VICTOR ELEMENTARY SCHOOL DISTRICT

SAN BERNARDINO COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO PC

VICTOR ELEMENTARY SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2023
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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Victor Elementary School District, as of June 30, 2023, 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 *2022-23 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 | Angelika Vartikyan, CPA

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the beginning net position on the Statement of Activities has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

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 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 12, 2023

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, 2023. 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 11,968 students for October 2023 with enrollment projected to increase to 11,975 for 2024-25.

FINANCIAL HIGHLIGHTS

- Total net position increased 82.8% over the course of the year.
- The District's General Fund available reserves were 14.5% 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.
- *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.
- 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 2022-23 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 $154.2 million as of June 30, 2023, $69.8 million more than it was the year before. Current assets increased due to increased federal and state grants.

	Governmental Activities		Variance Increase
	2023	2022*	(Decrease)
Assets			
Current assets	$ 260,907,794	$ 194,009,362	$ 66,898,432
Capital assets	152,461,168	158,721,894	(6,260,726)
Total assets	413,368,962	352,731,256	60,637,706
Total deferred outflows of resources	65,559,550	44,707,994	20,851,556
Liabilities			
Current liabilities	30,838,336	33,301,733	(2,463,397)
Long-term liabilities	255,049,369	214,987,864	40,061,505
Total liabilities	285,887,705	248,289,597	37,598,108
Total deferred inflows of resources	38,845,673	65,819,318	(26,973,645)
Net position			
Net investment in capital assets	103,835,283	106,448,074	(2,612,791)
Restricted	154,346,143	100,990,358	53,355,785
Unrestricted	(103,986,292)	(123,078,488)	19,092,196
Total net position	$ 154,195,134	$ 84,359,944	$ 69,835,190

* *As restated*

THE SCHOOL DISTRICT AS A WHOLE (continued)

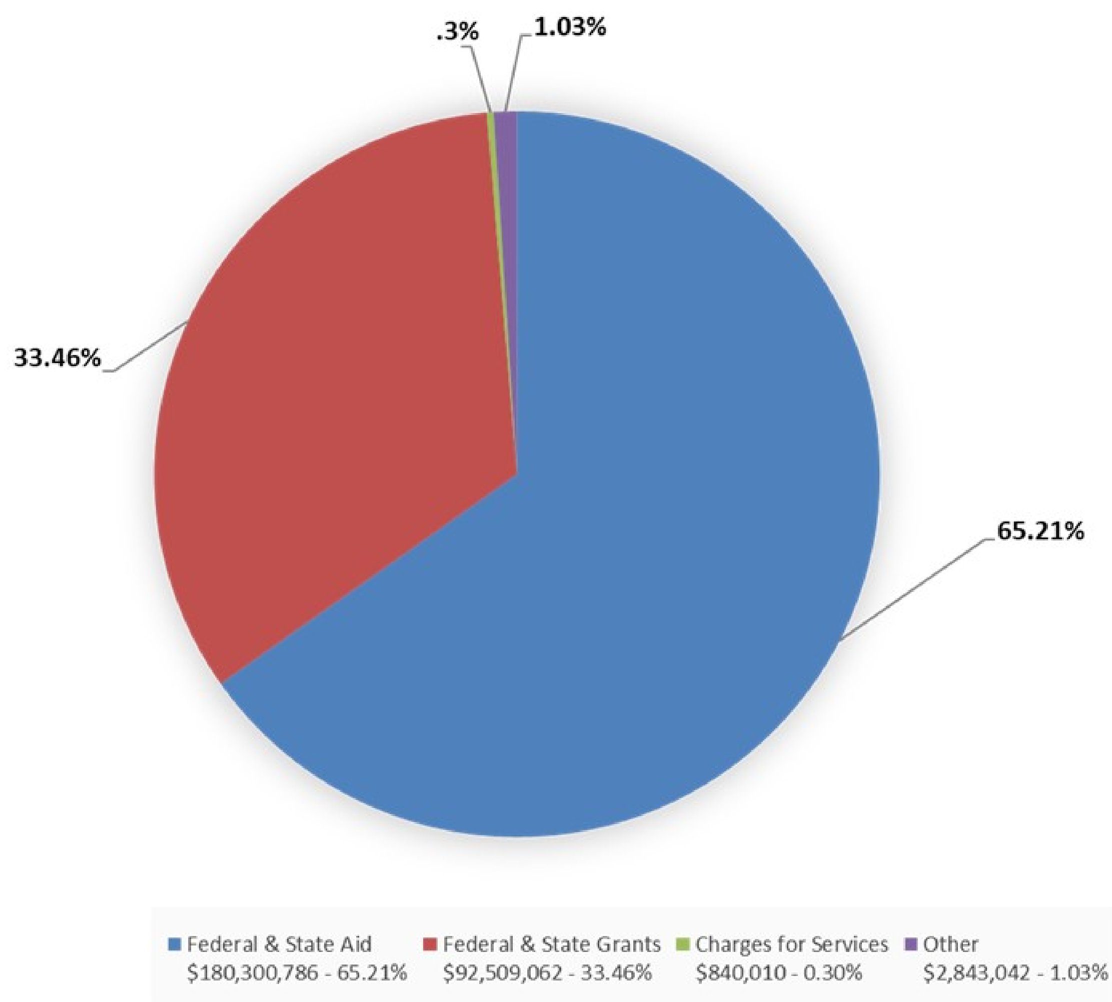
Statement of Activities

Revenues for the District's governmental activities were $276.5 million, an increase of $60.8 million from last year. Total expenses were $206.7 million, an increase of $30.3 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
	2023	2022	(Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 840,010	$ 903,722	$ (63,712)
Operating grants and contributions	92,509,062	43,548,536	48,960,526
Capital grants and contributions	14,905	13,541,130	(13,526,225)
General Revenues:			
Federal and state aid not restricted	158,177,874	138,092,199	20,085,675
Property taxes	22,122,912	19,286,054	2,836,858
Other general revenues	2,828,137	354,769	2,473,368
Total Revenues	276,492,900	215,726,410	60,766,490
Expenses			
Instruction-related	139,811,673	118,668,297	21,143,376
Pupil services	26,467,866	21,912,127	4,555,739
Administration	9,783,860	8,021,191	1,762,669
Plant services	24,679,156	19,206,826	5,472,330
All other activities	5,915,155	8,558,964	(2,643,809)
Total Expenses	206,657,710	176,367,405	30,290,305
Increase (decrease) in net position	$ 69,835,190	$ 39,359,005	$ 30,476,185
Total net position	$ 154,195,134	$ 84,359,944	

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 $230.5 million, up $68.3 million from 2021-22. The General fund increase is due primarily to increased federal and state grants. Refer to the table below for individual funds.

	Fund Balances				
Fund	July 1, 2022*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
General Fund	$ 77,163,729	$ 255,762,863	$ 200,060,678	$ (1,855,948)	$ 131,009,966
Student Activity Funds	40,631	-	-	(40,631)	-
Charter School Fund	5,548,649	8,683,567	5,963,883	-	8,268,333
Cafeteria Fund	4,764,858	11,710,079	9,235,277	-	7,239,660
Deferred Maintenance Fund	121,002	2,502,110	106,528	-	2,516,584
Special Reserve Fund (Postemployment Benefits)	2,345,186	(5,774)	-	2,500,000	4,839,412
Capital Facilities Fund	2,984,260	875,467	42,650	-	3,817,077
County School Facilities Fund	13,114	14,904	-	(28,018)	-
Special Reserve Fund (Capital Outlay)	61,226,718	3,729,276	420,226	28,018	64,563,786
Capital Outlay Fund for Blended Component Units	2,068,440	468,110	515,527	-	2,021,023
Bond Interest and Redemption Fund	5,866,176	5,727,208	5,403,600	-	6,189,784
	$ 162,142,763	$ 289,467,810	$ 221,748,369	$ 603,421	$ 230,465,625

** As restated*

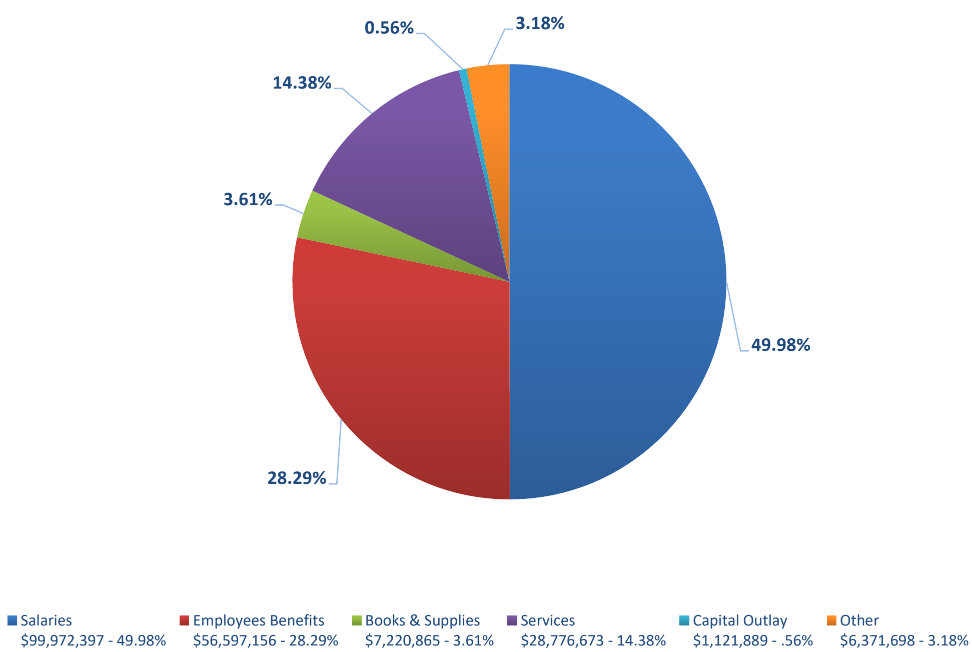
The above funds are accounting devices the District uses to keep track of specific sources of funding and spending. The most significant budgeted fund is the General Fund.

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)

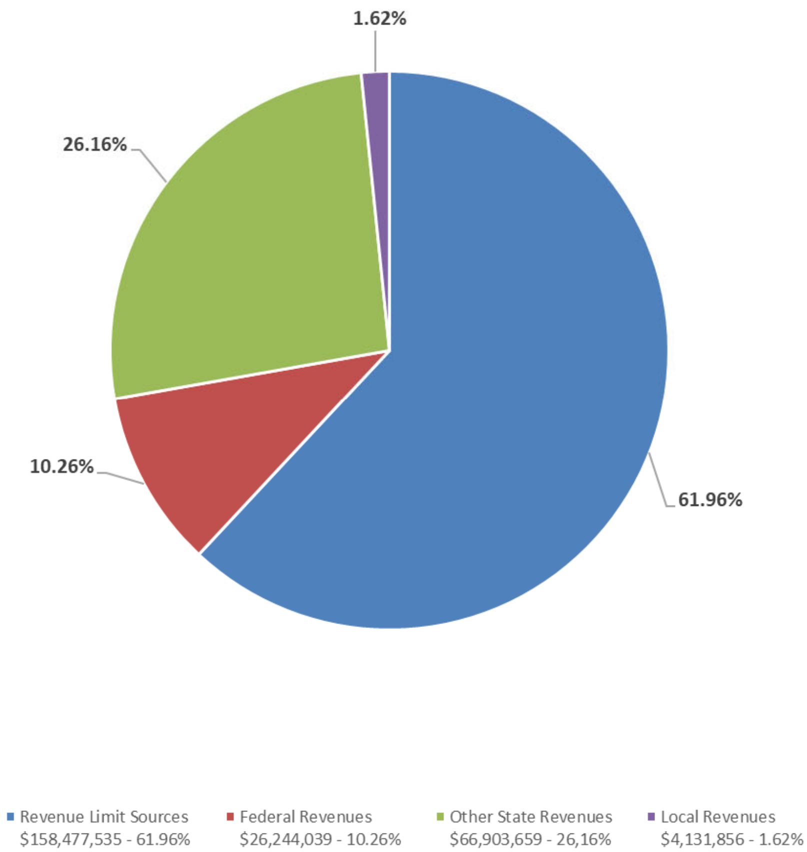
General Fund

The General Fund, including the Special Reserve for Postemployment Benefits Fund, ending balance in 2022-23 increased $56.3 million from 2021-22. Operating expenses can be classified into six categories. The chart below shows the General Fund expenditures for 2022-23.



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 2022-23 General Fund Revenues:



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

VESD's investment in net capital assets amounts to $152.5 million. The table below shows the individualized amounts, net of depreciation.

	Governmental Activities		Variance Increase
	2023	2022*	(Decrease)
Land	$ 16,393,649	$ 16,393,649	$ -
Improvement of sites	4,174,371	4,534,953	(360,582)
Buildings	119,644,311	123,711,667	(4,067,356)
Equipment	8,368,212	10,031,792	(1,663,580)
Construction in progress	239,926	37,710	202,216
Leased assets	610,788	680,168	(69,380)
Subscription assets	3,029,911	3,331,955	(302,044)
Total	$ 152,461,168	$ 158,721,894	$ (6,260,726)

* *As restated*

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 $255.0 million in long term debt. The chart below describes the various debt vehicles and a comparison with last year.

	Governmental Activities		Variance Increase
	2023	2022*	(Decrease)
General obligation bonds	$ 71,105,002	$ 73,001,745	$ (1,896,743)
Compensated absences	863,789	758,789	105,000
Other postemployment benefits	58,334,976	61,857,907	(3,522,931)
Net pension liability	121,266,544	75,396,667	45,869,877
Leases	611,341	680,168	(68,827)
Subscription based IT arrangements	2,867,717	3,292,588	(424,871)
Total	$ 255,049,369	$ 214,987,864	$ 40,061,505

* *As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by $2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored $1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education

Funds Modest 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 2022-23, the guarantee is down $3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by $953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits

In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of $7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of $1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts

In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is $4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes $300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as $250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap

The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses $1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas ($1.6 billion for schools and $290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

FACTORS BEARING ON DISTRICT'S FUTURE (continued)

Funds School Facilities Grants
The 2022-23 budget package provided $1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional $2.1 billion in 2023-24 and $875 million in 2024-25. The budget provides about $2 billion to the SFP in 2023-24, which is $100 million less than the previously intended augmentation, and continues to assume an additional $875 million will be provided in 2024-25. The budget also delays the intended $550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Victor Elementary School District budget for the 2023-24 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, 2023

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 237,929,101
Accounts receivable	22,402,828
Inventories	447,214
Prepaid expenses	128,651
Capital assets:	
Non-depreciable assets	16,633,575
Depreciable assets	238,256,480
Less accumulated depreciation	(106,069,586)
Leases assets	827,078
Less accumulated amortization	(216,290)
Subscription assets	3,813,454
Less accumulated amortization	(783,543)
Total assets	413,368,962
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	54,559,094
Deferred outflows related to OPEB	10,524,714
Deferred amounts on refunding	475,742
Total deferred outflows of resources	65,559,550
LIABILITIES	
Accounts payable	26,437,974
Accrued interest payable	396,167
Unearned revenue	4,004,195
Noncurrent liabilities:	
Due or payable within one year	6,046,589
Due in more than one year:	
Other than OPEB and pensions	69,401,260
Total OPEB liability	58,334,976
Net pension liability	121,266,544
Total liabilities	285,887,705
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	27,154,688
Deferred inflows related to OPEB	11,690,985
Total deferred inflows of resources	38,845,673
NET POSITION	
Net investment in capital assets	103,835,283
Restricted for:	
Capital projects	68,380,863
Debt service	6,189,784
Education and nutrition programs	79,775,496
Unrestricted	(103,986,292)
Total net position	$ 154,195,134

VICTOR ELEMENTARY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Instructional Services:					
Instruction	$ 118,909,109	$ 399	$ 62,914,369	$ 14,905	$ (55,979,436)
Instruction-Related Services:					
Supervision of instruction	4,761,192	-	3,924,735	-	(836,457)
Instructional library, media and technology	2,032,308	-	109,969	-	(1,922,339)
School site administration	14,109,064	-	1,155,741	-	(12,953,323)
Pupil Support Services:					
Home-to-school transportation	6,420,884	-	-	-	(6,420,884)
Food services	9,650,613	4,415	12,346,477	-	2,700,279
All other pupil services	10,396,369	11,128	2,927,126	-	(7,458,115)
General Administration Services:					
Data processing services	1,526,195	-	44,754	-	(1,481,441)
Other general administration	8,257,665	2,481	2,171,873	-	(6,083,311)
Plant services	24,679,156	47,314	5,580,295	-	(19,051,547)
Community services	887,604	-	16,551	-	(871,053)
Interest on long-term debt	4,682,590	-	-	-	(4,682,590)
Other outgo	344,961	774,273	1,317,172	-	1,746,484
Total Governmental Activities	$ 206,657,710	$ 840,010	$ 92,509,062	$ 14,905	(113,293,733)

General Revenues:	
Property taxes	22,122,912
Federal and state aid not restricted to specific purpose	158,177,874
Interest and investment earnings	1,074,503
Interagency revenues	55,018
Miscellaneous	1,698,616
Total general revenues	183,128,923
Change in net position	69,835,190
Net position - July 1, 2022	83,290,425
Adjustments for restatement (Note 13)	1,069,519
Net position - July 1, 2022, as restated	84,359,944
Net position - June 30, 2023	$ 154,195,134

VICTOR ELEMENTARY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 148,635,081	$ 64,123,924	$ 25,170,096	$ 237,929,101
Accounts receivable	19,247,276	483,364	2,672,188	22,402,828
Due from other funds	820,312	197	4,180,985	5,001,494
Inventories	158,846	-	288,368	447,214
Prepaid expenditures	107,256	-	21,395	128,651
Total Assets	$ 168,968,771	$ 64,607,485	$ 32,333,032	$ 265,909,288
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 25,134,302	$ 43,699	$ 1,259,973	$ 26,437,974
Due to other funds	4,180,985	-	820,509	5,001,494
Unearned revenue	3,804,106	-	200,089	4,004,195
Total Liabilities	33,119,393	43,699	2,280,571	35,443,663
Fund Balances				
Nonspendable	316,102	-	319,763	635,865
Restricted	70,706,571	64,563,786	21,096,809	156,367,166
Committed	22,100,000	-	2,516,584	24,616,584
Assigned	13,358,804	-	6,119,305	19,478,109
Unassigned	29,367,901	-	-	29,367,901
Total Fund Balances	135,849,378	64,563,786	30,052,461	230,465,625
Total Liabilities and Fund Balances	$ 168,968,771	$ 64,607,485	$ 32,333,032	$ 265,909,288

VICTOR ELEMENTARY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds		$ 230,465,625
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, leased assets, subscription assets, and accumulated depreciation and amortization.		
Capital assets relating to governmental activities, at historical cost	254,890,055	
Accumulated depreciation	(106,069,586)	
Leased assets	827,078	
Subscription assets	3,813,454	
Accumulated amortization	(999,833)	
Net:		152,461,168
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:		(396,167)
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:		475,742
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	71,105,002	
Compensated absences	863,789	
Equipment leases	611,341	
Subscription based IT arrangements	2,867,717	
Other postemployment benefits	58,334,976	
Net pension liability	121,266,544	
Total		(255,049,369)
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	10,524,714	
Deferred inflows of resources relating to OPEB	(11,690,985)	(1,166,271)
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	54,559,094	
Deferred inflows of resources relating to pensions	(27,154,688)	27,404,406
Total net position - governmental activities		$ 154,195,134

VICTOR ELEMENTARY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 158,477,535	$ -	$ 7,705,441	$ 166,182,976
Federal sources	26,244,039	-	10,888,941	37,132,980
Other state sources	66,903,659	-	4,157,167	71,060,826
Other local sources	4,131,856	3,729,276	7,229,896	15,091,028
Total Revenues	255,757,089	3,729,276	29,981,445	289,467,810
EXPENDITURES				
Current:				
Instructional Services:				
Instruction	121,809,305	-	4,149,735	125,959,040
Instruction-Related Services:				
Supervision of instruction	5,418,736	-	1,097	5,419,833
Instructional library, media and technology	1,908,768	-	45,219	1,953,987
School site administration	14,136,924	-	914,223	15,051,147
Pupil Support Services:				
Home-to-school transportation	5,177,811	-	-	5,177,811
Food services	740,619	-	8,791,212	9,531,831
All other pupil services	11,043,053	-	267,161	11,310,214
Community services	880,243	-	-	880,243
General Administration Services:				
Data processing services	1,430,285	-	-	1,430,285
Other general administration	8,227,662	-	-	8,227,662
Plant services	21,887,451	-	932,858	22,820,309
Transfers of indirect costs	(228,719)	-	228,719	-
Capital outlay	509,889	420,226	558,177	1,488,292
Intergovernmental transfers	5,996,996	-	-	5,996,996
Debt service:				
Principal	1,097,119	-	2,022,104	3,119,223
Interest	24,536	-	3,356,960	3,381,496
Total Expenditures	200,060,678	420,226	21,267,465	221,748,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,696,411	3,309,050	8,713,980	67,719,441
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	40,631	28,018	-	68,649
Interfund transfers out	-	-	(68,649)	(68,649)
Proceeds from leases	146,910	-	-	146,910
Proceeds from subscription based IT arrangements	456,511	-	-	456,511
Total Other Financing Sources and Uses	644,052	28,018	(68,649)	603,421
Net Change in Fund Balances	56,340,463	3,337,068	8,645,331	68,322,862
Fund Balances, July 1, 2022, as originally stated	79,508,915	61,226,718	20,377,578	161,113,211
Adjustments for restatement (Note 13)	-	-	1,029,552	1,029,552
Fund Balances, July 1, 2022, as restated	79,508,915	61,226,718	21,407,130	162,142,763
Fund Balances, June 30, 2023	$ 135,849,378	$ 64,563,786	$ 30,052,461	$ 230,465,625

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, 2023

Total net change in fund balances - governmental funds		$ 68,322,862
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 or amortization expense. The difference between capital outlay expenditures and depreciation and amortization expense for the period is:		
Expenditures for capital outlay	2,353,438	
Depreciation expense	(7,614,331)	
Amortization expense	(999,833)	
Net expense adjustment:		(6,260,726)
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:		3,119,223
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as an increase to liabilities. Amounts recognized in governmental funds as proceeds from debt, including premiums were:		(603,421)
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:		(326,715)
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:		(1,794,373)
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:		(105,000)
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:		9,958
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:		7,322,784
Change in net position of governmental activities		$ 69,835,190

VICTOR ELEMENTARY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	CFD Debt Service Fund
ASSETS	
Deposits and investments	$ 2,701,930
Accounts receivable	10,461
Total Assets	2,712,391
NET POSITION	
Restricted for CFD debt service	$ 2,712,391

VICTOR ELEMENTARY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2023

	CFD Debt Service Fund	CFD Fiduciary Fund
ADDITIONS		
Local property taxes	$ 2,429,129	$ -
Interest	75,202	-
All other transfers in	3,950,263	
Total Additions	6,454,594	-
DEDUCTIONS		
Debt service - interest	1,134,935	-
Debt service - principal	4,517,100	-
All other transfers out	632,840	-
Total Deductions	6,284,875	-
Change in fiduciary net position	169,719	-
Net position - July 1, 2022, as originally stated	2,542,672	1,029,552
Adjustments for Restatements (Note 13)	-	(1,029,552)
Net position - June 30, 2023, as restated	$ 2,712,391	$ -

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.

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.

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.

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: (continued)

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not. This fund will no longer be used and Student Activities will be accounted for 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).

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.

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. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. 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.

11. 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. 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.

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.

F. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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, 2023 are classified in the accompanying financial statements as follows:

Governmental funds/activities	$ 237,929,101
Fiduciary funds	2,701,930
Total deposits and investments	$ 240,631,031

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

Cash in revolving fund	$ 60,000
Investments	240,571,031
Total deposits and investments	$ 240,631,031

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing San Bernardino County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the San Bernardino County Treasurer for the entire portfolio (in relation to the amortized cost of that polio). The balance available for withdrawal is based on the accounting records maintained by the San Bernardino County Treasurer, which is recorded on the amortized basis.

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, 2023, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2023 consist of the following:

	Reported Amount	Less Than One Year	Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	$ 237,159,541	$ 237,159,541	$ -	Uncategorized	N/A
Investco Short-Term Treasury Portfolio	3,411,490	3,411,490	-	Level 1	AA-
Total Investments	$ 240,571,031	$ 240,571,031	$ -		

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, 2023, 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, 2023, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

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, 2023, consisted of the following:

	Governmental Funds			
	General Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Totals
Federal Government:				
Categorical aid programs	$ 11,680,849	$ -	$ 1,612,868	$ 13,293,717
State Government:				
Lottery	775,292	-	31,245	806,537
Categorical aid programs	4,553,129	-	509,779	5,062,908
Local:				
Interest	1,028,559	483,364	116,908	1,628,831
Special education	966,379	-	-	966,379
Other local resources	243,068	-	401,388	644,456
Total	$ 19,247,276	$ 483,364	$ 2,672,188	$ 22,402,828

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consisted of the following:

	Due From Other Funds			
	General Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 4,180,985	$ 4,180,985
Non-Major Governmental Funds	820,312	197	-	820,509
Totals	$ 820,312	$ 197	$ 4,180,985	$ 5,001,494

General Fund due to Charter Schools Special Revenue Fund for federal revenue transfer	$ 1,680,985
General Fund due to Deferred Maintenance Fund for future deferred maintenance projects	2,500,000
Charter Schools Special Revenue Fund due to General Fund for maintenance and grounds transfer, H&W, and administrative fees	392,620
Cafeteria Special Revenue Fund due to General Fund to cover indirect costs and H&W	427,692
County School Facilities Fund due to Special Reserve Fund for Capital Outlay to move interest earned on projects	197
Totals	$ 5,001,494

NOTE 4 – INTERFUND TRANSACTIONS

B. Transfers to/from

Transfers to/from other funds for the year ended June 30, 2023, consisted of the following:

Student Activity Special Revenue Fund transfer to General Fund for student council	$ 40,631
County School Facilities Fund transfer to Special Reserve Fund for Capital Outlay for interest on projects	28,018
Totals	$ 68,649

NOTE 5 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 50,000	$ -	$ 10,000	$ 60,000
Stores inventories	158,846	-	288,368	447,214
Prepaid expenditures	107,256	-	21,395	128,651
Total Nonspendable	316,102	-	319,763	635,865
Restricted:				
Categorical programs	70,706,571	-	2,127,633	72,834,204
Nutritional services	-	-	6,941,292	6,941,292
Capital projects	-	64,563,786	5,838,100	70,401,886
Debt service	-	-	6,189,784	6,189,784
Total Restricted	70,706,571	64,563,786	21,096,809	156,367,166
Committed:				
Electric bus purchases	3,500,000	-	-	3,500,000
Future ADA loss	3,300,000	-	-	3,300,000
Future textbook adoption	10,000,000	-	-	10,000,000
Future TK expansion	5,300,000	-	-	5,300,000
Deferred maintenance program	-	-	2,516,584	2,516,584
Total Committed	22,100,000	-	2,516,584	24,616,584
Assigned:				
PTO/booster clubs	50,873	-	-	50,873
Department equipment carryover	496,640	-	-	496,640
Learning for all	1,082,857	-	-	1,082,857
Family resource center	42,012	-	-	42,012
School site carryover	524,983	-	-	524,983
Lottery revenue	6,322,027	-	-	6,322,027
Mountain View Montessori	-	-	3,494,916	3,494,916
Sixth Street Preparatory	-	-	2,624,389	2,624,389
Postemployment benefits	4,839,412	-	-	4,839,412
Total Assigned	13,358,804	-	6,119,305	19,478,109
Unassigned:				
Reserve for economic uncertainties	10,097,863	-	-	10,097,863
Remaining unassigned balances	19,270,038	-	-	19,270,038
Total Unassigned	29,367,901	-	-	29,367,901
Total	$ 135,849,378	$ 64,563,786	$ 30,052,461	$ 230,465,625

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022*	Additions	Decreases	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	$ 16,393,649	$ -	$ -	$ 16,393,649
Construction in progress	37,710	202,216	-	239,926
Total capital assets not being depreciated	16,431,359	202,216	-	16,633,575
Capital assets being depreciated:				
Improvement of sites	11,945,414	95,482	-	12,040,896
Buildings	197,313,854	622,851	-	197,936,705
Equipment	27,474,399	804,480	-	28,278,879
Total capital assets being depreciated	236,733,667	1,522,813	-	238,256,480
Accumulated depreciation for:				
Improvement of sites	(7,410,461)	(456,064)	-	(7,866,525)
Buildings	(73,602,187)	(4,690,207)	-	(78,292,394)
Equipment	(17,442,607)	(2,468,060)	-	(19,910,667)
Total accumulated depreciation	(98,455,255)	(7,614,331)	-	(106,069,586)
Leased assets:				
Equipment leases	680,168	146,910	-	827,078
Accumulated amortization for:				
Equipment leases	-	(216,290)	-	(216,290)
Total leased assets, net	680,168	(69,380)	-	610,788
Subscription assets:				
IT subscriptions	3,331,955	481,499		3,813,454
Accumulated amortization for:				
IT subscriptions	-	(783,543)		(783,543)
Total subsciption assets, net	3,331,955	(302,044)	-	3,029,911
Governmental activity capital assets, net	$ 158,721,894	$ (6,260,726)	$ -	$ 152,461,168

** As restated*

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

Instruction	$ 6,022,771
Instructional Library, Media, and Technology	36,768
School Site Administration	115,229
Home to School Transportation	1,241,813
Food Services	313,081
All Other Pupil Services	1,347
All Other General Administration	188,323
Centralized Data Processing	78,990
Plant Services	615,843
Total	$ 8,614,165

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

Changes in long-term debt for the year ended June 30, 2023, were as follows:

	Balance, July 1, 2022*	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 47,737,049	$ -	$ 2,022,104	$ 45,714,945	$ 1,712,174
Accreted Interest	23,134,695	2,739,611	2,412,896	23,461,410	3,037,827
Unamortized Premium	2,130,001	-	201,354	1,928,647	201,354
Total G.O. Bonds	73,001,745	2,739,611	4,636,354	71,105,002	4,951,355
Compensated Absences	758,789	105,000	-	863,789	-
Equipment Leases	680,168	146,910	215,737	611,341	230,000
Subscription-based IT Arrangements	3,292,588	456,511	881,382	2,867,717	865,234
Subtotals	$ 77,733,290	$ 3,448,032	$ 5,733,473	$ 75,447,849	$ 6,046,589

** As restated*

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. Subscription and equipment lease payments are made by the General Fund.

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, 2023, 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, 2023, deferred amounts on refunding were $475,742.

A summary of outstanding bonds is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
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	6,672,147	-	1,143,503	5,528,644
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	1,515,217	-	256,754	1,258,463
Series B	6/3/2015	8/1/2042	3.0%	16,496,790	15,556,791	-	216,847	15,339,944
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	870,000	-	350,000	520,000
2016 Refunding	5/12/2016	8/1/2034	3.0%-4.0%	14,170,000	12,795,000	-	55,000	12,740,000
				Totals	$ 47,737,049	$ -	$ 2,022,104	$ 45,714,945
			Accreted Interest Component:					
				2001A	$ 5,158,899	$ 468,154	$ -	$ 5,627,053
				2001B	8,896,043	745,688	1,536,497	8,105,234
				2001C	501,156	65,906	-	567,062
				2008A	4,532,401	667,738	828,246	4,371,893
				2008B	3,740,396	668,492	48,153	4,360,735
				2008C	305,800	123,633	-	429,433
				Totals	$ 23,134,695	$ 2,739,611	$ 2,412,896	$ 23,461,410

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
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
2027-28	1,674,260	4,730,490	6,404,750
2028-33	12,114,871	13,620,378	25,735,249
2033-38	9,292,012	10,088,288	19,380,300
2038-43	10,887,034	12,643,341	23,530,375
2043-45	5,276,506	821,594	6,098,100
	$ 45,714,945	$ 60,089,654	$ 105,804,599

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

B. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. Key assumptions and policies can be found in Note 1.E.8. The related asset disclosures are presented in Note 6.

Fiscal Year	Principal	Interest	Total
2023-24	$ 865,234	$ 67,573	$ 932,807
2024-25	618,159	48,918	667,077
2025-26	616,716	33,865	650,581
2026-27	576,882	18,811	595,693
2027-28	190,726	4,752	195,478
	$ 2,867,717	$ 173,919	$ 3,041,636

C. Equipment Leases

The District is involved in several leases for equipment. The initial terms for these leases are 60 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease terms. The District used either the stated interest rate or the State's incremental borrowing rate at inception to discount the lease payments to the net present value. Other key assumptions and policies can be found in Note 1.E.7. The related asset disclosures are presented in Note 6.

Fiscal Year	Principal	Interest	Total
2023-24	$ 230,000	$ 1,059	$ 231,059
2024-25	196,114	612	196,726
2025-26	128,068	265	128,333
2026-27	42,048	81	42,129
2027-28	15,111	13	15,124
	$ 611,341	$ 2,030	$ 613,371

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

D. 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 $28,625,100 as of June 30, 2023, 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, 2023, 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	$ 57,800,156	$ 10,524,714	$ 11,690,985	$ 5,391,266
MPP Program	534,820	-	-	(84,354)
Totals	$ 58,334,976	$ 10,524,714	$ 11,690,985	$ 5,306,912

The details of each plan are as follows:

District Plan

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	90
Active employees	1,049
Total	1,139

Total OPEB Liability
The District's total OPEB liability of $57,800,156 for the Plan was measured as of June 30, 2023 and was determined by an actuarial valuation as June 30, 2023.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2023 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, 2023
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, 2023 and rounded the rate resulting in a rate of 3.65%.

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 June 30, 2022	$ 61,238,733
Changes for the year:	
Service cost	3,152,923
Interest	2,161,486
Experience (Gains)/Losses	(5,514,996)
Changes of assumptions	274,549
Benefit payments	(3,512,539)
Net changes	(3,438,577)
Balance at June 30, 2023	$ 57,800,156

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	$ 62,077,409
Current discount rate	$ 57,800,156
1% increase	$ 53,813,627

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	$ 51,724,276
Current trend rate	$ 57,800,156
1% increase	$ 64,973,528

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the District recognized OPEB expense of $5,391,266. In addition, at June 30, 2023, 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	$ 7,922,506	$ 5,897,312
Changes of assumptions	2,602,208	5,793,673
Totals	$ 10,524,714	$ 11,690,985

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
2024	$ 975,310	$ 898,453
2025	975,310	898,453
2026	975,310	898,453
2027	975,310	898,453
2028	975,310	898,453
Thereafter	5,648,164	7,198,720
Totals	$ 10,524,714	$ 11,690,985

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, 2021 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, 2022, 4,770 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 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

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

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability
At June 30, 2023, the District reported a liability of $534,820 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, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. 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, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.162356%	0.155234%	0.007122%

For the year ended June 30, 2023, the District reported OPEB expense of $(84,354).

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:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
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 209 or an average of 0.14% of the potentially eligible population of 145,282.

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, 2022, 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, 2022, 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, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net OPEB liability, 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	$ 713,813
Current discount rate	534,820
1% increase	493,054

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	$ 490,718
Current trend rate	534,820
1% increase	584,813

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, 2023, 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	$ 75,170,108	$ 29,231,961	$ 15,622,250	$ 3,274,186
CalPERS	46,096,436	25,327,133	11,532,438	6,491,520
Totals	$ 121,266,544	$ 54,559,094	$ 27,154,688	$ 9,765,706

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, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: 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 a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. 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 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, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
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, 2023, are presented above, and the District's total contributions were $13,647,581.

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

District's proportionate share of net pension liability	$	75,170,108
State's proportionate share of the net pension liability associated with the District		37,644,896
Total	$	112,815,004

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, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.108180%	0.103272%	0.004908%

For the year ended June 30, 2023, the District recognized pension expense of $3,274,186. In addition, the District recognized pension expense and revenue of $(2,815,564) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 13,647,581	$ -
Net change in proportionate share of net pension liability	11,794,827	6,310,096
Difference between projected and actual earnings on pension plan investments	-	3,675,964
Changes of assumptions	3,727,890	-
Differences between expected and actual experience	61,663	5,636,190
Totals	$ 29,231,961	$ 15,622,250

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
2024	$ 5,670,260	$ 4,930,485
2025	2,472,845	5,218,244
2026	2,472,623	6,667,859
2027	2,325,094	(4,357,869)
2028	1,514,379	1,843,021
Thereafter	1,129,179	1,320,510
Totals	$ 15,584,380	$ 15,622,250

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, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll 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	Net Pension Liability
1% decrease (6.10%)	$ 127,666,723
Current discount rate (7.10%)	75,170,108
1% increase (8.10%)	31,582,133

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, 22955, 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 $6,039,024.

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, 2021 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, 2023, 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%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

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, 2023 are presented above, and the total District contributions were $6,257,057.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $46,096,436. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.133966%	0.139663%	(0.005697%)

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, 2023, the District recognized pension expense of $6,491,520. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 6,257,057	$ -
Net change in proportionate share of net pension liability	1,286,376	1,662,816
Difference between projected and actual earnings on pension plan investments	14,165,419	8,722,684
Changes of assumptions	3,409,952	-
Differences between expected and actual experience	208,329	1,146,938
Totals	$ 25,327,133	$ 11,532,438

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 3.9 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
2024	$ 5,616,555	$ 3,795,865
2025	5,335,165	3,720,900
2026	4,799,568	3,653,091
2027	3,318,788	362,582
2028	-	-
Thereafter	-	-
Totals	$ 19,070,076	$ 11,532,438

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, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

The 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
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

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 6.9%. 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 (5.9%)	$ 66,588,637
Current discount rate (6.9%)	46,096,436
1% increase (7.9%)	29,160,386

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, 2023, the District reported payables of $1,545,623 and $64,521 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

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, 2023, 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 2022-23, 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 (HDIEET) to provide employee medical benefits for classified and management staff, and Self-Insured Schools of California (SISC) to provide employee medical benefits for certificated employees. The District also provides vision and life insurance benefits for all employees through HDIEET and dental insurance 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, 2023, the District had commitments with respect to unfinished capital projects of approximately $1.5 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.

NOTE 13 – ADJUSTMENTS FOR RESTATEMENTS

The beginning balance was restated as follows:

	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Changes in Fiduciary Net Position
GASB 96 implementation	$ 39,967	$ -
Restatement from proceeds for capital projects	1,029,552	1,029,552
	$ 1,069,519	$ 1,029,552

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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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 152,563,945	$ 182,379,666	$ 158,477,535	$ (23,902,131)
Federal Sources	31,756,937	33,271,470	26,244,039	(7,027,431)
Other State Sources	11,492,739	70,987,270	66,903,659	(4,083,611)
Other Local Sources	1,239,409	5,627,744	4,137,630	(1,490,114)
Total Revenues	197,053,030	292,266,150	255,762,863	(36,503,287)
Expenditures				
Current:				
Certificated Salaries	74,260,118	89,609,467	76,035,695	13,573,772
Classified Salaries	21,820,006	24,213,291	23,936,702	276,589
Employee Benefits	59,305,004	64,799,452	56,597,156	8,202,296
Books and Supplies	12,402,813	20,160,622	7,220,865	12,939,757
Services and Other Operating Expenditures	31,557,258	30,132,181	28,776,673	1,355,508
Capital Outlay	9,519,411	1,174,355	1,121,889	52,466
Other Outgo	3,996,812	5,995,879	6,371,698	(375,819)
Total Expenditures	212,861,422	236,085,247	200,060,678	36,024,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,808,392)	56,180,903	55,702,185	(478,718)
Other Financing Sources and Uses				
Interfund Transfers In	-	40,631	40,631	-
Contributions	-	2,552,875	-	(2,552,875)
Interfund Transfers Out	-	(2,500,000)	(2,500,000)	-
Proceeds from long-term debt	-	-	603,421	603,421
Total Other Financing Sources and Uses	-	93,506	(1,855,948)	(1,949,454)
Net change in fund balance	(15,808,392)	56,274,409	53,846,237	(2,428,172)
Fund Balances, July 1, 2022	77,163,729	77,163,729	77,163,729	-
Fund Balances, June 30, 2023	$ 61,355,337	$ 133,438,138	131,009,966	$ (2,428,172)

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:	
Special Reserve Fund for Postemployment Benefits	4,839,412
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 135,849,378

VICTOR ELEMENTARY SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1082%	0.1033%	0.1117%	0.1039%	0.0983%
District's proportionate share of the net pension liability	$ 75,170,108	$ 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	37,644,896	23,647,069	55,783,746	51,173,568	51,730,658
Totals	$ 112,815,004	$ 70,644,072	$ 163,996,613	$ 144,972,478	$ 142,082,505
District's covered-employee payroll	$ 63,881,241	$ 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	117.67%	85.25%	183.98%	172.15%	167.91%
Plan fiduciary net position as a percentage of the total pension liability	81%	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 for which 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, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1340%	0.1397%	0.1337%	0.1336%	0.1351%
District's proportionate share of the net pension liability	$ 46,096,436	$ 28,399,664	$ 41,032,106	$ 38,926,038	$ 36,025,444
District's covered-employee payroll	$ 20,666,430	$ 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	223.05%	134.56%	211.75%	209.73%	199.47%
Plan fiduciary net position as a percentage of the total pension liability	70%	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 for which those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 13,647,581	$ 10,808,706	$ 9,427,415	$ 10,058,031	$ 8,870,217
Contributions in relation to the contractually required contribution	13,647,581	10,808,706	9,427,415	10,058,031	8,870,217
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	71,453,305	63,881,241	$ 58,374,088	$ 58,818,895	$ 54,485,361
Contributions as a percentage of covered-employee payroll	19.10%	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 for which those years for which information is available.*

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 6,257,057	$ 4,734,679	$ 4,162,216	$ 3,821,516	$ 3,352,274
Contributions in relation to the contractually required contribution	6,257,057	4,734,679	4,162,216	3,821,516	3,352,274
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 24,663,212	$ 20,666,430	$ 20,107,324	$ 19,377,902	$ 18,559,816
Contributions as a percentage of covered-employee payroll	25.370%	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 for which 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, 2023

Last 10 Fiscal Years*

Employer's Fiscal Year	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Total OPEB liability						
Service cost	$ 3,152,923	$ 3,859,422	$ 3,673,257	$ 3,968,990	$ 3,675,536	$ 3,577,164
Interest	2,161,486	1,435,226	1,191,285	1,740,890	1,595,166	1,615,188
Differences between expected and actual experience	(5,514,996)	-	10,083,190	(1,004,332)	-	-
Changes of assumptions or other inputs	274,549	(6,759,287)	180,919	2,134,108	1,046,952	-
Benefit payments	(3,512,539)	(3,625,118)	(2,225,723)	(2,338,654)	(2,263,013)	(2,175,974)
Net change in total OPEB liability	(3,438,577)	(5,089,757)	12,902,928	4,501,002	4,054,641	3,016,378
Total OPEB liability - beginning	61,238,733	66,328,490	53,425,562	48,924,560	44,869,919	41,853,541
Total OPEB liability - ending	$ 57,800,156	$ 61,238,733	$ 66,328,490	$ 53,425,562	$ 48,924,560	$ 44,869,919
Covered payroll	$ 80,874,502	$ 78,709,977	$ 76,603,384	$ 74,553,172	$ 72,557,832	$ 70,615,895
Total OPEB liability as a percentage of covered payroll	71.47%	77.80%	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, 2023

Last 10 Fiscal Years*

Employer's Fiscal Year **Measurement Period**	**2022-23** **2021-22**	**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	0.1624%	0.1552%	0.1692%	0.1605%	0.1546%	0.1544%
District's proportionate share of net OPEB liability	$ 534,820	$ 619,174	$ 717,160	$ 597,760	$ 591,737	$ 649,521
Covered-employee payroll	N/A	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	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(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 3.54 percent to 3.65 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 2.16 percent to 3.54 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 were no changes to District boundaries during the year.

BOARD OF TRUSTEES

Member	Office	Term Expires
Clayton Moore	President	November, 2026
Sue Brannon	Vice President	November, 2024
Dr. Gabriel Luis Stine	Clerk	November, 2024
Allen Williams	Trustee	November, 2026
Dr. Gary Elder	Trustee	November, 2026

DISTRICT ADMINISTRATORS

Lori Clark,
Superintendent

Fortune Barles,
Assistant Superintendent, Educational Services

Collin Rowe,
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, 2023

	Charter School Fund	Cafeteria Fund	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	$ 7,705,521	$ 5,709,416	$ 122,156	$ 3,409,318	$ -	$ 2,033,901	$ 6,189,784	$ 25,170,096
Accounts receivable	225,625	2,019,264	956	416,230	197	9,916	-	2,672,188
Due from other funds	1,680,985	-	2,500,000	-	-	-	-	4,180,985
Stores inventories	-	288,368	-	-	-	-	-	288,368
Prepaid expenditures	21,395	-						21,395
Total Assets	$ 9,633,526	$ 8,017,048	$ 2,623,112	$ 3,825,548	$ 197	$ 2,043,817	$ 6,189,784	$ 32,333,032
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 772,484	$ 349,696	$ 106,528	$ 8,471	$ -	$ 22,794	$ -	$ 1,259,973
Due to other funds	392,620	427,692	-	-	197	-	-	820,509
Unearned revenue	200,089	-						200,089
Total Liabilities	1,365,193	777,388	106,528	8,471	197	22,794	-	2,280,571
Fund Balances								
Nonspendable	21,395	298,368						319,763
Restricted	2,127,633	6,941,292	-	3,817,077	-	2,021,023	6,189,784	21,096,809
Committed	-	-	2,516,584	-	-	-	-	2,516,584
Assigned	6,119,305	-						6,119,305
Total Fund Balances	8,268,333	7,239,660	2,516,584	3,817,077	-	2,021,023	6,189,784	30,052,461
Total Liabilities and Fund Balances	$ 9,633,526	$ 8,017,048	$ 2,623,112	$ 3,825,548	$ 197	$ 2,043,817	$ 6,189,784	$ 32,333,032

**The student activity fund was transferred to the General Fund.*

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, 2023

	Student Activity Fund	Charter School Fund	Cafeteria Fund	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
REVENUES									
LCFF sources	$ -	$ 5,205,441	$ -	$ 2,500,000	$ -	$ -	$ -	$ -	$ 7,705,441
Federal sources	-	1,342,128	9,546,813	-	-	-	-	-	10,888,941
Other state sources	-	2,005,194	2,114,328	-	-	-	-	37,645	4,157,167
Other local sources	-	130,804.00	48,938	2,110	875,467	14,904	468,110	5,689,563	7,229,896
Total Revenues	-	8,683,567	11,710,079	2,502,110	875,467	14,904	468,110	5,727,208	29,981,445
EXPENDITURES									
Current:									
Instruction	-	5,110,274	-	-	-	-	-	-	5,110,274
Food services	-	450	8,790,762	-	-	-	-	-	8,791,212
All other pupil services	-	267,161	-	-	-	-	-	-	267,161
Transfers of indirect costs	-	-	228,719	-	-	-	-	-	228,719
Plant services	-	585,998	215,796	106,528	-	-	-	24,536	932,858
Capital outlay	-	-	-	-	42,650	-	515,527	-	558,177
Principal	-	-	-	-	-	-	-	2,022,104	2,022,104
Interest	-	-	-	-	-	-	-	3,356,960	3,356,960
Total Expenditures	-	5,963,883	9,235,277	106,528	42,650	-	515,527	5,403,600	21,267,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,719,684	2,474,802	2,395,582	832,817	14,904	(47,417)	323,608	8,713,980
OTHER FINANCING SOURCES (USES)									
Interfund transfers out	(40,631)	-	-	-	-	(28,018)	-	-	(68,649)
Total Other Financing Sources and Uses	(40,631)	-	-	-	-	(28,018)	-	-	(68,649)
Net Change in Fund Balances	(40,631)	2,719,684	2,474,802	2,395,582	832,817	(13,114)	(47,417)	323,608	8,645,331
Fund Balances, July 1, 2022	40,631	5,548,649	4,764,858	121,002	2,984,260	13,114	1,038,888	5,866,176	20,377,578
Adjustment for restatement	-	-	-	-	-	-	1,029,552	-	1,029,552
Fund Balances, July 1, 2022, as restated	40,631	5,548,649	4,764,858	121,002	2,984,260	13,114	2,068,440	5,866,176	21,407,130
Fund Balances, June 30, 2023	$ -	$ 8,268,333	$ 7,239,660	$ 2,516,584	$ 3,817,077	$ -	$ 2,021,023	$ 6,189,784	$ 30,052,461

VICTOR ELEMENTARY SCHOOL DISTRICT

	Reported to CDE Second Period Report	Reported to CDE Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	6,100.20	6,119.89
Grades 4-6	4,751.68	4,749.04
Total Regular ADA	10,851.88	10,868.93
Special Education - Nonpublic, Nonsectarian Schools		
TK/Grades K-3	0.96	1.42
Grades 4-6	3.79	4.67
Total Special Education - Nonpublic, Nonsectarian Schools ADA	4.75	6.09
Total District ADA	10,856.63	10,875.02

	As Audited Second Period Report	As Audited Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	6,098.48	6,118.17
Grades 4-6	4,751.68	4,749.04
Total Regular ADA	10,850.16	10,867.21
Special Education - Nonpublic, Nonsectarian Schools		
TK/Grades K-3	0.96	1.42
Grades 4-6	3.79	4.67
Total Special Education - Nonpublic, Nonsectarian Schools ADA	4.75	6.09
Total District ADA	10,854.91	10,873.30

MOUNTAIN VIEW MONTESSORI CHARTER SCHOOL

	Second Period Report	Annual Report
Regular & Extended Year ADA:		
TK/Grades K-3	136.07	136.58
Grades 4-6	78.60	78.25
Total ADA	214.67	214.83
Total Classroom Based ADA	214.67	214.83

SIXTH STREET PREP CHARTER SCHOOL

	Second Period Report		Annual Report	
	Classroom - Based	Total Regular ADA	Classroom - Based	Total Regular ADA
Regular & Extended Year ADA:				
TK/Grades K-3	129.52	132.91	129.51	132.53
Grades 4-6	85.15	86.81	84.28	85.76
Total ADA	214.67	219.72	213.79	218.29

VICTOR ELEMENTARY SCHOOL DISTRICT

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Transitional Kindergarten/ Kindergarten	36,000	40,290	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	58,530	178	Complied
Grade 1	50,400	58,710	178	Complied
Grade 2	50,400	58,710	178	Complied
Grade 3	50,400	58,710	178	Complied
Grade 4	54,000	58,710	178	Complied
Grade 5	54,000	58,710	178	Complied
Grade 6	54,000	58,710	178	Complied

SIXTH STREET PREP SCHOOL

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Transitional Kindergarten/ Kindergarten	36,000	52,440	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, 2023

General Fund	(Budget) 2024 [3]	2023 [2]	2022	2021
Revenues and other financing sources	$ 240,378,346	$ 256,406,915	$ 190,471,252	$ 192,718,193
Expenditures	255,031,428	200,060,678	173,189,392	157,922,358
Other uses and transfers out	-	2,500,000	5,000,000	8,000,000
Total outgo	255,031,428	202,560,678	178,189,392	165,922,358
Change in fund balance (deficit)	(14,653,082)	53,846,237	12,281,860	26,795,835
Ending fund balance	$ 116,356,884	$ 131,009,966	$ 77,163,729	$ 64,881,869
Available reserves [1]	$ 13,049,826	$ 29,367,901	$ 14,659,327	$ 25,602,836
Available reserves as a percentage of total outgo	5.1%	14.5%	8.2%	15.4%
Total long-term debt	$ 249,002,780	$ 255,049,369	$ 211,015,108	$ 291,635,553
Average daily attendance at P-2	11,124	10,857	10,598	N/A

The General Fund balance has increased by $66,128,097 over the past two years. The fiscal year 2023-24 adopted budget projects a decrease of $14,653,082. 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 2023-24 fiscal year. Long-term debt has decreased by $36,586,184 over the past two years.

Average daily attendance has increased by 259 since the prior year. ADA is projected to increase by 267 in 2023-24.

[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, 2023.

VICTOR ELEMENTARY SCHOOL DISTRICT
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2023

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

-

VICTOR ELEMENTARY SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2023

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, 2023

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 - Especially Needy	10.553	13526	$ 1,463,462	
National School Lunch Program	10.555	13523	6,649,131	
USDA Donated Foods	10.555	N/A	583,399	
Supply Chain Assistance (SCA) Funds	10.555	15655	298,699	
Total Child Nutrition Cluster				$ 8,994,691
Forest Reserve Funds	10.665	10044		2,458
Total U.S. Department of Agriculture				8,997,149
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	6,022,873	
School Improvement Funding for LEAs	84.010	15438	1,120,581	
Total Title I Grants				7,143,454
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		649,518
Title III, Limited English Proficiency	84.365	14346		220,803
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		606,005
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	5,461,335	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	9,951,381	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	153,078	
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	160,066	
Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	1,360	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	908,683	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	53,248	
Subtotal Education Stabilization Fund				16,689,151
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster (IDEA):				
Passed through Desert/Mountain SELPA:				
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	61,586	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,914,493	
Total Special Education (IDEA) Cluster				1,976,079
Total U.S. Department of Education				27,285,010
Total Expenditures of Federal Awards				$ 36,282,159

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		$ 37,132,980
Differences between Federal Revenues and Expenditures:		
School Breakfast Program - Especially Needy	10.553	(153,483)
National School Lunch Program	10.555	(697,338)
Total Schedule of Expenditures of Federal Awards		$ 36,282,159

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Other Independent Auditors' Reports

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2023.

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.

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

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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 12, 2023

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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

Opinion on 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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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 12, 2023

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, 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, 2023.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 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.

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

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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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

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
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom-Based	Yes
Charter School Facility Grant Program	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 Matter
The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2023-001.

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 an, 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 *2022-23 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 12, 2023

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
84.027, 84.173	Special Education Cluster
84.425C, D, U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,088,465
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 2022-23.

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 2022-23.

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

Finding 2023-001: Immunizations (40000)

Criteria: Title 17, California Code of Regulations section 6025 requires that that each kindergarten pupil have two doses of a varicella vaccine and two doses of a measles vaccine prior to admission or have a current medical exemption from varicella and measles immunization on file.

Condition: Two kindergarten students were found that did not receive their second doses within four calendar months.

Context: The kindergarten student exceptions were isolated to two students in a sample of 25 students tested at two school sites. This is not a repeat finding.

Cause: The District failed to monitor the immunization requirements at all schools.

Effect: The District claimed 1.72 ADA for these pupils, which must be disallowed. The dollar value of the disallowed ADA is $24,034 based on the derived value of ADA.

Recommendation: The District needs to assign appropriate staff familiar with the immunization requirements to ensure that every student in kindergarten meet all of the requirements prior to enrolling.

Views of Responsible Officials: The District has a strong process for reviewing immunization date requirements and notifying parents in multiple ways that the conditional admissions deadline is approaching. To strengthen this process, the district reviewed the Standard Operating Procedures initially written in February of 2020 and updated the sections on Managing Conditional Admission Students and Excluding Students. If immunization is past due, school staff is directed to offer the student independent study until requirements are met. If a student returns to school after the exclusion date, the secretary will mark the student absent, ask them to wait in the office, and contact parent/guardian to pick them up. This SOP will be reviewed in the monthly Secretary meeting to reiterate the statutes and procedures.

VICTOR ELEMENTARY SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2022-001: Comprehensive School Safety Plan	Each school in an LEA must review and update their School Safety Plans by March 1st as described in Education Code 32288. We reviewed the comprehensive school safety plans for six schools. None of the schools tested updated or reviewed their plans before March 1.	40000	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.	Implemented
Finding 2022-002: Local Control Accountability Plan	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. The District did not post the 2021-22 LCAP public hearing notice.	62000	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.	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, 2023, 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. This letter does not affect our report dated December 12, 2023 on the financial statements of Victor Elementary School District.

District Office

Observation**:** While testing disbursements, we noted four out of the fifty transactions tested were not pre-approved.

> ***Recommendation*****:** We recommend that all expenditures be pre-approved in accordance with District procedures. This is essential in ensuring that the expense is allowable and within budgetary restrictions.

Observation**:** While testing disbursements, we noted two reimbursements to employees for travel and conferences that were not pre-approved. There was no purchase order for these transactions and District policies state that a pre-approved request must be completed.

> ***Recommendation*****:** We recommend that the District train staff on the importance of obtaining prior approval for reimbursements. This is essential in ensuring that the expense is allowable and within budgetary restrictions.

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

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Observation**:** During our test of cash receipts, we noted that three of the ten transactions tested were not deposited timely.

> ***Recommendation*****:** We recommend that deposits be made on a weekly basis or more often as needed. Money should never be left over the weekend or holidays since this is typically when thefts occur.

Nigro + Nigro, PC.

Murrieta, California
December 12, 2023

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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 2022-2023.

Table 1
District Employees School Year 2006-2007 through School Year 2022-2023

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	0.00
2022-23	676	686	1,362	11.27

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 2022-2023 is listed in Table 2 below.

Table 2
Assessed Valuation of Taxable Property FY 2006-2007 Through FY 2022-23

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	3.92
2022-23	8,433,095,577	262,766	318,717,638	8,752,075,981	8.30

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 2007-2008 through Fiscal Year 2022-2023.

Table 3
Summary of *Ad Valorem* Tax Rates

	2008-09	2009-10	2010-11	2011-12	2012-13
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0167	0.0525	0.0574	0.0619	0.0768
Victor Elementary District	0.0344	0.0480	0.0900	0.0932	0.1026
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.0511	1.1005	1.1474	1.1551	1.1794
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

	2013-14	2014-15	2015-16	2016-17	2017-18
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0792	0.0770	0.0716	0.0986	0.0915
Victor Elementary District	0.1086	0.1022	0.1124	0.1162	0.1216
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.1878	1.1792	1.1840	1.2148	1.2131
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

	2018-19	2019-20	2020-21	2021-22	2022-23
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Victor Valley Union HSD	0.0958	0.0703	0.0445	0.0532	0.0574
Victor Elementary District	0.1204	0.0406	0.0611	0.0291	0.0537
San Bernardino County Service Area No. 64	0.0000	0.0000	0.0000	0.0000	0.0000
Total All Property	1.2162	1.1109	1.1056	1.0823	1.1111
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.