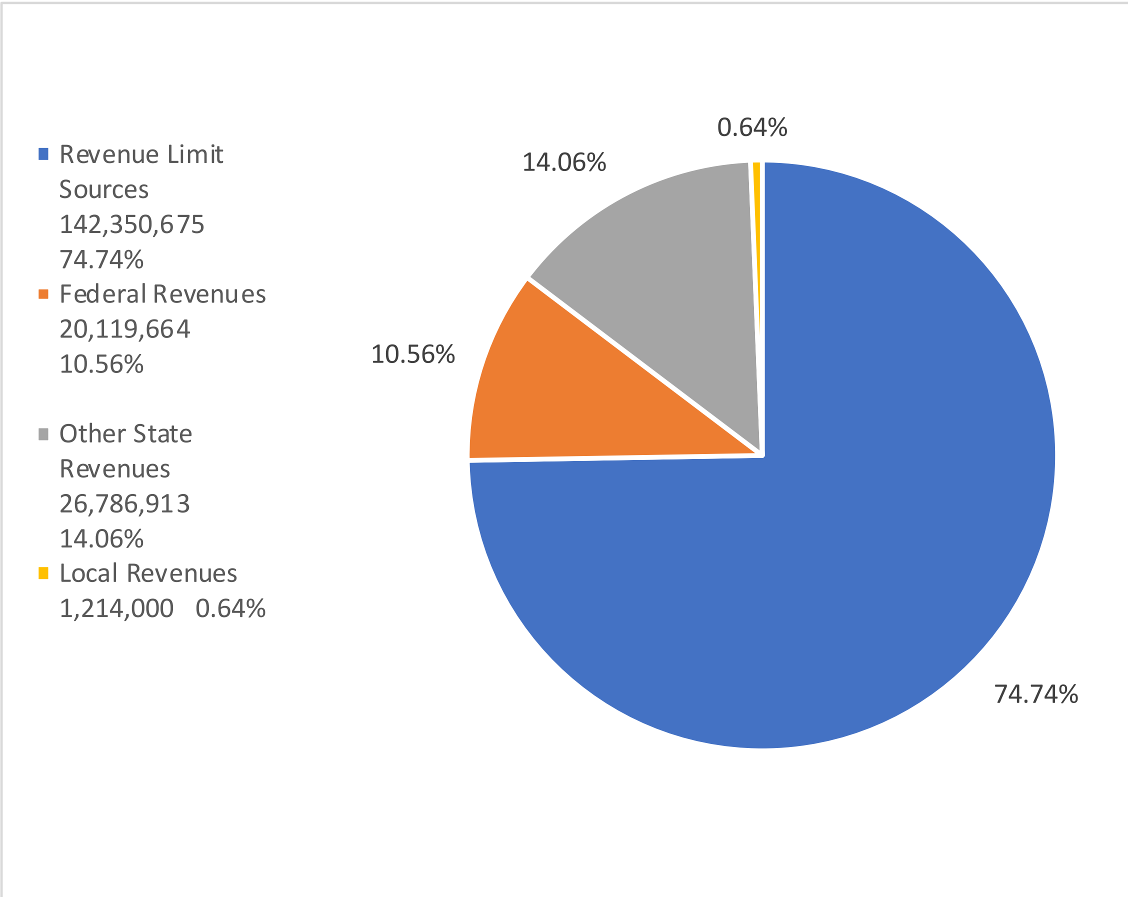
THE SCHOOL DISTRICT AS A WHOLE (continued)

Statement of Activities
Revenues for the District's governmental activities were $215.7 million, an increase of $3.6 million from last year. Total expenses were $176.4 million, a decrease of $10.7 million. The Statement of Activities represents the summary of expenses and revenues by governmental functions/programs. The table below presents the costs of major district activities.

	Governmental Activities		Variance Increase
	2022	2021	(Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 903,722	$ 1,328,694	$ (424,972)
Operating grants and contributions	43,548,536	62,183,382	(18,634,846)
Capital grants and contributions	13,541,130	1,640,360	11,900,770
General Revenues:			
Federal and state aid not restricted	138,092,199	125,300,604	12,791,595
Property taxes	19,286,054	19,569,499	(283,445)
Other general revenues	354,769	2,139,337	(1,784,568)
Total Revenues	215,726,410	212,161,876	3,564,534
Expenses			
Instruction-related	118,668,297	129,854,299	(11,186,002)
Pupil services	21,912,127	22,370,835	(458,708)
Administration	8,021,191	8,308,064	(286,873)
Plant services	19,206,826	19,278,092	(71,266)
All other activities	8,558,964	7,286,193	1,272,771
Total Expenses	176,367,405	187,097,483	(10,730,078)
Increase (decrease) in net position	$ 39,359,005	$ 25,064,393	$ 14,294,612
Total net position	$ 83,290,425	$ 43,931,420	

THE SCHOOL DISTRICT AS A WHOLE (continued)

Statement of Activities (continued)
The chart below represents the summary of Revenues by Governmental Function.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds had combined fund balances of $161.1 million, up $35.0 million from 2020-21. The General fund increase is due primarily to federal and state COVID funding. Increases to the Special Reserve Fund (Capital Outlay) are from reimbursement funds from the State for prior year facilities projects, and a one-time transfer from the General fund for future school facilities. Refer to the table below for individual funds.

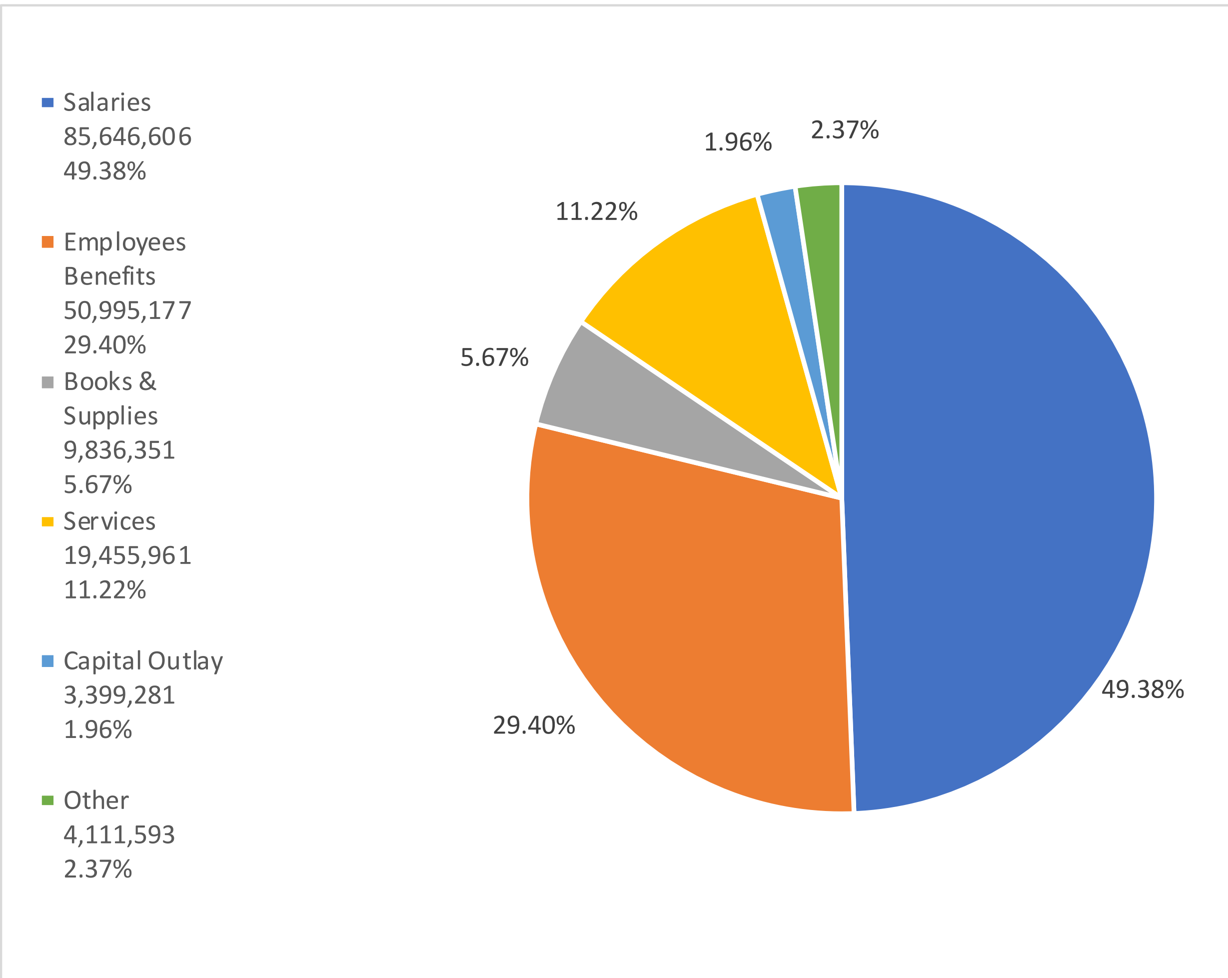
	Fund Balances				
	July 1, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
Fund					
General Fund	$ 64,881,869	$ 190,471,252	$ 173,189,392	$ (5,000,000)	$ 77,163,729
Student Activity Funds	40,147	484	-	-	40,631
Charter School Fund	4,932,768	5,808,181	5,192,300	-	5,548,649
Cafeteria Fund	3,960,773	8,306,289	7,502,204	-	4,764,858
Deferred Maintenance Fund	122,843	(1,841)	-	-	121,002
Special Reserve Fund (Postemployment Benefits)	350,436	(5,250)	-	2,000,000	2,345,186
Capital Facilities Fund	2,283,018	857,199	155,957	-	2,984,260
County School Facilities Fund	-	13,541,130	-	(13,528,016)	13,114
Special Reserve Fund (Capital Outlay)	43,243,124	1,545,476	89,898	16,528,016	61,226,718
Capital Outlay Fund for Blended Component Units	574,563	723,872	259,547	-	1,038,888
Bond Interest and Redemption Fund	5,758,286	5,243,264	5,135,374	-	5,866,176
	$ 126,147,827	$ 226,490,056	$ 191,524,672	$ -	$ 161,113,211

The above funds are accounting devices the District uses to keep track of specific sources of funding and spending. The most significant budgeted fund is the General Fund.

In June of each year, a budget is adopted by the Victor Elementary School District's Board of Trustees, effective July 1 through June 30. The budget is based on year ending projections from the previous year's budget, the State of California's projected budget and projected District growth. As the school year progresses, the budget is revised and updated with financial reports made public outlining the revisions. Finally, in August of the following year, the books are closed for the July 1 through June 30 fiscal year and the results are audited, yielding actual final numbers.

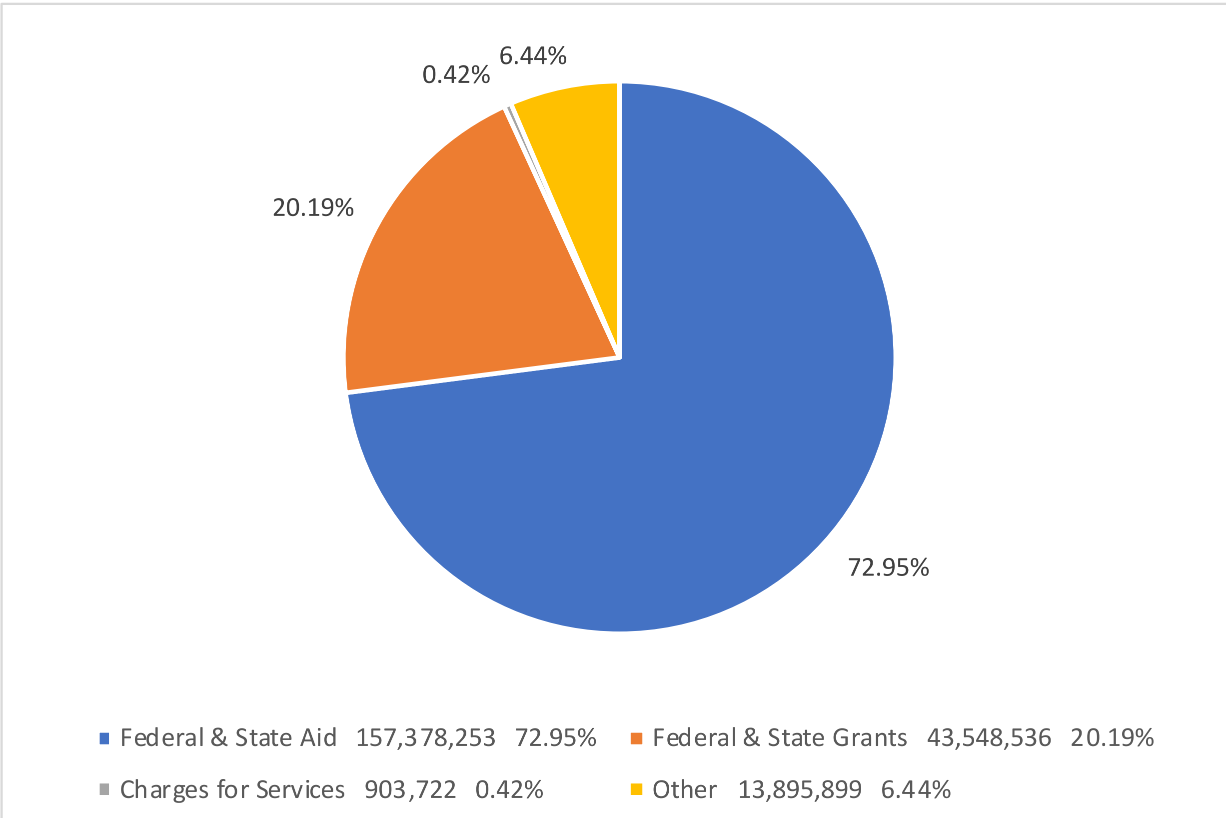
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund
The General Fund, including the Special Reserve for Postemployment Benefits Fund, ending balance in 2021-22 increased $14.3 million from 2020-21. Operating expenses can be classified in six categories. The chart below shows the General Fund expenditures for 2021-22.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund (continued)
General Fund revenues can be divided into four classifications. Below is a chart showing 2021-22 General Fund Revenues:



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

VESD's investment in net capital assets amounts to $154.7 million. The table below shows the individualized amounts, net of depreciation.

	Governmental Activities		Variance
	2022	2021	Increase (Decrease)
Land	$ 16,393,649	$ 16,393,649	$ -
Improvement of sites	4,534,953	4,933,620	(398,667)
Buildings	123,711,667	128,607,314	(4,895,647)
Equipment	10,031,792	8,900,399	1,131,393
Construction in progress	37,710	37,710	-
Total	$ 154,709,771	$ 158,872,692	$ (4,162,921)

The buildings consist of sixteen schools, two charter schools, the District office, maintenance and warehouse facility, cafeteria facilities, a Family Resource Center with meeting rooms, a transportation facility and a district office.

Long Term Debt

At year-end, the District had $211.0 million in long term debt. The chart below describes the various debt vehicles and a comparison with last year.

	Governmental Activities		Variance
	2022	2021	Increase (Decrease)
General obligation bonds	$ 73,001,745	$ 74,558,955	$ (1,557,210)
Compensated absences	758,789	785,975	(27,186)
Other postemployment benefits	61,857,907	67,045,650	(5,187,743)
Net pension liability	75,396,667	149,244,973	(73,848,306)
Total	$ 211,015,108	$ 291,635,553	$ (80,620,445)

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly $28 billion in total reserves. This consists of: (1) $23.3 billion in the Budget Stabilization Account; (2) $3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) $900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $9.5 billion under the spending plan.

FACTORS BEARING ON DISTRICT'S FUTURE (continued)

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23
In the budget federal funds decline $175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and $27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding
The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up $16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional $117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs
When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of $9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of $4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is $7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes $12.1 billion in one-time funding for two K-12 block grants—$7.9 billion focused on learning recovery and $3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes $841 million one time for facilities maintenance and instructional equipment and $650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten
The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of $614 million related to the first-year costs of the expansion.

School Facilities Grants
The budget allocates $1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, $1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining $100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

FACTORS BEARING ON DISTRICT'S FUTURE (continued)

Reserve Cap Triggered
As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Victor Elementary School District budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at 12219 2nd Street, Victorville, California 92395.

VICTOR ELEMENTARY SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 180,080,280
Accounts receivable	13,244,945
Inventories	451,935
Prepaid expenses	232,202
Capital assets:	
Non-depreciable assets	16,431,359
Depreciable assets	236,733,667
Less accumulated depreciation	(98,455,255)
Total assets	348,719,133
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	36,336,724
Deferred outflows related to OPEB	7,844,772
Deferred amounts on refunding	526,498
Total deferred outflows of resources	44,707,994
LIABILITIES	
Accounts payable	30,545,902
Accrued interest payable	406,125
Current loans	543
Unearned revenue	2,349,706
Noncurrent liabilities:	
Due or payable within one year	4,636,354
Due in more than one year:	
Other than OPEB and pensions	69,124,180
Total OPEB liability	61,857,907
Net pension liability	75,396,667
Total liabilities	244,317,384
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	62,125,579
Deferred inflows related to OPEB	3,693,739
Total deferred inflows of resources	65,819,318
NET POSITION	
Net investment in capital assets	106,408,107
Restricted for:	
Capital projects	64,224,092
Debt service	5,866,176
Student activity funds	40,631
Education and nutrition programs	29,829,907
Unrestricted	(123,078,488)
Total net position	$ 83,290,425

VICTOR ELEMENTARY SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Instructional Services:					
Instruction	$ 102,371,736	$ -	$ 27,956,088	$ 13,541,130	$ (60,874,518)
Instruction-Related Services:					
Supervision of instruction	2,649,872	-	1,230,106	-	(1,419,766)
Instructional library, media and technology	1,472,792	-	241,425	-	(1,231,367)
School site administration	12,173,897	-	19,169	-	(12,154,728)
Pupil Support Services:					
Home-to-school transportation	5,872,582	-	(134)	-	(5,872,716)
Food services	7,509,024	4,380	8,102,542	-	597,898
All other pupil services	8,530,521	37,767	1,631,944	-	(6,860,810)
General Administration Services:					
Data processing services	1,121,148	-	(27,679)	-	(1,148,827)
Other general administration	6,900,043	2,565	1,645,841	-	(5,251,637)
Plant services	19,206,826	72,277	3,394,972	-	(15,739,577)
Ancillary services	-	-	484	-	484
Community services	412,324	-	5,366	-	(406,958)
Interest on long-term debt	4,035,047	-	-	-	(4,035,047)
Other outgo	4,111,593	786,733	(651,588)	-	(3,976,448)
Total Governmental Activities	$ 176,367,405	$ 903,722	$ 43,548,536	$ 13,541,130	(118,374,017)

General Revenues:	
Property taxes	19,286,054
Federal and state aid not restricted to specific purpose	138,092,199
Interest and investment earnings	(1,606,288)
Interagency revenues	50,425
Transfers	720,327
Miscellaneous	1,190,305
Total general revenues	157,733,022
Change in net position	39,359,005
Net position - July 1, 2021	43,931,420
Net position - June 30, 2022	$ 83,290,425

VICTOR ELEMENTARY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 103,063,791	$ 6,476,774	$ 2,489,625	$ 58,152,289	$ 9,897,801	$ 180,080,280
Accounts receivable	10,239,423	75,386	2,661,152	98,171	170,813	13,244,945
Due from other funds	796,753	286,859	218	3,000,000	-	4,083,830
Inventories	221,872	-	230,063	-	-	451,935
Prepaid expenditures	231,177	1,025	-	-	-	232,202
Total Assets	$ 114,553,016	$ 6,840,044	$ 5,381,058	$ 61,250,460	$ 10,068,614	$ 198,093,192
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 29,413,411	$ 976,051	$ 128,155	$ 23,742	$ 4,543	$ 30,545,902
Due to other funds	3,287,077	308,708	488,045	-	-	4,083,830
Unearned revenue	2,343,070	6,636	-	-	-	2,349,706
Current loans	543	-	-	-	-	543
Total Liabilities	35,044,101	1,291,395	616,200	23,742	4,543	36,979,981
Fund Balances						
Nonspendable	503,049	1,025	240,095	-	-	744,169
Restricted	24,521,589	543,460	4,524,763	61,226,718	9,943,069	100,759,599
Committed	22,100,000	-	-	-	121,002	22,221,002
Assigned	17,724,950	5,004,164	-	-	-	22,729,114
Unassigned	14,659,327	-	-	-	-	14,659,327
Total Fund Balances	79,508,915	5,548,649	4,764,858	61,226,718	10,064,071	161,113,211
Total Liabilities and Fund Balances	$ 114,553,016	$ 6,840,044	$ 5,381,058	$ 61,250,460	$ 10,068,614	$ 198,093,192

VICTOR ELEMENTARY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds		$	161,113,211
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
Capital assets relating to governmental activities, at historical cost	253,165,026		
Accumulated depreciation	(98,455,255)		
Net:			154,709,771
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(406,125)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:			526,498
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General obligation bonds	73,001,745		
Compensated absences	758,789		
Other postemployment benefits	61,857,907		
Net pension liability	75,396,667		
Total			(211,015,108)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:			
Deferred outflows of resources relating to OPEB	7,844,772		
Deferred inflows of resources relating to OPEB	(3,693,739)		4,151,033
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred outflows and inflows relating to pensions for the period were:			
Deferred outflows of resources relating to pensions	36,336,724		
Deferred inflows of resources relating to pensions	(62,125,579)		(25,788,855)
Total net position - governmental activities		$	83,290,425

VICTOR ELEMENTARY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 142,350,675	$ 4,834,028	$ -	$ -	$ -	$ 147,184,703
Federal sources	20,119,664	363,833	7,867,564	-	-	28,351,061
Other state sources	26,786,913	636,756	466,996	-	13,550,793	41,441,458
Other local sources	1,208,750	(26,436)	(28,271)	1,545,476	6,813,315	9,512,834
Total Revenues	190,466,002	5,808,181	8,306,289	1,545,476	20,364,108	226,490,056
EXPENDITURES						
Current:						
Instructional Services:						
Instruction	108,046,107	3,452,412	-	-	-	111,498,519
Instruction-Related Services:						
Supervision of instruction	3,097,155	414	-	-	-	3,097,569
Instructional library, media and technology	1,436,164	22,028	-	-	-	1,458,192
School site administration	12,503,332	989,168	-	-	-	13,492,500
Pupil Support Services:						
Home-to-school transportation	7,985,154	-	-	-	-	7,985,154
Food services	242,749	-	7,051,978	-	-	7,294,727
All other pupil services	9,301,171	223,916	-	-	-	9,525,087
Community services	419,506	-	-	-	-	419,506
General Administration Services:						
Data processing services	1,083,522	-	-	-	-	1,083,522
Other general administration	7,450,602	-	-	-	-	7,450,602
Plant services	17,606,840	504,362	194,649	-	-	18,305,851
Transfers of indirect costs	(255,577)	-	255,577	-	-	-
Capital outlay	161,074	-	-	89,898	415,504	666,476
Intergovernmental transfers	4,111,593	-	-	-	-	4,111,593
Debt service:						
Principal	-	-	-	-	2,069,284	2,069,284
Interest	-	-	-	-	3,066,090	3,066,090
Total Expenditures	173,189,392	5,192,300	7,502,204	89,898	5,550,878	191,524,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,276,610	615,881	804,085	1,455,578	14,813,230	34,965,384
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	-	16,528,016	-	16,528,016
Interfund transfers out	(3,000,000)	-	-	-	(13,528,016)	(16,528,016)
Total Other Financing Sources and Uses	(3,000,000)	-	-	16,528,016	(13,528,016)	-
Net Change in Fund Balances	14,276,610	615,881	804,085	17,983,594	1,285,214	34,965,384
Fund Balances, July 1, 2021	65,232,305	4,932,768	3,960,773	43,243,124	8,778,857	126,147,827
Fund Balances, June 30, 2022	$ 79,508,915	$ 5,548,649	$ 4,764,858	$ 61,226,718	$ 10,064,071	$ 161,113,211

VICTOR ELEMENTARY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds			$ 34,965,384
Amounts reported for governmental *activities* in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
	Expenditures for capital outlay	3,430,538	
	Depreciation expense	(7,593,459)	(4,162,921)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long term debt were:			2,069,284
The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. Deferred amounts on refunding exceeded the amount amortized during the year by:			(50,756)
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accreted interest earned and paid for the period is:			(713,428)
In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:			(1,977,989)
In governmental funds, compensated absences are measured by the amount paid during the period. In the statement of activites, compensated absences are measured by the amounts earned. The difference between absences paid and compensated absences earned was:			27,186
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:			6,353
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:			201,354
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			8,994,538
Change in net position of governmental activities			$ 39,359,005

VICTOR ELEMENTARY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2022

	CFD Debt Service Fund	CFD Fiduciary Fund
ASSETS		
Deposits and investments	$ 2,541,238	$ 1,029,552
Accounts receivable	1,434	-
Total Assets	2,542,672	1,029,552
LIABILITIES		
Accounts payable	-	-
NET POSITION		
Restricted for capital projects VHSD	-	1,029,552
Restricted for CFD debt service	$ 2,542,672	$ -

VICTOR ELEMENTARY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2022

	CFD Debt Service Fund	CFD Fiduciary Fund
ADDITIONS		
Local property taxes	$ 2,369,163	$ -
Interest	2,564	-
Proceeds from CFD debt	-	4,750,000
Total Additions	2,371,727	4,750,000
DEDUCTIONS		
Issue costs	-	210,000
Debt service - interest	1,201,158	-
Debt service - principal	665,700	-
All other transfers out	720,327	3,510,448
Total Deductions	2,587,185	3,720,448
Change in fiduciary net position	(215,458)	1,029,552
Net position - July 1, 2021	2,758,130	-
Net position - June 30, 2022	$ 2,542,672	$ 1,029,552

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Victor Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Victor Elementary School District Financing Corporation (the "Corporation") financial activity is presented in the financial statements as the Debt Service Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

The Victor Elementary School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

District-Wide Financial Statements
The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. 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. The District also maintains a Special Reserve Fund for Postemployment Benefits. The Special Reserve Fund for Postemployment Benefits is not substantially composed of restricted or committed revenue sources. Because this fund does not meet the definition of special revenue funds under GASB 54, the activity in the fund is being reported within the General Fund.

Charter School Fund: This fund is used to account for the operations of the Mountain View Montessori School and Sixth Street Preparatory Charter Schools.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to the Building Fund, Capital Facilities Fund, State School Building Lease-Purchase Fund, County School Facilities Fund, or Capital Project Fund for Blended Component Units.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Funds: 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 District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Capital Projects Funds: Capital projects funds are established 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: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

County School Facilities Fund: This 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.).

Capital Project Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* sections 15125-15262).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds
Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary fund:

CFD Debt Service Fund: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on special tax bonds.

CFD Fiduciary Fund: This fund accounts for the amount held in behalf of Victor High School District for capital projects from CFD 2006-2 Victor Elementary School District 2022 Special Tax Bonds.

2. Measurement Focus, Basis of Accounting
The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items
Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets
Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially 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, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases (continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Postemployment Benefits Other Than Pensions (OPEB)

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

9. 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 District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

10. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Fund Balances (continued)

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Minimum Fund Balance Policy (continued)
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.

G. Property Tax Calendar
The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Governmental funds	$ 180,080,280
Fiduciary funds	3,570,790
Total deposits and investments	$ 183,651,070

Deposits and investments as of June 30, 2022 consist of the following:

Cash on hand and in banks	$ 40,630
Cash in revolving fund	60,032
Investments	183,550,408
Total deposits and investments	$ 183,651,070

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Pooled Funds (continued)
In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2022, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed ten years. Investments purchased with maturity terms greater than ten years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2022 consist of the following:

	Reported Amount	Less Than One Year	Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 179,794,244	$ 179,794,244	$ -	Uncategorized	N/A
Investco Short-Term Treasury Portfolio	3,756,164	3,756,164	-	Level 1	AA-
Total Investments	$ 183,550,408	$ 183,550,408	$ -		

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2022, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had the following investments that represent more than five percent of the District's net investments outside of the County treasury.

Investco Short-Term Treasury Portfolio	100%

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 date 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.

Uncategorized – Investments in the San Bernardino County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, consisted of the following:

	Governmental Funds					
	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Totals
Federal Government:						
Categorical aid programs	$ 6,629,968	$ 9,515	$ 2,500,354	$ -	$ -	$ 9,139,837
State Government:						
LCFF sources	5,138	-	-	-	-	5,138
Lottery	398,971	16,558	-	-	-	415,529
Categorical aid programs	1,583,052	37,129	151,835	-	-	1,772,016
Local:						
Interest	189,539	7,232	4,081	98,171	21,174	320,197
Special education	1,167,821	-	-	-	-	1,167,821
Other local resources	264,934	4,952	4,882	-	149,639	424,407
Total	$ 10,239,423	$ 75,386	$ 2,661,152	$ 98,171	$ 170,813	$ 13,244,945

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2022, consisted of the following:

	Due From Other Funds				
	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	Total
General Fund	$ -	$ 286,859	$ 218	$ 3,000,000	$ 3,287,077
Charter School Fund	308,708	-	-	-	308,708
Cafeteria Fund	488,045	-	-	-	488,045
Totals	$ 796,753	$ 286,859	$ 218	$ 3,000,000	$ 4,083,830

General Fund due to Charter Schools Special Revenue Fund for maintenance, ground transfer and H&W payroll suspense	$ 286,859
General Fund due to Cafeteria Special Revenue Fund for H&W transfer	218
General Fund due to Special Reserve Fund for Capital Outlay Projects for future TK facilities	3,000,000
Charter Schools Special Revenue Fund due to General Fund for salary and federal reserve transfer	308,708
Cafeteria Special Revenue Fund due to General Fund to cover indirect and H&W costs	488,045
Totals	$ 4,083,830

B. Transfers to/from

Transfers to/from other funds for the year ended June 30, 2022, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects for facilities transfer	$ 3,000,000
County School Facilities Fund transfer to Special Reserve Fund for Capital Outlay Projects for state match	13,528,016
Totals	$ 16,528,016

NOTE 5 – FUND BALANCES

At June 30, 2022, fund balances of the District's governmental funds were classified as follows:

	General Fund	Charter School Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 50,000	$ -	$ 10,032	$ -	$ -	$ 60,032
Stores inventories	221,872	-	230,063	-	-	451,935
Prepaid expenditures	231,177	1,025	-	-	-	232,202
Total Nonspendable	503,049	1,025	240,095	-	-	744,169
Restricted:						
Categorical programs	24,521,589	543,460	-	-	-	25,065,049
Nutritional services	-	-	4,524,763	-	-	4,524,763
Capital projects	-	-	-	61,226,718	4,036,262	65,262,980
Debt service	-	-	-	-	5,866,176	5,866,176
Student activity	-	-	-	-	40,631	40,631
Total Restricted	24,521,589	543,460	4,524,763	61,226,718	9,943,069	100,759,599
Committed:						
Deferred maintenance program	-	-	-	-	121,002	121,002
Other commitments	22,100,000	-	-	-	-	22,100,000
Total Committed	22,100,000	-	-	-	121,002	22,221,002
Assigned:						
LCAP carryover for MPP	7,555,692	-	-	-	-	7,555,692
Designated operations carryover	56,000	-	-	-	-	56,000
Learning for all	844,516	-	-	-	-	844,516
School site carryover	809,896	-	-	-	-	809,896
Lottery carryover	6,113,660	265,041	-	-	-	6,378,701
Mountain View Montessori	-	2,867,941	-	-	-	2,867,941
Sixth Street Preparatory	-	1,871,182	-	-	-	1,871,182
Postemployment benefits	2,345,186	-	-	-	-	2,345,186
Total Assigned	17,724,950	5,004,164	-	-	-	22,729,114
Unassigned:						
Reserve for economic uncertainties	8,909,470	-	-	-	-	8,909,470
Remaining unassigned balances	5,749,857	-	-	-	-	5,749,857
Total Unassigned	14,659,327	-	-	-	-	14,659,327
Total	$ 79,508,915	$ 5,548,649	$ 4,764,858	$ 61,226,718	$ 10,064,071	$ 161,113,211

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Decreases	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	$ 16,393,649	$ -	$ -	$ 16,393,649
Construction in progress	37,710	-	-	37,710
Total capital assets not being depreciated	16,431,359	-	-	16,431,359
Capital assets being depreciated:				
Improvement of sites	11,888,910	56,504	-	11,945,414
Buildings	197,310,851	3,003	-	197,313,854
Equipment	24,103,368	3,371,031	-	27,474,399
Total capital assets being depreciated	233,303,129	3,430,538	-	236,733,667
Accumulated depreciation for:				
Improvement of sites	(6,955,290)	(455,171)	-	(7,410,461)
Buildings	(68,703,537)	(4,898,650)	-	(73,602,187)
Equipment	(15,202,969)	(2,239,638)	-	(17,442,607)
Total accumulated depreciation	(90,861,796)	(7,593,459)	-	(98,455,255)
Total capital assets being depreciated, net	142,441,333	(4,162,921)	-	138,278,412
Governmental activity capital assets, net	$ 158,872,692	$ (4,162,921)	$ -	$ 154,709,771

Depreciation expense is allocated to the following functions in the Statement of Activities:

Instruction	$ 5,309,124
Instructional Library, Media and Technology	32,411
School Site Administration	101,575
Home-to-School Transportation	1,094,669
Food Services	275,984
All Other Pupil Services	1,187
All Other General Administration	166,008
Centralized Data Processing	69,630
Plant Services	542,871
Total	$ 7,593,459

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2022, were as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 49,806,333	$ -	$ 2,069,284	$ 47,737,049	$ 2,022,104
Accreted Interest	22,421,267	2,804,144	2,090,716	23,134,695	2,412,896
Unamortized Premium	2,331,355	-	201,354	2,130,001	201,354
Total G.O. Bonds	74,558,955	2,804,144	4,361,354	73,001,745	4,636,354
Compensated Absences	785,975	-	27,186	758,789	-
Subtotals	$ 75,344,930	$ 2,804,144	$ 4,388,540	$ 73,760,534	$ 4,636,354

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Accumulated vacation will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

The District has issued general obligation bonds under different voter-approved measures, as described below. Bonds are payable solely from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other state law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds.

Election of 2001

Bonds were authorized at an election of the registered voters of the District held on November 6, 2001 at which more than 55 percent of the persons voting on the measure voted to authorize the issuance and sale of $30 million general obligation bonds. The bonds were issued to finance the improvement of real property in the District and to pay the costs of issuance of the bonds.

Election of 2008

On November 4, 2008, District voters approved Measure E, authorizing the District to issue up to $150 million in general obligation bonds to maintain, upgrade, and construct school facilities.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

A. General Obligation Bonds (continued)

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, there was no principal balance outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2022, deferred amounts on refunding were $526,498.

A summary of outstanding bonds is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
2001 Election								
Series A	6/13/2002	8/1/2026	2.75%-5.73%	$ 15,997,340	$ 2,192,340	$ -	$ -	$ 2,192,340
Series B	5/19/2005	8/1/2030	3.0%-5.1%	10,752,264	7,817,866	-	1,145,719	6,672,147
Series C	7/13/2006	8/1/2026	4.0%-5.0%	3,249,943	139,943	-	-	139,943
2008 Election								
Series A	12/3/2009	8/1/2034	2.0%-4.0%	19,999,831	1,874,831	-	359,614	1,515,217
Series B	6/3/2015	8/1/2042	3.0%	16,496,790	15,765,742	-	208,951	15,556,791
Series C	6/12/2019	8/1/2044	2.47% - 4.00%	7,995,611	7,995,611	-	-	7,995,611
Refunding Bonds								
2014 Refunding	5/22/2014	8/1/2024	2.0%-5.0%	5,320,000	1,175,000	-	305,000	870,000
2016 Refunding	5/12/2016	8/1/2034	3.0%-4.0%	14,170,000	12,845,000	-	50,000	12,795,000
				Totals	$ 49,806,333	$ -	$ 2,069,284	$ 47,737,049
			Accreted Interest Component:					
				2001A	$ 4,718,767	$ 440,132	$ -	$ 5,158,899
				2001B	9,451,025	834,299	1,389,281	8,896,043
				2001C	441,391	59,765	-	501,156
				2008A	4,490,917	706,870	665,386	4,532,401
				2008B	3,132,687	643,758	36,049	3,740,396
				2008C	186,480	119,320	-	305,800
				Totals	$ 22,421,267	$ 2,804,144	$ 2,090,716	$ 23,134,695

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2022-23	$ 2,022,104	$ 3,375,746	$ 5,397,850
2023-24	1,712,174	3,984,151	5,696,325
2024-25	1,766,131	4,209,744	5,975,875
2025-26	1,506,336	4,834,414	6,340,750
2026-27	1,485,621	5,157,254	6,642,875
2027-32	11,362,335	17,367,114	28,729,449
2032-37	10,435,936	8,151,164	18,587,100
2037-42	9,307,856	13,347,395	22,655,251
2042-45	8,138,556	3,038,419	11,176,975
	$ 47,737,049	$ 63,465,401	$ 111,202,450

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur.

If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of $29,453,500 as of June 30, 2022, does not represent debt of the District and, as such, does not appear in the financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 61,238,733	$ 7,844,772	$ 3,693,739	$ 5,753,794
MPP Program	619,174	-	-	(97,986)
Totals	$ 61,857,907	$ 7,844,772	$ 3,693,739	$ 5,655,808

The details of each plan are as follows:

<u>District Plan</u>

Plan Description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

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

	Certificated	**Classified**	**Management**
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	10 years but not beyond Medicare eligibility	10 years but not beyond Medicare eligibility	10 years but not beyond Medicare eligibility
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	Same as active	Same as active	Same as active

Cabinet members receive lifetime benefits subject to certain requirements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Employees Covered by Benefit Terms
At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	129
Active employees	868
Total	997

Total OPEB Liability
The District's total OPEB liability of $61,238,733 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2021.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

Discount Rate
The actuarial valuation used the Bond Buyer 20 Index at June 30, 2022 and rounded the rate resulting in a rate of 3.54%.

Mortality Rates
The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS and the 2017 CalPERS Retiree Mortality for Miscellaneous and Schools Employees table created by CalPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	$ 66,328,490
Changes for the year:	
Service cost	3,859,422
Interest	1,435,226
Changes of assumptions	(6,759,287)
Benefit payments	(3,625,118)
Net changes	(5,089,757)
Balance at June 30, 2022	$ 61,238,733

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 54,505,521
Current discount rate	$ 61,238,733
1% increase	$ 68,892,427

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 percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 66,270,266
Current trend rate	$ 61,238,733
1% increase	$ 57,886,155

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the District recognized OPEB expense of $5,753,794. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,844,772	-
Changes of assumptions	-	$ 3,693,739
Totals	$ 7,844,772	$ 3,693,739

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 651,438	$ 244,993
2024	651,438	244,993
2025	651,438	244,993
2026	651,438	244,993
2027	651,438	244,993
Thereafter	4,587,582	2,468,774
Totals	$ 7,844,772	$ 3,693,739

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit 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, 2020 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit 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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2022, the District reported a liability of $619,174 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to 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 and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net OPEB Liability	0.155234%	0.169227%	-0.013993%

For the year ended June 30, 2022, the District reported OPEB expense of $(97,986).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as 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' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

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 our 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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Discount Rate

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, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

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

Discount Rate	MPP OPEB Liability
1% decrease	$ 682,500
Current discount rate	$ 619,174
1% increase	$ 565,069

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 563,066
Current trend rate	$ 619,174
1% increase	$ 683,500

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2022, the District reported 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	$ 46,997,003	$ 27,417,839	$ 49,539,079	$ (932,065)
CalPERS	28,399,664	8,918,885	12,586,500	3,359,209
Totals	$ 75,396,667	$ 36,336,724	$ 62,125,579	$ 2,427,144

The details of each plan are as follows:

A. 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, 2020, 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: https://www.calstrs.com/general-information/gasb-6768.

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

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Benefits Provided (continued)

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.92%	16.92%
Required State Contribution Rate	10.828%	10.828%

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were $10,808,706.

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

At June 30, 2022, 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:		
District's proportionate share of net pension liability	$	46,997,003
State's proportionate share of the net pension liability associated with the District		23,647,069
Total	$	70,644,072

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
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 and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.103272%	0.111664%	-0.008392%

For the year ended June 30, 2022, the District recognized pension expense of $(932,065). In addition, the District recognized pension expense and revenue of $(4,121,718) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 10,808,706	$ -
Net change in proportionate share of net pension liability	9,832,427	7,361,779
Difference between projected and actual earnings on pension plan investments	-	37,175,840
Changes of assumptions	6,658,976	-
Differences between expected and actual experience	117,730	5,001,460
Totals	$ 27,417,839	$ 49,539,079

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 5,073,601	$ 11,556,506
2024	4,972,660	10,573,357
2025	1,915,523	10,848,061
2026	1,915,302	12,231,905
2027	1,767,773	1,707,460
Thereafter	964,274	2,621,790
Totals	$ 16,609,133	$ 49,539,079

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our 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 investment rate of return assumption 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 investment staff and investment consultants as inputs 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.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. 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 expenses occur midyear. Based on those 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 the 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	Liability
1% decrease (6.10%)	$ 95,669,077
Current discount rate (7.10%)	46,997,003
1% increase (8.10%)	6,600,111

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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 pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $6,641,676.

B. California Public Employees Retirement System (CalPERS)

Plan Description
Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer 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, 2020 annual actuarial valuation report, Schools Pool Accounting Report. 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/employers/actuarial-resources/gasb.

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.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were $4,734,679.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $28,399,664. 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 proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.139663%	0.133729%	0.005934%

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2022, the District recognized pension expense of $3,359,209. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows	
Pension contributions subsequent to measurement date	$	4,734,679	$	-
Net change in proportionate share of net pension liability		1,890,717		174,919
Difference between projected and actual earnings on pension plan investments		1,445,686		12,344,632
Changes of assumptions		-		-
Differences between expected and actual experience		847,803		66,949
Totals	$	8,918,885	$	12,586,500

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. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 4.0 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources	
2023	$	1,752,516	$	3,356,618
2024		1,151,264		3,136,820
2025		857,907		3,061,854
2026		422,519		3,031,208
2027		-		-
Thereafter		-		-
Totals	$	4,184,206	$	12,586,500

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the 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 (6.15%)	$ 47,885,821
Current discount rate (7.15%)	28,399,664
1% increase (8.15%)	12,221,972

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2022, the District reported payables of $1,150,536 and $61,828 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

NOTE 10 – JOINT VENTURES

The Victor Elementary School District participates in joint ventures under joint powers agreements with the High Desert and Inland Employee/Employer Trust (HDIEET), California Schools Employee Benefits Association (CSEBA), and California Schools Risk Management (CSRM). The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The JPAs provide property and liability insurance coverage, health and welfare benefits coverage, and workers compensation insurance coverage. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs.

Audited financial information is available from the respective JPAs.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in the CSRM public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2021-22, the District participated in the CSRM JPA for workers compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits
The District has contracted with High Desert and Inland Employee/Employer Trust to provide employee medical benefits. The District provides life insurance benefits for management employees through CSEBA.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
At June 30, 2022, the District had commitments with respect to unfinished capital projects of approximately $1.8 million.

C. Litigation
The District is involved in certain legal matters that arose out of normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30.

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Required Supplementary Information

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VICTOR ELEMENTARY SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 137,079,760	$ 151,025,983	$ 142,350,675	$ (8,675,308)
Federal Sources	19,268,058	31,212,904	20,119,664	(11,093,240)
Other State Sources	23,985,854	27,479,226	26,786,913	(692,313)
Other Local Sources	1,252,617	3,323,766	1,214,000	(2,109,766)
Total Revenues	181,586,289	213,041,879	190,471,252	(22,570,627)
Expenditures				
Current:				
Certificated Salaries	67,829,138	78,582,379	65,869,718	12,712,661
Classified Salaries	18,380,547	22,369,800	19,776,889	2,592,911
Employee Benefits	55,693,628	63,309,288	50,995,177	12,314,111
Books and Supplies	5,923,668	14,844,454	9,836,351	5,008,103
Services and Other Operating Expenditures	23,308,591	23,198,963	19,455,960	3,743,003
Capital Outlay	2,812,510	3,511,817	3,399,281	112,536
Other Outgo	2,723,324	4,664,510	3,856,016	808,494
Total Expenditures	176,671,406	210,481,211	173,189,392	37,291,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,914,883	2,560,668	17,281,860	14,721,192
Other Financing Sources and Uses				
Contributions	-	18,853,113	-	(18,853,113)
Interfund Transfers Out	-	(5,000,000)	(5,000,000)	-
Total Other Financing Sources and Uses	-	13,853,113	(5,000,000)	(18,853,113)
Net change in fund balance	4,914,883	16,413,781	12,281,860	(4,131,921)
Fund Balances, July 1, 2021	64,881,869	64,881,869	64,881,869	-
Fund Balances, June 30, 2022	$ 69,796,752	$ 81,295,650	77,163,729	$ (4,131,921)
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Reserve Fund for Postemployment Benefits			2,345,186	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 79,508,915	

VICTOR ELEMENTARY SCHOOL DISTRICT

Budgetary Comparison Schedule – Charter School Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 4,736,676	$ 4,834,028	$ 4,834,028	$ -
Federal Sources	151,184	363,833	363,833	-
Other State Sources	759,051	636,756	636,756	-
Other Local Sources	46,000	(26,436)	(26,436)	-
Total Revenues	5,692,911	5,808,181	5,808,181	-
Expenditures				
Current:				
Certificated Salaries	2,269,080	2,102,596	2,102,596	-
Classified Salaries	625,125	664,424	664,424	-
Employee Benefits	1,731,907	1,544,771	1,544,771	-
Books and Supplies	284,923	194,649	194,649	-
Services and Other Operating Expenditures	746,165	685,860	685,860	-
Total Expenditures	5,657,200	5,192,300	5,192,300	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,711	615,881	615,881	-
Fund Balances, July 1, 2021	4,932,768	4,932,768	4,932,768	-
Fund Balances, June 30, 2022	$ 4,968,479	$ 5,548,649	$ 5,548,649	$ -

VICTOR ELEMENTARY SCHOOL DISTRICT

Budgetary Comparison Schedule – Cafeteria Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
Federal Sources	$ 7,929,901	$ 7,867,565	$ 7,867,564	$ (1)
Other State Sources	564,774	466,996	466,996	-
Other Local Sources	30,000	34,326	(28,271)	(62,597)
Total Revenues	8,524,675	8,368,887	8,306,289	(62,598)
Expenditures				
Current:				
Classified Salaries	2,745,324	2,598,784	2,598,766	18
Employee Benefits	1,690,996	1,628,000	1,627,983	17
Books and Supplies	3,276,482	2,800,893	2,800,884	9
Services and Other Operating Expenditures	211,350	185,596	177,811	7,785
Capital Outlay	-	41,183	41,183	-
Other Outgo	265,351	255,590	255,577	13
Total Expenditures	8,189,503	7,510,046	7,502,204	7,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	335,172	858,841	804,085	(54,756)
Fund Balances, July 1, 2021	3,960,773	3,960,773	3,960,773	-
Fund Balances, June 30, 2022	$ 4,295,945	$ 4,819,614	$ 4,764,858	$ (54,756)

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS

For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1033%	0.1117%	0.1039%	0.0983%
District's proportionate share of the net pension liability	$ 46,997,003	$ 108,212,867	$ 93,798,910	$ 90,351,847
State's proportionate share of the net pension liability associated with the District	23,647,069	55,783,746	51,173,568	51,730,658
Totals	$ 70,644,072	$ 163,996,613	$ 144,972,478	$ 142,082,505
District's covered-employee payroll	$ 58,374,088	$ 58,818,895	$ 54,485,361	$ 53,809,917
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.25%	183.98%	172.15%	167.91%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0970%	0.0970%	0.0960%	0.0730%
District's proportionate share of the net pension liability	$ 89,707,473	$ 78,454,570	$ 64,631,040	$ 42,659,010
State's proportionate share of the net pension liability associated with the District	53,070,183	44,669,363	34,182,604	25,759,611
Totals	$ 142,777,656	$ 123,123,933	$ 98,813,644	$ 68,418,621
District's covered-employee payroll	$ 51,636,407	$ 47,666,692	$ 43,724,989	$ 39,851,685
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.73%	164.59%	147.81%	107.04%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1397%	0.1337%	0.1336%	0.1351%
District's proportionate share of the net pension liability	$ 28,399,664	$ 41,032,106	$ 38,926,038	$ 36,025,444
District's covered-employee payroll	$ 20,107,324	$ 19,377,902	$ 18,559,816	$ 18,060,885
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.56%	211.75%	209.73%	199.47%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.1315%	0.1252%	0.1187%	0.1157%
District's proportionate share of the net pension liability	$ 31,387,925	$ 24,727,077	$ 17,496,497	$ 13,134,767
District's covered-employee payroll	$ 16,773,690	$ 15,039,035	$ 13,111,078	$ 12,146,224
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.13%	164.42%	133.45%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Pension Contributions-CalSTRS

For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 10,808,706	$ 9,427,415	$ 10,058,031	$ 8,870,217
Contributions in relation to the contractually required contribution	10,808,706	9,427,415	10,058,031	8,870,217
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	63,881,241	$ 58,374,088	$ 58,818,895	$ 54,485,361
Contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 7,764,771	$ 6,495,860	$ 5,114,636	$ 3,882,779
Contributions in relation to the contractually required contribution	7,764,771	6,495,860	5,114,636	3,882,779
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 53,809,917	$ 51,636,407	$ 47,666,692	$ 43,724,989
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 4,734,679	$ 4,162,216	$ 3,821,516	$ 3,352,274
Contributions in relation to the contractually required contribution	4,734,679	4,162,216	3,821,516	3,352,274
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 20,666,430	$ 20,107,324	$ 19,377,902	$ 18,559,816
Contributions as a percentage of covered-employee payroll	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 2,805,036	$ 2,329,530	$ 1,785,735	$ 1,543,305
Contributions in relation to the contractually required contribution	2,805,036	2,329,530	1,785,735	1,543,305
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 18,060,885	$ 16,773,690	$ 15,039,035	$ 13,111,078
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.874%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022

Last 10 Fiscal Years*

Employer's Fiscal Year	2021-22	2020-21	2019-20	2018-19	2017-18
Measurement Period	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Total OPEB liability					
Service cost	$ 3,859,422	$ 3,673,257	$ 3,968,990	$ 3,675,536	$ 3,577,164
Interest	1,435,226	1,191,285	1,740,890	1,595,166	1,615,188
Differences between expected and actual experience	-	10,083,190	(1,004,332)	-	-
Changes of assumptions or other inputs	(6,759,287)	180,919	2,134,108	1,046,952	-
Benefit payments	(3,625,118)	(2,225,723)	(2,338,654)	(2,263,013)	(2,175,974)
Net change in total OPEB liability	(5,089,757)	12,902,928	4,501,002	4,054,641	3,016,378
Total OPEB liability - beginning	66,328,490	53,425,562	48,924,560	44,869,919	41,853,541
Total OPEB liability - ending	$ 61,238,733	$ 66,328,490	$ 53,425,562	$ 48,924,560	$ 44,869,919
Covered payroll	N/A	$ 76,603,384	$ 74,553,172	$ 72,557,832	$ 70,615,895
Total OPEB liability as a percentage of covered payroll	N/A	86.59%	71.66%	67.43%	63.54%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

Last 10 Fiscal Years*

Employer's Fiscal Year **Measurement Period**	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
District's proportion of net OPEB liability	0.1552%	0.1692%	0.1605%	0.1546%	0.1544%
District's proportionate share of net OPEB liability	$ 619,174	$ 717,160	$ 597,760	$ 591,737	$ 649,521
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions 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 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 either CalSTRS and CalPERS.

***Change of assumptions* -** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District 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.

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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 benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

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Supplementary Information

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The Victor Elementary School District was established as a separate school district in 1947. The District encompasses approximately 43 square miles in some unincorporated areas of San Bernardino County as well as the city of Victorville. During the year, the District operated sixteen elementary schools (kindergarten through grade 6) and two charter schools. There have been no boundary changes during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Dr. Gary Elder	President	November, 2022
Clayton Moore	Vice President	November, 2022
Sur Brannon	Clerk	November, 2024
Allen Williams	Trustee	November, 2022
Dr. Gabriel Luis Stine	Trustee	November, 2024

DISTRICT ADMINISTRATORS

Lori Clark,
Superintendent

Fortune Barles,
Assistant Superintendent, Educational Services

Ajay Mohindra,
Assistant Superintendent, Administrative Services

Tanya Benitez, Ed.D.,
Assistant Superintendent, Pupil Services

Maureen Mills,
Assistant Superintendent, Personnel Services

VICTOR ELEMENTARY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds

June 30, 2022

	Student Activity Funds	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS							
Deposits and investments	$ 40,631	$ 120,738	$ 2,832,971	$ -	$ 1,037,285	$ 5,866,176	$ 9,897,801
Accounts receivable	-	264	155,832	13,114	1,603	-	170,813
Total Assets	$ 40,631	$ 121,002	$ 2,988,803	$ 13,114	$ 1,038,888	$ 5,866,176	$ 10,068,614
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ 4,543	$ -	$ -	$ -	$ 4,543
Total Liabilities	-	-	4,543	-	-	-	4,543
Fund Balances							
Restricted	40,631	-	2,984,260	13,114	1,038,888	5,866,176	9,943,069
Committed	-	121,002	-	-	-	-	121,002
Total Fund Balances	40,631	121,002	2,984,260	13,114	1,038,888	5,866,176	10,064,071
Total Liabilities and Fund Balances	$ 40,631	$ 121,002	$ 2,988,803	$ 13,114	$ 1,038,888	$ 5,866,176	$ 10,068,614

VICTOR ELEMENTARY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2022

REVENUES	Student Activity Funds	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Other state sources	$ -	$ -	$ -	$ 13,508,999	$ -	$ 41,794	$ 13,550,793
Other local sources	484	(1,841)	857,199	32,131	723,872	5,201,470	6,813,315
Total Revenues	484	(1,841)	857,199	13,541,130	723,872	5,243,264	20,364,108
EXPENDITURES							
Capital outlay	-	-	155,957	-	259,547	-	415,504
Debt service:							
Principal	-	-	-	-	-	2,069,284	2,069,284
Interest	-	-	-	-	-	3,066,090	3,066,090
Total Expenditures	-	-	155,957	-	259,547	5,135,374	5,550,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	484	(1,841)	701,242	13,541,130	464,325	107,890	14,813,230
OTHER FINANCING SOURCES (USES)							
Interfund transfers out	-	-	-	(13,528,016)	-	-	(13,528,016)
Total Other Financing Sources and Uses	-	-	-	(13,528,016)	-	-	(13,528,016)
Net Change in Fund Balances	484	(1,841)	701,242	13,114	464,325	107,890	1,285,214
Fund Balances, July 1, 2021	40,147	122,843	2,283,018	-	574,563	5,758,286	8,778,857
Fund Balances, June 30, 2022	$ 40,631	$ 121,002	$ 2,984,260	$ 13,114	$ 1,038,888	$ 5,866,176	$ 10,064,071

VICTOR ELEMENTARY SCHOOL DISTRICT	Second Period Report	Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	5,910.53	5,926.97
Grades 4-6	4,680.36	4,680.46
Total Regular ADA	10,590.89	10,607.43
Special Education - Nonpublic, Nonsectarian Schools		
TK/Grades K-3	1.22	1.37
Grades 4-6	5.51	5.28
Total Special Education - Nonpublic, Nonsectarian Schools ADA	6.73	6.65
Total District ADA	10,597.62	10,614.08

MOUNTAIN VIEW MONTESSORI CHARTER SCHOOL	Second Period Report	Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	129.62	128.54
Grades 4-6	74.05	73.66
Total ADA	203.67	202.20
Total Classroom Based ADA	203.67	202.20

SIXTH STREET PREP CHARTER SCHOOL	Second Period Report	Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	131.06	131.20
Grades 4-6	87.21	88.03
Total ADA	218.27	219.23
Total Classroom Based ADA	218.27	219.11

VICTOR ELEMENTARY SCHOOL DISTRICT

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Transitional Kindergarten/ Kindergarten	36,000	38,070	180	Complied
Grade 1	50,400	54,135	180	Complied
Grade 2	50,400	54,135	180	Complied
Grade 3	50,400	54,135	180	Complied
Grade 4	54,000	54,135	180	Complied
Grade 5	54,000	54,135	180	Complied
Grade 6	54,000	54,135	180	Complied

MOUNTAIN VIEW MONTESSORI CHARTER SCHOOL

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Transitional Kindergarten/ Kindergarten	36,000	62,810	180	Complied
Grade 1	50,400	61,020	180	Complied
Grade 2	50,400	61,020	180	Complied
Grade 3	50,400	61,020	180	Complied
Grade 4	54,000	61,020	180	Complied
Grade 5	54,000	61,020	180	Complied
Grade 6	54,000	61,020	180	Complied

SIXTH STREET PREP SCHOOL

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Transitional Kindergarten/ Kindergarten	36,000	52,810	180	Complied
Grade 1	50,400	54,135	180	Complied
Grade 2	50,400	54,135	180	Complied
Grade 3	50,400	54,135	180	Complied
Grade 4	54,000	54,135	180	Complied
Grade 5	54,000	54,135	180	Complied
Grade 6	54,000	54,135	180	Complied

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2022

General Fund	(Budget) 2023 [3]	2022 [2]	2021	2020
Revenues and other financing sources	$ 197,053,030	$ 190,471,252	$ 192,718,193	$ 155,669,212
Expenditures	212,861,422	173,189,392	157,922,358	151,372,894
Other uses and transfers out	-	5,000,000	8,000,000	-
Total outgo	212,861,422	178,189,392	165,922,358	151,372,894
Change in fund balance (deficit)	(15,808,392)	12,281,860	26,795,835	4,296,318
Ending fund balance	$ 61,355,337	$ 77,163,729	$ 64,881,869	$ 38,086,034
Available reserves [1]	$ 13,049,826	$ 14,659,327	$ 25,602,836	$ 20,151,557
Available reserves as a percentage of total outgo	6.1%	8.2%	15.4%	13.3%
Total long-term debt	$ 206,378,754	$ 211,015,108	$ 291,635,553	$ 263,429,750
Average daily attendance at P-2	10,922	10,598	N/A	11,708

The General Fund balance has increased by $39,077,695 over the past two years. The fiscal year 2022-23 adopted budget projects a decrease of $15,808,392. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in the past three years but anticipates incurring an operating deficit during the 2022-23 fiscal year. Long-term debt has decreased by $52,414,642 over the past two years.

Average daily attendance has decreased by 1,110 over the past two years. Budgeted ADA for 2022-23 is 10,922.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

[3] As of September, 2022.

VICTOR ELEMENTARY SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2022

	Capital Project Fund for Blended Component Units
June 30, 2022, annual financial and budget report (SACS) fund balances	$ 5,788,888
Adjustments and reclassifications:	
Increase (decrease) in total fund balance:	
Cash with Fiscal Agent Overstated	(4,750,000)
Net adjustments and reclassifications	(4,750,000)
June 30, 2022, audited financial statement fund balances	$ 1,038,888

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2022

Charter School	Inclusion in Financial Statements
Mountain View Montessori Charter School (No. 0296)	Included
Sixth Street Prep School (No. 0309)	Included

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	$ 440,634	
School Breakfast Program - Especially Needy	10.553	13526	870,363	
National School Lunch Program	10.555	13523	6,123,752	
USDA Donated Foods	10.555	N/A	328,799	
Total Child Nutrition Cluster				$ 7,763,548
Forest Reserve Funds	10.665	10044		679
Total U.S. Department of Agriculture				7,764,227
U.S.Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	5,798,637	
School Improvement Funding for LEAs	84.010	15438	539,301	
Total Title I Grants				6,337,938
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		865,376
Title III, Limited English Proficiency	84.365	14346		240,150
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		479,506
Title IV, Part B, 21st Century Community Learning Centers	84.287	14349		172,503
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	6,846	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	5,392,820	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	2,996,706	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	97,052	
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	1,281,252	
Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	329,435	
Subtotal Education Stabilization Fund				10,104,111
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster (IDEA):				
Passed through Desert/Mountain SELPA:				
Local Assistance Entitlement	84.027	13379	1,766,308	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	396,566	
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	60,423	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027	10169	600	
IDEA Local Assistance, Part B, Sec. 611, Private School ISPs	84.027	10115	2,693	
IDEA Preschool Grants, Part B, Sec. 619	84.173	13430	56,644	
Total Special Education (IDEA) Cluster				2,283,234
Total U.S. Department of Education				20,482,818
Total Expenditures of Federal Awards				$ 28,247,045

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

Combining Financial Statements
These financial statements report the financial activity of the individual non-major funds.

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 number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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.

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

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 28,351,061
Differences between Federal Revenues and Expenditures:		
School Breakfast Program - Basic	10.553	(5,820)
School Breakfast Program - Especially Needy	10.553	(11,496)
National School Lunch Program	10.555	(80,886)
Pandemic EBT Local Administrative Grant	10.649	(5,814)
Total Schedule of Expenditures of Federal Awards		$ 28,247,045

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Victor Elementary School District
Victorville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Victor Elementary School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

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.

Nigro + Nigro, PC.

Murrieta, California
December 13, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Victor Elementary School District
Victorville, California

Report on Compliance for Each Major Federal Program
We have audited the Victor Elementary School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Victor Elementary School District's major federal programs for the year ended June 30, 2022. The Victor Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Victor Elementary School District compiled, in all material respects, with the types of 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, 2022.

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Victor Elementary School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Victor Elementary School District's compliance with the compliance requirements referred to above.

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

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Auditors' 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 Victor Elementary School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, 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 Victor Elementary School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 Victor Elementary School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Victor Elementary School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Victor Elementary School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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.

Nigro + Nigro, PC.

Murrieta, California
December 13, 2022

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Victor Elementary School District
Victorville, California

Report on Compliance

Opinion
We have audited the Victor Elementary School District's (District) compliance with the requirements specified in the *2021-22 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, 2022.

In our opinion, Victor Elementary School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 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 Victor Elementary School District's state programs.

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Auditors' 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 2021-22 *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 *2021-22 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 *2021-22 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:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Yes
Charter School Facility Grant Program	Not Applicable

Areas marked as Not Applicable were not operated by the District.

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 in the audit.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identity 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro + Nigro, PC.

Murrieta, California
December 13, 2022

Schedule of Findings and Questioned Costs

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Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516 (a)?	No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.367	Title II, Part A, Supporting Effective Instruction
84.425C, D, U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 847,411
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2021-22.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2021-22.

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

Finding 2022-001: Comprehensive School Safety Plan (40000)

Criteria: Each school in an LEA must review and update their School Safety Plans by March 1st as described in Education Code 32288.

Condition: We reviewed the comprehensive school safety plans for six schools. None of the schools tested updated or reviewed their plans before March 1.

Effect: There is no questioned cost associated with this finding.

Context: All six schools reviewed had safety plans that were not reviewed and updated before the required date. This is not a repeat finding.

Cause: The school site councils did not review the safety plans prior to the March 1st deadline.

Recommendation: We recommend that the District implement a policy that would ensure that the schools reviewed and updated their school safety plans before the March 1st deadline.

Views of Responsible Officials: We have amended our policy to ensure each school reviews, updates, and approves its Comprehensive School Safety Plan before the March 1 deadline.

Finding 2022-002: Local Control Accountability Plan (62000)

Criteria: Education Code 52062(b)(1) states: A governing board of a school district shall hold at least one public hearing to solicit the recommendations and comments of members of the public regarding the specific actions and expenditures proposed to be included in the local control and accountability plan or annual update to the local control and accountability plan. The agenda for the public hearing shall be posted at least 72 hours before the public hearing and shall include the location where the local control and accountability plan or annual update to the local control and accountability plan will be available for public inspection. The public hearing shall be held at the same meeting as the public hearing required by paragraph (1) of subdivision (a) of Section 42127.

Condition: The District did not post the 2021-22 LCAP public hearing notice.

Effect: Without this posting, the public may be unaware they are allowed to submit recommendations and comments regarding the specific actions and expenditures included in the 2021-22 LCAP.

Context: The public hearing notice for the 2021-22 LCAP was not posted in accordance with Education Code 52062. This is not a repeat finding.

Cause: The Education Services department overlooked the requirements in error.

Recommendation: We recommend that the District implement a policy that would ensure that all public hearing notices are posted within the appropriate timeframe per Ed Code.

Views of Responsible Officials: We revised our procedures when scheduling the hearings for the 2022/23 LCAP and Budget so that both Public Hearing Notices will go out together, directly from the Business Department. We did meet this requirement for 2022/23 and our new process will ensure we meet it in the future as well.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2021-001: School Accountability Report Card	The information on the School Accountability Report Card (SARC) should be reported consistent with the Facility Inspection Tool for that school as required by the provisions of Education Code Section 33126. The District performed a facilities inspection and filled out the Facilities Inspection Tool (FIT), but did not report facilities information on the SARC for two of the four schools selected. At Mountain View Montessori Charter School and Mojave Vista School of Cultural Arts, facilities information was left blank on the SARC.	72000	We recommend that the District personnel implement a procedure to verify the accuracy and completeness of the information contained in the SARC prior to its publication.	Implemented
Finding 2021-002: CALPADS Unduplicated Pupil Count (This is a repeat of Finding 2020-001)	Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals: • Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)). • Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day. During our testing of the students who receive Free and Reduced-Price Meals (FRPM) reported in the CALPADS 1.17 and 1.18 reports, we noted two students who were classified as free or reduced but did not have an application or income eligibility form on file to support the designation.	40000	We recommend that the District implement a procedure to ensure that all income data documents are accounted for and stored properly.	Implemented

NIGRO & NIGRO PC
A Professional Accountancy Corporation

To the Board of Education
Victor Elementary School District
Victorville, CA

In planning and performing our audit of the basic financial statements of Victor Elementary School District for the year ending June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity 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.

ATTENDANCE

Observation: At Discovery School of the Arts, we noted that two of the three teachers selected for testing did not sign their attendance for the week of November 8-12, 2021 until March, 2022. In addition, at Park View Preparatory, two of three teachers did not sign their attendance for the week of December 6-10, 2021. At Sixth Street Preparatory, two of three teachers did not sign their attendance for the week of December 6-10, 2021.

> ***Recommendation***: We recommend that the rosters be signed and dated on a weekly basis as required by CDE to create a valid contemporaneous record. Alternatively, the District may seek approval for digital signatures, but a digital system must first be approved by the CDE.

Nigro + Nigro, PC.

Murrieta, California
December 13, 2022

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Statistical Section

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Employees
Table 1 summarizes the number of certificated, classified, and total number of employees employed by the District for School Year 2006-2007 through School Year 2021-2022.

Table 1
District Employees School Year 2006-2007 through School Year 2021-2022

School Year	Certificated Employees	Classified Employees	Total Employees	Percent Change
2006-07	502	458	960	(0.83)
2007-08	512	473	985	2.60
2008-09	499	496	995	1.02
2009-10	474	478	952	(4.32)
2010-11	448	437	885	(7.04)
2011-12	410	471	881	(0.45)
2012-13	416	483	899	2.04
2013-14	497	523	1,020	13.46
2014-15	530	533	1,063	4.22
2015-16	551	561	1,112	4.61
2016-17	580	717	1,297	16.64
2017-18	607	600	1,207	6.93
2018-19	605	601	1,206	0.08
2019-20	641	572	1,213	0.58
2020-21	652	572	1,224	0.91
2021-22	662	562	1,224	

Source: CDE Dataquest/CALPADS

Assessed Valuation of Taxable Property
The secured, unsecured, and total assessed valuations of taxable property within the District for Fiscal Year 2006-2007 through Fiscal Year 2021-2022 is listed in Table 2 below.

Table 2
Assessed Valuation of Taxable Property FY 2006-2007 Through FY 2021-2022

Fiscal Year	Secured	Utility	Unsecured	Total	Percent Change
2006-07	5,752,494,500	4,412,717	231,139,428	5,988,046,645	25.85
2007-08	6,833,257,176	2,199,050	275,315,476	7,110,771,702	18.75
2008-09	6,821,489,419	651,973	405,503,463	7,227,644,855	1.64
2009-10	5,594,892,328	652,103	428,656,012	6,024,200,443	(16.65)
2010-11	5,055,201,287	652,167	380,200,871	5,436,054,325	(9.76)
2011-12	4,972,756,761	622,310	365,294,695	5,338,673,766	(1.79)
2012-13	4,953,215,359	622,316	354,967,297	5,308,804,972	(0.55)
2013-14	5,058,895,816	622,305	401,708,772	5,461,226,893	2.87
2014-15	5,427,907,300	321,948	409,283,718	5,837,512,966	6.89
2015-16	5,749,393,992	321,928	418,580,409	6,168,296,329	5.66
2016-17	6,042,649,816	321,863	379,028,458	6,422,000,137	4.11
2017-18	6,354,033,716	321,839	349,497,528	6,703,853,083	4.39
2018-19	6,709,748,429	321,808	349,346,912	7,059,417,149	5.30
2019-20	7,091,470,949	262,766	330,571,529	7,422,305,244	5.14
2020-21	7,456,858,584	262,766	319,429,969	7,776,551,319	4.77
2021-22	7,770,343,687	262,766	310,446,170	8,081,052,623	

Source: County of San Bernardino, Office of the Auditor-Controller.

Typical Total Tax Rates
Table 3 summarizes the total ad valorem tax rates levied by all taxing entities in a typical Tax Rate area with the District for Fiscal Year 2007-08 through Fiscal Year 2021-22.

Table 3
Summary of *Ad Valorem* Tax Rates

	2007-08	2008-09	2009-10	2010-11	2011-12
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0162	0.0167	0.0525	0.0574	0.0619
Victor Elementary District	0.0307	0.0344	0.0480	0.0900	0.0932
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.0469	1.0511	1.1005	1.1474	1.1551
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550

	2012-13	2013-14	2014-15	2015-16	2016-17
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0768	0.0792	0.0770	0.0716	0.0986
Victor Elementary District	0.1026	0.1086	0.1022	0.1124	0.1162
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.1794	1.1878	1.1792	1.1840	1.2148
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550

	2017-18	2018-19	2019-20	2020-21	2021-22
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0915	0.0958	0.0703	0.0445	0.0532
Victor Elementary District	0.1216	0.1204	0.0406	0.0611	0.0291
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.2131	1.2162	1.1109	1.1056	1.1123
Mojave Water Agency					
Land Only	0.1125	0.1125	0.1125	0.1125	0.1125
Land and Improvements	0.0550	0.0550	0.0550	0.0550	0.0550

Source: County of San Bernardino, Office of the Auditor/Controller.