North Monterey County Unified School District

County of Monterey
Castroville, California

Audit Report

June 30, 2023

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

North Monterey County Unified School District
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June 30, 2023

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Independent Auditor's Report

To the Board of Education
North Monterey County Unified School District

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 the North Monterey County Unified School District (the District) as of and 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 generally accepted auditing standards 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 and other required supplementary information as identified in the table of contents, 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 (GASB) 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'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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, Section 19810* 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 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 accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California
February 15, 2024

NORTH MONTEREY COUNTY UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Unaudited)

The discussion and analysis of North Monterey County Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2021-22 to 2022-23 was $7.4 million (13.27%).
- The general fund expenditures increased by $4.5 million (5.43%) over the previous year amount.
- General Fund revenues and other sources exceeded expenses and other uses by $8.2 million.
- The General Fund ended the fiscal year with 9.19% reserves in unassigned fund balance and amounts committed by the board for program stabilization.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the North Monterey County Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the district as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2022-2023?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the district's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant 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 to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the district's activities are reported in governmental funds. The District only has one major fund, the General Fund. All other governmental funds are aggregated into one nonmajor governmental funds column. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The district as a Whole

The District's net position was $2.0 million at June 30, 2023. Of this amount, unrestricted net position was $(35.6) million, net investment in capital assets was $12.8 million, and restricted net position was $24.8 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased $7.7 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 81% of total expenses. The administrative activities of the District accounted for just 7% of total costs. The remaining 12% was spent on plant services and other expenses like interest payments on debt. (See Figure 2).

(Table 1)
Comparative Statement of Net Position

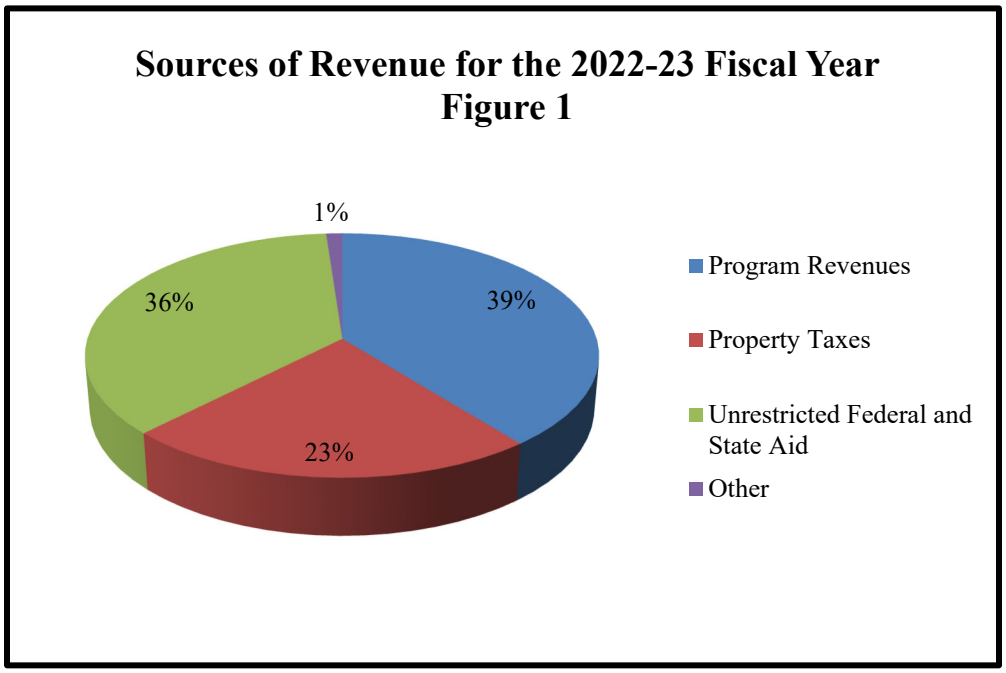
	Governmental Activities			
	6/30/2023	6/30/2022	Change	% Change
Assets				
Cash and Investments	$ 43,454,415	$ 36,116,162	$ 7,338,253	20.32%
Accounts receivable	5,001,954	6,737,550	(1,735,596)	-25.76%
Inventory	93,236	42,520	50,716	119.28%
Capital and lease assets, net	47,197,983	48,603,869	(1,405,886)	-2.89%
Total Assets	$ 95,747,588	$ 91,500,101	$ 4,247,487	4.64%
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	$ 28,244,927	$ 14,200,840	$ 14,044,087	98.90%
Total Deferred Outflows of Resources	$ 28,244,927	$ 14,200,840	$ 14,044,087	98.90%
Liabilities				
Accounts payable and other current liabilities	$ 6,977,754	$ 7,027,696	$ (49,942)	-0.71%
Unearned revenue	3,347,414	3,917,348	(569,934)	-14.55%
Long-term liabilities	106,563,273	74,442,162	32,121,111	43.15%
Total Liabilities	$ 116,888,441	$ 85,387,206	$ 31,501,235	36.89%
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	$ 5,013,252	$ 25,928,982	$ (20,915,730)	-80.67%
Deferred inflows of resources - debt related	125,972	93,167	32,805	35.21%
Total Deferred Inflows of Resources	$ 5,139,224	$ 26,022,149	$ (20,882,925)	-80.25%
Net Position				
Net investment in capital assets	$ 12,796,058	$ 12,721,055	$ 75,003	0.59%
Restricted	24,787,044	21,154,808	3,632,236	17.17%
Unrestricted	(35,618,252)	(39,584,277)	3,966,025	-10.02%
Total Net Position	$ 1,964,850	$ (5,708,414)	$ 7,673,264	-134.42%

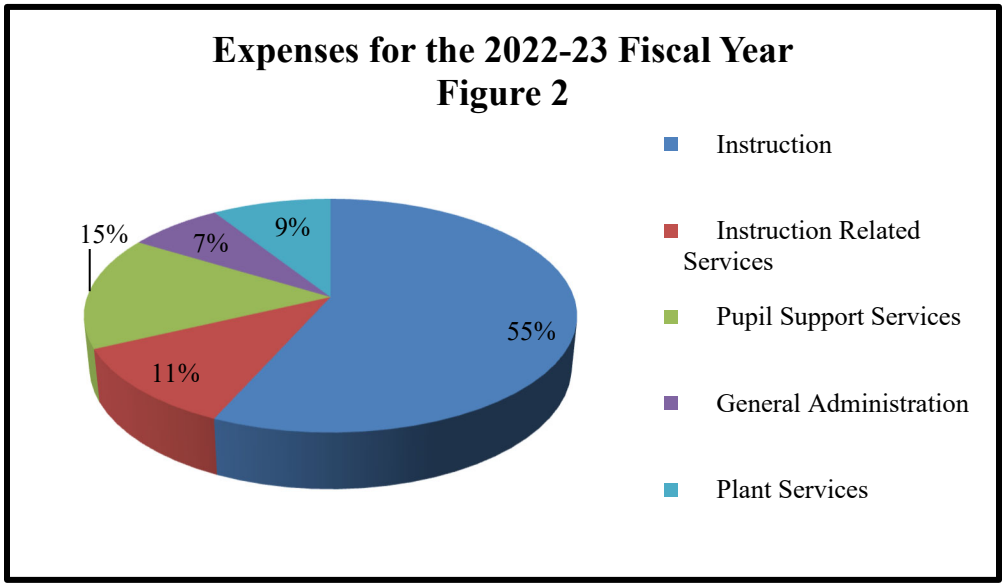
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities			
	Year Ended 6/30/2023	Year Ended 6/30/2022	Change	% Change
Revenues				
Program revenues				
Charges for services	$ 94,604	$ 71,067	$ 23,537	33.12%
Operating grants and contributions	44,464,804	24,419,341	20,045,463	82.09%
General revenues				
Taxes levied for general purposes	23,858,127	21,567,292	2,290,835	10.62%
Taxes levied for debt service	2,399,529	2,257,270	142,259	6.30%
Federal and state aid not restricted	41,359,046	34,316,596	7,042,450	20.52%
Interest and investment earnings	83,297	(842,026)	925,323	-109.89%
Special and extraordinary	-	641,516	(641,516)	-100.00%
Miscellaneous	1,226,229	3,628,061	(2,401,832)	-66.20%
Total Revenues	113,485,636	86,059,117	27,426,519	31.87%
Expenses				
Instruction	58,042,251	48,019,740	10,022,511	20.87%
Instruction Related Services	11,583,784	9,039,082	2,544,702	28.15%
Pupil Support Services	16,061,757	12,107,908	3,953,849	32.66%
General Administration	7,386,813	6,191,152	1,195,661	19.31%
Plant Services	9,307,310	7,492,489	1,814,821	24.22%
Other Expenses	3,430,457	2,807,056	623,401	22.21%
Total Expenses	105,812,372	85,657,427	20,154,945	23.53%
Increase (Decrease) in Net Position	7,673,264	401,690	7,271,574	1810.25%
Net Position - Beginning Balance	(5,708,414)	(6,110,104)	401,690	-6.57%
Net Position - Ending Balance	$ 1,964,850	$ (5,708,414)	$ 7,673,264	-134.42%

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $105.8 million. The amount that our local taxpayers financed for these activities through property taxes was $26.3 million. Federal and State aid not restricted to specific purposes totaled $41.4 million. Operating grants, capital grants, and contributions revenue was $44.6 million. Operating grants, capital grants and unrestricted federal and state aid covered 81% of the expenses of the entire District (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's governmental funds reported a combined fund balance of $38.3 million, an increase of $6.6 million from the previous fiscal year's combined ending balance of $31.7 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

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

The final revised budget for the General Fund reflected a net increase to the ending balance of $2.6 million.

The District ended the year with an increase of $11.4 million to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital and Lease Assets

The District has a broad range of capital and lease assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital and Lease Assets
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
Land	$ 1,061,512	$ 1,061,512	$ -	0.0%
Work in Progress	7,265,889	7,957,142	(691,253)	-8.7%
Land Improvements	19,872,209	19,317,273	554,936	2.9%
Buildings & Improvements	84,960,075	82,319,569	2,640,506	3.2%
Equipment	10,291,097	10,216,699	74,398	0.7%
Less Accumulated Depreciation for				
Land Improvements	(11,273,021)	(10,652,855)	(620,166)	5.8%
Buildings & Improvements	(57,093,211)	(54,273,570)	(2,819,641)	5.2%
Equipment	(7,907,131)	(7,372,746)	(534,385)	7.2%
Lease Assets	51,407	51,407	-	0.0%
Less Accumulated Amortization	(30,843)	(20,562)	(10,281)	50.0%
Total	$ 47,197,983	$ 48,603,869	$ (1,405,886)	-2.9%

Long-Term Debt

The following represents a comparative schedule of the District's long-term debt outstanding.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
General Obligation Bonds	$ 29,538,658	$ 30,906,061	$ (1,367,403)	-4.42%
Certificates of Participation	2,527,990	3,142,638	(614,648)	-19.56%
Financed Purchases	2,314,424	2,374,493	(60,069)	-2.53%
Leases Payable	20,853	30,826	(9,973)	-32.35%
Total Long-Term Debt	$ 34,401,925	$ 36,454,018	$ (2,052,093)	-5.63%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The governor's 2023-24 Budget Act addresses a significant decline in revenues following two years of unprecedented General Fund growth, which resulted in a state shortfall of more than $30 billion. Despite the shortfall the governor provided a cost of living adjustment of 8.22% to the Local Control Funding Formula, funding for universal school meals, transitional kindergarten, community schools, and the expanded learning opportunities program for an overall increase in funding to schools for the 2023-24 fiscal year.

Despite increases in school funding, costs of salaries, pensions, and other employee benefits continue to rise. With declining enrollment, the District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at North Monterey County Unified School District at 13994 Castroville Boulevard, Castroville, California 95012.

Basic Financial Statements

North Monterey County Unified School District

Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 43,454,415
Accounts Receivable	5,001,954
Inventory	93,236
Capital Assets:	
Land	1,061,512
Land Improvements	19,872,209
Buildings & Improvements	84,960,075
Equipment	10,291,097
Work in Progress	7,265,889
Less Accumulated Depreciation	(76,273,363)
Lease Assets:	
Equipment	51,407
Less Accumulated Amortization	(30,843)
Total Assets	95,747,588
Deferred Outflows of Resources	28,244,927
Liabilities	
Accounts Payable and Other Current Liabilities	6,977,754
Unearned Revenue	3,347,414
Long-Term Liabilities:	
Due Within One Year	2,002,863
Due In More Than One Year	104,560,410
Total Liabilities	116,888,441
Deferred Inflows of Resources	5,139,224
Net Position	
Net Investment in Capital Assets	12,796,058
Restricted For:	
Capital Projects	1,005,581
Debt Service	4,436,831
Educational Programs	13,036,376
Other Purposes (Expendable)	6,210,020
Other Purposes (Nonexpendable)	98,236
Unrestricted	(35,618,252)
Total Net Position	$ 1,964,850

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

Statement of Activities
Year Ended June 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 58,042,251	$ 38,712	$ 29,622,598	$ -	$ (28,380,941)
Instruction-Related Services:					
Instructional Supervision and Administration	4,722,695	13,230	1,881,090	-	(2,828,375)
Instructional Library, Media and Technology	499,269	-	2,749	-	(496,520)
School Site Administration	6,361,820	58	1,361,354	-	(5,000,408)
Pupil Services:					
Home-to-School Transportation	3,874,614	(58,463)	(217,330)	-	(4,150,407)
Food Services	4,749,667	1,079	5,354,543	-	605,955
All Other Pupil Services	7,437,476	3,941	2,971,728	-	(4,461,807)
General Administration:					
Centralized Data Processing	2,094,696	-	293	-	(2,094,403)
All Other General Administration	5,292,117	2,549	1,445,495	-	(3,844,073)
Plant Services	9,307,310	3,638	577,685	-	(8,725,987)
Ancillary Services	911,294	-	602,252	-	(309,042)
Enterprise Activities	82,177	440	17,924	-	(63,813)
Interest on Long-Term Debt	1,428,369	-	-	-	(1,428,369)
Transfers to County Office of Education	1,008,617	89,420	844,423	-	(74,774)
Total Governmental Activities	$ 105,812,372	$ 94,604	$ 44,464,804	$ -	(61,252,964)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 23,858,127
Property Taxes, Levied for Debt Service	2,399,529
Federal and State Aid Not Restricted for Specific Purposes	41,359,046
Interest and Investment Earnings	83,297
Sale of District Property	671,447
Miscellaneous	554,782
Total General Revenues	68,926,228
Change in Net Position	7,673,264
Net Position - Beginning of Year	(5,708,414)
Net Position - Ending	$ 1,964,850

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 30,298,656	$ 12,958,388	$ 43,257,044
Accounts Receivable	3,471,366	1,530,588	5,001,954
Due From Other Funds	511,162	577,306	1,088,468
Inventory	-	93,236	93,236
Total Assets	$ 34,281,184	$ 15,159,518	$ 49,440,702
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	$ 6,429,964	$ 255,354	$ 6,685,318
Due to Other Funds	577,306	511,162	1,088,468
Unearned Revenue	3,191,525	155,889	3,347,414
Total Liabilities	10,198,795	922,405	11,121,200
Fund Balance			
Nonspendable	5,000	93,236	98,236
Restricted	13,920,299	10,768,509	24,688,808
Committed	6,211,900	560,023	6,771,923
Assigned	2,126,628	2,815,345	4,941,973
Unassigned	1,818,562	-	1,818,562
Total Fund Balance	24,082,389	14,237,113	38,319,502
Total Liabilities and Fund Balance	$ 34,281,184	$ 15,159,518	$ 49,440,702

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

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

Total fund balances governmental funds:		$ 38,319,502
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets, lease assets, and subscription assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, subscription assets, accumulated depreciation, and accumulated amortization.		
Capital assets relating to governmental activities, at historical cost	123,450,782	
Accumulated depreciation	(76,273,363)	
Net		47,177,419
Lease assets relating to governmental activities, at historical cost	51,407	
Accumulated amortization	(30,843)	
Net		20,564
Unmatured interest on long-term debt: 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:		(292,436)
Long-term liabilities: 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 payable	29,538,658	
Certificates of participation payable	2,527,990	
Financed purchases payable	2,314,424	
Leases payable	20,853	
Net pension liability	71,651,427	
Total OPEB liability - NMCUSD Retiree Health Plan	96,687	
Net OPEB liability - MPP	247,648	
Early Retirement Incentive	79,047	
Compensated absences	86,539	
Total		(106,563,273)

The accompanying notes to the financial statements are an integral part of this statement.

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net		(125,972)
Deferred outflows and inflows of resources relating to pensions: 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 of resources relating to pensions	28,244,927	
Deferred inflows of resources relating to pensions	(5,013,252)	
Net		23,231,675
Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		197,371
Total net position governmental activities:		$ 1,964,850

North Monterey County Unified School District

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
LCFF State Aid	$ 35,366,543	$ -	$ 35,366,543
Education Protection Account Funds	3,671,746	-	3,671,746
Property Taxes	23,858,132	2,443,146	26,301,278
Federal Revenue	6,221,552	4,146,390	10,367,942
Other State Revenue	20,366,675	4,607,203	24,973,878
Interest & Investment Earnings	(35,145)	227,823	192,678
Other Local Revenue	4,168,556	1,146,885	5,315,441
Total Revenues	93,618,059	12,571,447	106,189,506
Expenditures			
Current Expenditures			
Instruction	51,108,395	1,605,141	52,713,536
Instruction - Related Services	9,146,834	1,250,867	10,397,701
Pupil Services	10,281,662	4,332,001	14,613,663
Ancillary Services	306,994	601,409	908,403
Enterprise Activities	82,030	(2,249)	79,781
General Administration	6,447,156	322,342	6,769,498
Plant Services	7,892,811	672,593	8,565,404
Transfers to County Office of Education	1,008,617	-	1,008,617
Capital Outlay	412,319	1,624,206	2,036,525
Debt Service:			
Principal	70,042	1,860,000	1,930,042
Interest	85,421	1,190,559	1,275,980
Total Expenditures	86,842,281	13,456,869	100,299,150
Excess (Deficiency) of Revenues Over(Under) Expenditures	6,775,778	(885,422)	5,890,356
Other Financing Sources (Uses):			
Transfers In	2,000,000	3,378,002	5,378,002
Transfers Out	(500,000)	(4,878,002)	(5,378,002)
Proceeds from Sale of District Property	-	671,447	671,447
Total Other Financing Sources (Uses)	1,500,000	(828,553)	671,447
Net Change in Fund Balance	8,275,778	(1,713,975)	6,561,803
Fund Balance, Beginning of Year	15,806,611	15,951,088	31,757,699
Fund Balance, End of Year	$ 24,082,389	$ 14,237,113	$ 38,319,502

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

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

Total change in fund balances, governmental funds:		$ 6,561,803
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense or amortization expense. The difference between capital outlay expenditures, depreciation expense, and amortization expense for the period is:		
Expenditures for capital outlay	2,036,525	
Depreciation expense	(3,881,757)	
Amortization expense	(10,281)	
Net		(1,855,513)
Debt service: 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 reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,930,042
Unmatured interest on long-term debt: 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:		(209,842)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		48,525
Pensions: In governmental 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:		1,001,137

The accompanying notes to the financial statements are an integral part of this statement.

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was:	(41,069)
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such	94,251
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	140,048
Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	3,882
Change in net position of governmental activities:	$ 7,673,264

North Monterey County Unified School District

Statement of Net Position – Self-Insurance Fund

June 30, 2023

	Internal Service Fund
	Self-Insurance Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 197,371
Total Assets	197,371
Liabilities	
Current Liabilities:	-
Total Liabilities	-
Net Position	
Unrestricted	197,371
Total Net Position	$ 197,371

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

Statement of Revenues, Expenses and Changes in Net Position – Self-Insurance Fund
Year Ended June 30, 2023

	Internal Service Fund Self-Insurance Fund
Operating Revenues	
In-District Premiums/Contributions	$ 2,133
Total Operating Revenues	2,133
Operating Expenses	
Insurance	-
Total Operating Expenses	-
Operating Income	2,133
Non-Operating Revenues/(Expenses)	
Interest Income	2,893
Fair Market Value Adjustment	(1,144)
Total Nonoperating Revenues/(Expenses)	1,749
Change in Net Position	3,882
Total Net Position - Beginning	193,489
Total Net Position - Ending	$ 197,371

The accompanying notes to the financial statements are an integral part of this statement.

North Monterey County Unified School District

Statement of Cash Flows – Self-Insurance Fund

Year Ended June 30, 2023

	Internal Service Fund
	Self-Insurance Fund
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	$ 2,133
Net Cash Provided by Operating Activities	2,133
Cash Flows from Investing Activities	
Fair Market Value Adjustment	(1,144)
Cash Received from Interest Earned	2,893
Net Cash Provided by Investing Activities	1,749
Net Increase (Decrease) in Cash and Cash Equivalents	3,882
Cash and Cash Equivalents - Beginning of Year	193,489
Cash and Cash Equivalents - End of Year	$ 197,371
Reconconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ 2,133
Net Cash Provided (Used) by Operating Activities	$ 2,133

The accompanying notes to the financial statements are an integral part of this statement.

A. Summary of Significant Accounting Policies

North Monterey County Unified School District (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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades TK/K-12 as mandated by the state. Additionally the District operates an adult education program and an early childhood program. 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, special revenue funds, capital facilities funds, and debt service funds.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue 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. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds. Separate statements for each fund category 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 non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* §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 (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

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 §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code§41003*).

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. The District maintains the following nonmajor debt service funds:

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Monterey Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

Debt Service Fund. This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges. The District reports the following internal service fund:

Self-Insurance Fund: The Self-Insurance Fund is used to separate moneys received for self-insurance activities from other operating funds of the District. (*Education Code* §17566).

4. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Financial Statements. The government-wide and proprietary 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. 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 or at year end, whichever is sooner.

6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of 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 to not 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, property taxes, interest, certain grants, and other local sources.

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

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Monterey County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Monterey County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. 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. A capitalization threshold of $5,000 is used.

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

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of $5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is 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. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of $5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

g. 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 occurrence 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.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

j. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce the service levels because of temporary revenue shortfalls or unpredicted expenses. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts equal to 3% of the general fund operating expenses and other financing uses.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either 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. The Special Reserve Fund for other than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. This fund has been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

n. Postemployment Benefits Other than Pensions (OPEB) – Retiree Health Benefits

For purposes of measuring the total OPEB liability for retiree health benefits, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by the alternate measurement method. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

o. Postemployment Benefits Other than Pensions (OPEB) – MPP Program

For purposes of measuring the net OPEB liability for MPP Program, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 91, Conduit Debt Obligations	05/2019
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020
GASB Statement 96, Subscription Based Information Technology Arrangements	05/2020
GASB Statement 99, Omnibus 2022 (Portions related to leases, PPPs, and SBITAs)	04/2022
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Except Question 5.1)	05/2021

Implementation of these standards did not result in any changes to financial accounting or reporting for the District.

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None Reported	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2023, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Monterey County Treasury	$ 41,992,486	$ -	$ 41,992,486	$ -

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

The Monterey County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2023 the District held the following cash and investments:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Government-Wide
Cash in County Treasury	$ 30,856,636	$ 12,171,507	$ 43,028,143	$ 203,444	$ 43,231,587
Cash in County Treasury - FMV Adjustment	(921,065)	(311,963)	(1,233,028)	(6,073)	(1,239,101)
Cash in Banks	-	335,867	335,867	-	335,867
Revolving Cash Accounts	5,000	-	5,000	-	5,000
Cash Collections Awaiting Deposit	358,085	762,977	1,121,062	-	1,121,062
Total Cash and Invesments	$ 30,298,656	$ 12,958,388	$ 43,257,044	$ 197,371	$ 43,454,415

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Monterey County Treasury as part of the common investment pool ($43,231,587 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $41,992,486. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks ($1,456,929 as of June 30, 2023) and in revolving fund ($5,000 as of June 30, 2023) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). Cash collections awaiting deposit consist of amounts received by the District that were in transit to the County Office of Education for deposit in the County Treasury.

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2023, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 41,992,486

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2023, the District bank accounts were held in institutions which held insurance for the entire amount, but not in the District's name and as such the District was exposed to custodial credit risk for all amounts in excess of the FDIC insurance limitations per banking institution ($90,867 as of June 30, 2023).

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Monterey County Treasury with a fair value of $41,992,486. The average weighted maturity for this pool was 337 days at June 30, 2023.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2023, consisted of:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government			
Title I & ESSA School Improvement	$ 593,956	$ -	$ 593,956
ESSER/GEER	1,667,397	-	1,667,397
Special Education	266,938	-	266,938
Migrant Education	259,865	-	259,865
Child Nutrition Funding	-	926,990	926,990
Child Development Funding	-	341,562	341,562
Other Federal Programs	320,910	8,676	329,586
State Government		-	
Lottery	122,998	-	122,998
After School Program	62,052	-	62,052
K-12 Strong Workforce	43,111	-	43,111
Child Nutrition Funding	-	104,821	104,821
Other State Programs	40,000	34,356	74,356
Local Sources			
Other Local Grants	-	114,143	114,143
Other Local Sources	94,139	40	94,179
Total Accounts Receivable	$ 3,471,366	$ 1,530,588	$ 5,001,954

F. Capital Assets and Lease Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 1,061,512	$ -	$ -	$ 1,061,512
Work in progress	7,957,142	-	691,253	7,265,889
Total capital assets not being depreciated	9,018,654	-	691,253	8,327,401
Capital assets being depreciated:				
Land improvements	19,317,273	554,936	-	19,872,209
Buildings and improvements	82,319,569	2,640,506	-	84,960,075
Equipment	10,216,699	74,398	-	10,291,097
Total capital assets being depreciated	111,853,541	3,269,840	-	115,123,381
Less accumulated depreciation for:				
Land improvements	(10,652,855)	(620,166)	-	(11,273,021)
Buildings and improvements	(54,273,570)	(2,819,641)	-	(57,093,211)
Equipment	(7,372,746)	(534,385)	-	(7,907,131)
Total accumulated depreciation	(72,299,171)	(3,974,192)	-	(76,273,363)
Total capital assets, net	48,573,024	(704,352)	691,253	47,177,419
Lease assets:				
Facilities and Equipment	51,407	-	-	51,407
Less accumulated amortization	(20,562)	(10,281)	-	(30,843)
Total lease assets	30,845	(10,281)	-	20,564
Total Capital& Lease Assets, Net	$ 48,603,869	$ (714,633)	$ 691,253	$ 47,197,983

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	$ 2,090,384	$ -
Instruction Related Services	464,531	-
Pupil Services	619,374	-
General Administration	412,795	10,281
Plant Services	387,108	-
Total	$ 3,974,192	$ 10,281

G. Interfund Balances & Activities

1. Due To and From Other Funds

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

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 511,162	Capital Projects Expenditure Reimbursement
Nonmajor Governmental Funds	General Fund	500,000	Deferred Maintenance Contribution
Nonmajor Governmental Funds	General Fund	77,306	Child Nutrition Revenue Transfer
	Totals	$ 1,088,468	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 2,000,000	Board Authorized Transfer
Nonmajor Governmental Funds	General Fund	500,000	Deferred Maintenance Contribution
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,878,002	Board Authorized Transfer
	Totals	$ 5,378,002	

H. Accounts Payable

Accounts payable balances in the fund financial statements as of June 30, 2023, consisted of:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Vendors Payable	$ 2,340,396	$ 140,546	$ 2,480,942
LCFF State Aid Overpayment	979,682	-	979,682
Payroll and Related Benefits	3,109,886	114,808	3,224,694
Total Accounts Payable	$ 6,429,964	$ 255,354	$ 6,685,318

Accounts payable balances on the government-wide financial statements as of June 30, 2023, consisted of:

	Total Government-Wide
Vendors Payable	$ 2,480,942
LCFF State Aid Overpayment	979,682
Payroll and Related Benefits	3,224,694
Accrued Interest	292,436
Total Accounts Payable	$ 6,977,754

I. Unearned Revenue

Unearned revenue balances as of June 30, 2023, consisted of:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government			
ESSER/GEER	$ 2,138,243	$ -	$ 2,138,243
Title II	61,312	-	61,312
Other Federal Programs	177,370	1,598	178,968
State Government			
After School Program	135,598	-	135,598
Career and Technical Education	264,070	-	264,070
Universal Pre-Kindergarten	241,450	-	241,450
In-Person Instruction Grant	173,411	-	173,411
Child Development	-	151,525	151,525
Other State Programs	71	-	71
Local Sources			
Child Nutrition Accounts	-	2,766	2,766
Total Unearned Revenue	$ 3,191,525	$ 155,889	$ 3,347,414

J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. During the year ended June 30, 2023, the District did not enter into any short-term debt agreements.

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2023 consisted of:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable Fund Balance			
Revolving Cash Fund	$ 5,000	$ -	$ 5,000
Inventory	-	93,236	93,236
Total Nonspendable Fund Balance	5,000	93,236	98,236
Restricted Fund Balance			
Capital Projects	-	1,005,581	1,005,581
Debt Service	-	4,436,831	4,436,831
Educational Programs	12,029,565	1,006,811	13,036,376
Child Nutrition Program	797,416	4,120,704	4,918,120
Associated Student Body	-	198,582	198,582
Other Purposes	1,093,318	-	1,093,318
Total Restricted Fund Balance	13,920,299	10,768,509	24,688,808
Committed Fund Balance			
Deferred Maintenance	-	560,023	560,023
Program Stabilization	6,211,900	-	6,211,900
Total Committed Fund Balance	6,211,900	560,023	6,771,923
Assigned Fund Balance			
Capital Projects	2,000,000	2,790,911	4,790,911
Educational Programs	126,628	24,434	151,062
Total Assigned Fund Balance	2,126,628	2,815,345	4,941,973
Unassigned Fund Balance			
For Economic Uncertainty	1,818,562	-	1,818,562
Total Unassigned Fund Balance	1,818,562	-	1,818,562
Total Fund Balance	$ 24,082,389	$ 14,237,113	$ 38,319,502

L. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 29,230,000	$ -	$ 1,240,000	$ 27,990,000	$ 975,000
Bond Premiums	1,676,061	-	127,403	1,548,658	133,292
Total GO Bonds	30,906,061	-	1,367,403	29,538,658	1,108,292
Certificates of Participation	3,170,000	-	620,000	2,550,000	625,000
COPs (Discount)	(27,362)	-	(5,352)	(22,010)	(5,395)
Total COPs	3,142,638	-	614,648	2,527,990	619,605
Financed Purchases	2,374,493	-	60,069	2,314,424	67,361
Leases Payable	30,826	-	9,973	20,853	10,272
Net Pension Liability*	37,692,747	33,958,680	-	71,651,427	-
Total OPEB Liability - Retiree Health Plan*	52,727	43,960	-	96,687	58,357
Net OPEB Liability - MPP*	250,539	-	2,891	247,648	-
Retirement Incentive	173,298	-	94,251	79,047	52,437
Compensated Absences*	135,064	-	48,525	86,539	86,539
Total Governmental Activities	$ 74,758,393	$ 34,002,640	$ 2,197,760	$ 106,563,273	$ 2,002,863

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation and financed purchases are made from the debt service fund.
- Payments for leases payable are made from the general fund.
- Payments for Net Pension Liability, OPEB liability, retirement incentive, and compensated absences are made from the general fund, the adult education fund, the child development fund, and the cafeteria fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 5, 2002 registered voters authorized the issuance of $20,750,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts have been issued. The 2002 Election Series A Bonds were refunded October 2012. The 2002 Election Series B Bonds were refunded August 2016.

On November 5, 2013 registered voters authorized the issuance of $23,800,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts have been issued.

General obligation bonds at June 30, 2023 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2012 Refunding Bonds	10/23/12	2.50%	08/01/27	$ 4,425,000
2013 Election, Series A	05/14/14	2.00 - 5.00%	05/01/44	15,500,000
2013 Election, Series B	08/03/16	2.00 - 4.00%	05/01/44	8,300,000
2016 Refunding Bonds	08/03/16	2.00 - 5.00%	05/01/44	8,340,000
Total GO Bonds				$ 36,565,000

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2012 Refunding Bonds					
Principal	$ 2,065,000	$ -	$ 325,000	$ 1,740,000	$ -
2013 Election, Series A					
Principal	13,975,000	-	165,000	13,810,000	190,000
Premium	423,717	-	5,003	418,714	5,761
2013 Election, Series B					
Principal	7,560,000	-	145,000	7,415,000	155,000
Premium	137,938	-	2,646	135,292	2,828
2016 Refunding Bonds					
Principal	5,630,000	-	605,000	5,025,000	630,000
Premium	1,114,406	-	119,754	994,652	124,703
Total	$ 30,906,061	$ -	$ 1,367,403	$ 29,538,658	$ 1,108,292

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 1,305,000	$ 1,091,677	$ 2,396,677
2025	1,390,000	1,044,564	2,434,564
2026	1,470,000	990,427	2,460,427
2027	1,535,000	933,965	2,468,965
2028	1,635,000	871,927	2,506,927
2029-2033	5,155,000	3,589,849	8,744,849
2034-2038	5,520,000	2,585,264	8,105,264
2039-2043	8,025,000	1,284,250	9,309,250
2044	1,955,000	71,350	2,026,350
Total	$ 27,990,000	$ 12,463,273	$ 40,453,273

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2013 Series A	2013 Series B	2016 Refunding
Total Interest Payments	$ 13,904,855	$ 4,579,517	$ 2,947,632
Less Bond Premium	(469,954)	(151,440)	(1,650,825)
Net Interest Payments	13,434,901	4,428,077	1,296,807
PAR Amount of Bonds	15,500,000	8,300,000	8,340,000
Periods	30	28	13
Effective Interest Rate	2.89%	1.91%	1.20%

3. Certificates of Participation

On July 14, 2010, the District issued 2010 Certificates of Participation in the principal amount of $10,000,000. The Certificates are designated as Qualified School Construction Bonds under which the District receives Federal subsidy payments which are pledged to the payment of interest on the Certificates. The Certificates were issued to finance various capital projects of the District, to fund a reserve fund surety for the lease payments, and to pay costs of executing and delivering the Certificates. Interest on the Certificates ranges from 5.75 to 7.00% and is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2010.

Certificates of participation as of June 30, 2023 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2010 COPs	07/14/10	5.75 - 7.00%	06/01/27	$ 10,000,000

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2012 Refunding Bonds					
Principal	$ 3,170,000	$ -	$ 620,000	$ 2,550,000	$ 625,000
Discount	(27,362)	-	(5,352)	(22,010)	(5,395)
Total	$ 3,142,638	$ -	$ 614,648	$ 2,527,990	$ 619,605

The annual requirements to amortize the certificates of participation outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 625,000	$ 178,500	$ 803,500
2025	635,000	134,750	769,750
2026	640,000	90,300	730,300
2027	650,000	45,500	695,500
Total	$ 2,550,000	$ 449,050	$ 2,999,050

4. Financed Purchase

The District has entered into a solar energy agreement. Such an agreement is, in substance, a purchase and is reported as financed purchases. The District's liability on the financed purchase agreement is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2019 Solar Energy Loan Principal	$ 2,374,493	$ -	$ 60,069	$ 2,314,424	$ 67,361

Future payments on the financed purchase agreement are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 67,361	$ 82,282	$ 149,643
2025	75,096	79,802	154,898
2026	83,298	77,042	160,340
2027	91,989	73,984	165,973
2028	101,192	70,610	171,802
2029-2033	663,842	290,036	953,878
2034-2038	987,111	146,483	1,133,594
2039	244,535	6,623	251,158
Total	$ 2,314,424	$ 826,862	$ 3,141,286

5. Leases Payable

The District entered an agreement to lease postage machines for five years, beginning June, 2021. Under the terms of the lease, the District paid annual payments of $10,898. The annual interest rate charged on the lease is 3%. At June 30, 2023, the District has recognized a right-to-use asset of $20,564 and a lease liability of $10,272 related to this agreement. During the fiscal year, the District recorded $9,973 in amortization expense and $925 in interest expense for the right-to-use of the postage machines.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Postage Machines	$ 30,826	$ -	$ 9,973	$ 20,853	$ 10,272

Future payments on the leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 10,272	$ 626	$ 10,898
2025	10,581	317	10,898
Total	$ 20,853	$ 943	$ 21,796

6. Early Retirement Incentive

The Governing Board has offered early retirement incentive programs to certificated and classified employees meeting certain negotiated criteria. The early retirement incentives were implemented as a cost savings strategy and required no further services to be performed by the retiree.

Future payments on the early retirement incentives are expected as follows:

Year Ended June 30,	Obligation
2024	$ 52,437
2025	26,610
Total	$ 79,047

7. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $86,539. This amount is included as part of long-term liabilities in the government-wide financial statements.

8. Net Pension Liability

The District's beginning net pension liability was $37,692,747 and increased by $33,958,680 during the year ended June 30, 2023 for an ending net pension liability of $71,651,427. See Note M for additional information regarding the net pension liability.

9. Total OPEB Liability – Retiree Health Plan

The District's beginning total OPEB liability for the retiree health plan was $52,727 and increased during the year ended June 30, 2023 by $43,960. The ending total OPEB liability for the retiree health plan at June 30, 2023 was $96,687. See Note N for additional information regarding the total OPEB liability for retiree health plan.

10. Net OPEB Liability – MPP

The District's beginning net OPEB liability for MPP was $250,539 and decreased during the year ended June 30, 2023 by $2,891. The ending net OPEB liability for MPP at June 30, 2023 was $247,648. See Note N for additional information regarding the net OPEB liability for MPP.

M. Pension Plans

1. General Information about the Pension Plans

   a. Plan Descriptions

   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). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

   b. Benefits Paid

   CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2022-23)	10.250%	10.205%
Required Employer Contribution Rates (2022-23)	19.100%	19.100%
Required State Contribution Rates (2022-23)	10.828%	10.828%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2022-23)	7.000%	8.000%
Required Employer Contribution Rates (2022-23)	25.370%	25.370%

*Amounts are limited to 120% of Social Security Wage Base
**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2023, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2023. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2023, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 25.37% of covered payroll.

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2023 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

	CalSTRS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	$ 2,569,210	$ 1,968,559
2022	10.828%	3,082,158	433,238
2023	10.828%	2,796,751	9,338,838

The State contributed an additional $297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 6,005,647	$ 5,194,803	$ 11,200,450
Contributions - State On Behalf Payments	2,796,751	-	2,796,751
Total Governmental Funds	$ 8,802,398	$ 5,194,803	$ 13,997,201

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 4,916,385	$ 4,137,525	$ 9,053,910
Contributions - State On Behalf Payments	3,082,158	-	3,082,158
Total Government-Wide	$ 7,998,543	$ 4,137,525	$ 12,136,068

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 31,627,811	$ 40,023,616	$ 71,651,427

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to measurement date June 30, 2022 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and June 30, 2023 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2022	0.041788%	0.027075%	0.068863%	0.091844%
Proportion June 30, 2023	0.045517%	0.027759%	0.073276%	0.116317%
Change in Proportion	0.003729%	0.000684%	0.004413%	0.024473%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	$ 9,338,838	$ -	$ 9,338,838
Employer Contributions	6,005,647	5,194,803	11,200,450
Change In:			
Net Pension Liability	12,611,200	21,347,480	33,958,680
Deferred Outflows of Resources	(542,584)	(20,668,848)	(21,211,432)
Deferred Inflows of Resources	(14,692,375)	943,990	(13,748,385)
Total Pension Expense - Governmental	$ 12,720,726	$ 6,817,425	$ 19,538,151

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Contributions Subsequent to Measurement	$ 6,005,647	$ 5,194,803	$ 11,200,450
Experience Differences	23,819	142,315	166,134
Changes in Assumptions	1,443,015	2,960,719	4,403,734
Changes in Proportionate Share	1,952,028	4,373,590	6,325,618
Earnings Differences	-	6,148,991	6,148,991
Total Deferred Outflows of Resources	$ 9,424,509	$ 18,820,418	$ 28,244,927

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Experience Differences	$ 2,288,350	$ 988,017	$ 3,276,367
Changes in Proportionate Share	1,238,413	-	1,238,413
Earnings Differences	498,472	-	498,472
Total Deferred Inflows of Resources	$ 4,025,235	$ 988,017	$ 5,013,252

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2024. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	Governmental Activities				
Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2024	$ 8,029,283	$ 8,746,381	$ (1,709,355)	$ (345,250)	$ 14,721,059
2025	588,722	3,363,608	(1,798,706)	(345,249)	1,808,375
2026	403,253	2,833,575	(2,382,763)	(297,518)	556,547
2027	403,251	3,876,854	2,291,955	-	6,572,060
2028	-	-	(317,583)	-	(317,583)
Thereafter	-	-	(108,783)	-	(108,783)
Total	$ 9,424,509	$ 18,820,418	$ (4,025,235)	$ (988,017)	$ 23,231,675

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Norma
Experience Study Period	2015 - 2018	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Payroll Growth	3.50%	(3)
Investment Rate of Return	7.00%	6.90%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigating Strategies	10.00%	1.75%
Cash/Liquidity	2.00%	-0.35%

*20 year average

CalPERS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of 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%

*20 year average

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 53,715,977	$ 57,816,139
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 31,627,811	$ 40,023,616
1% Increase	8.10%	7.90%
Net Pension Liability	$ 13,288,233	$ 25,318,749

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022 (Previously Reported)	$ 245,015,012	$ 213,677,380	$ 31,337,632	$ 12,321,078	$ 19,016,554
Changes for the year					
Change in proportionate share	15,701,483	13,693,250	2,008,233	311,269	1,696,964
Service cost	5,623,933	-	5,623,933	2,130,503	3,493,430
Interest	18,462,621	-	18,462,621	6,994,158	11,468,463
Experience differences	(1,225,907)	-	(1,225,907)	(464,408)	(761,499)
Change in assumptions	-	-	-	-	-
Change in benefits	51,293	-	51,293	19,431	31,862
Contributions:					
Employer	-	4,778,589	(4,778,589)	(1,810,263)	(2,968,326)
Employee	-	2,980,520	(2,980,520)	(1,129,105)	(1,851,415)
State on behalf	-	3,136,186	(3,136,186)	(1,188,075)	(1,948,111)
Net investment income	-	(5,415,309)	5,415,309	2,051,471	3,363,838
Other income	-	95,402	(95,402)	(36,141)	(59,261)
Benefit payments[(1)]	(12,842,842)	(12,842,842)	-	-	-
Administrative expenses	-	(140,042)	140,042	53,052	86,990
Borrowing costs	-	(89,979)	89,979	34,086	55,893
Other expenses	-	(3,912)	3,912	1,483	2,429
Net changes	25,770,581	6,191,863	19,578,718	6,967,461	12,611,257
Balance at June 30, 2023	$ 270,785,593	$ 219,869,243	$ 50,916,350	$ 19,288,539	$ 31,627,811

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022 (Previously Reported)	$ 98,142,191	$ 79,466,235	$ 18,675,956
Changes for the year			
Change in proportionate share	26,151,233	21,174,787	4,976,446
Service cost	2,890,852	-	2,890,852
Interest	8,649,122	-	8,649,122
Experience differences	(1,289,241)	-	(1,289,241)
Change in assumptions	3,981,657	-	3,981,657
Change in benefits	-	-	-
Contributions:			
Employer	-	4,137,521	(4,137,521)
Employee	-	1,284,419	(1,284,419)
Nonemployer	-	-	-
Net plan to plan resource movement	-	3	(3)
Net investment income	-	(7,498,307)	7,498,307
Benefit payments[(1)]	(6,163,356)	(6,163,356)	-
Administrative expenses	-	(62,460)	62,460
Other expenses	-	-	-
Net changes	34,220,267	12,872,607	21,347,660
Balance at June 30, 2023	$ 132,362,458	$ 92,338,842	$ 40,023,616

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

N. Postemployment Benefits Other Than Pension Benefits

The District provides postemployment health care benefits for retired employees in accordance with negotiated early retirement incentives. Additionally, the District provides the Medicare Premium Payment (MPP) Program for certain eligible employees who retired prior to July 1, 2012. OPEB liability and OPEB expense for the fiscal year ended June 30, 2023 were as follows:

OPEB Plan	Total/Net OPEB Liability	OPEB Expense
Retiree Health Plan	$ 96,687	$ 160,967
Medicare Premium Payment (MPP) Program	247,648	(32,483)
Total	$ 344,335	$ 128,484

Retiree Health Plan

Plan Description

The District's governing board administers the Retiree Health Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	0
	7

Benefits Provided

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

Benefit Payments

The benefit payment requirements of the Plan members and the District are established and may be amended by the District. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District and the retirees. For the measurement period of June 30, 2023, the District paid $84,524 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $96,687, was measured as of June 30, 2023, and the total OPEB liability was determined by the alternative measurement method. The alternative measurement method is allowable for entities with fewer than 100 employees participating in the plan.

Alternative Measurement Method

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

Discount rate	4.53%
Healthcare cost trend rates	5%

The discount rate was based on the Monterey County Treasury rate of return.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance June 30, 2022	$ 52,727
Service Cost	126,095
Interest	2,389
Benefit Payments	(84,524)
Net Change in Total OPEB Liability	43,960
Balance June 30, 2023	$ 96,687

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

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

	1% Decrease (3.53%)	Valuation Discount Rate (4.53%)	1% Increase (5.53%)
Total OPEB Liability	$ 98,095	$ 96,687	$ 95,316

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

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

	1% Decrease (4.00%)	Healthcare Cost Trends Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	$ 96,226	$ 96,687	$ 97,150

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012 are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability

As of June 30, 2022 (measurement date) the District reported net OPEB liabilities for its proportionate share of the net OPEB liability of the MPP Program as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance June 30, 2022	$ 248,545	$ (1,994)	$ 250,539
Changes for the Year			
Change in proportionate share	48,931	(392)	49,323
Interest	6,217	-	6,217
Experience differences	(7,237)	-	(7,237)
Changes of assumptions	(31,735)	-	(31,735)
Benefit payments	(19,378)	(19,378)	-
Contributions - employer	-	19,811	(19,811)
Net investment income	-	1	(1)
Administrative & other expenses	-	(353)	353
Net change	(3,202)	(311)	(2,891)
Balance June 30, 2023	$ 245,343	$ (2,305)	$ 247,648

The District's net OPEB liability for the MPP Program is measured as the proportionate share of the total net OPEB liability. The net OPEB liability of the MPP Program is measured as of June 30, 2022. The total OPEB liability for the MPP Program used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to measurement date June 30, 2022 using standard update procedures. 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 employers, as actuarially determined.

The District's proportionate share of the net OPEB liability for the MPP Program as of June 30, 2022 and June 30, 2023 were as follows:

	Proportionate Share
June 30, 2022	0.0628%
June 30, 2023	0.0752%
Change in Proportionate Share	0.0124%

The District reported $(32,483) in OPEB expense associated with the MPP Program.

Assumptions

The June 30, 2022 (measurement date) total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Reporting Date	June 30, 2023
Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	2015 - 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	3.54%
Medicare Part A Cost Trend Rate	4.50%
Medicare Part B Cost Trend Rate	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

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 net OPEB liability to changes in the discount rate

Presented below is the net OPEB liability of employers using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (2.54%)	Valuation Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 269,984	$ 247,648	$ 228,308

Sensitivity of the net OPEB liability to changes in the cost trends rate

Presented below is the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are 1% lower and 1% higher than the current rate:

	1% Decrease	Healthcare Cost Trends Rate	1% Increase
	3.50% Part A 4.40% Part B	4.50% Part A 5.40% Part B	5.50% Part A 6.40% Part B
Total OPEB Liability	$ 227,226	$ 247,648	$ 270,797

O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer. The District has one self-insurance fund (Internal Service Fund) to account for and finance its uninsured risks of loss. The Internal Service Fund provides dental and vision coverage to employees.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

P. Participation in Joint Powers Authorities

The District participates in four joint powers agreements (JPA) entities, the Monterey and San Benito Counties Property/Liability Joint Powers Authority (MC/SB P&L JPA), the Protected Insurance Program (PIPS), the Mission Trails ROP JPA, and the Community Human Services JPA. MC/SB P&L JPA provides property/liability insurance, PIPS provides workers compensation insurance, Mission Trails ROP JPA provides regional occupational programs for the District, and Community Human Services JPA provides mental health, substance abuse, and homeless services. The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPA's arrange for and provide for various types of insurances and services for their member districts as requested. The JPA's are governed by a board consisting of a representative from each member district. The board controls the operations of the JPA's, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Combined condensed unaudited financial information for the District's share of the Monterey and San Benito Counties Property/Liability Joint Powers Authority (MC/SB P&L JPA) for the year ended June 30, 2023 can be obtained by contacting the MC/SB P&L JPA with Keenan & Associates at PO Box 4328, Torrance, CA 90501.

Combined condensed unaudited financial information of the District's share of the Protected Insurance Program (PIPS) for the year ended June 30, 2023 can be obtained by contacting Keenan & Associates located at P.O. Box 4328, Torrance, California 90510.

Combined condensed unaudited financial information of the District's share of the Mission Trails ROP JPA for the year ended June 30, 2023 can be obtained by contacting the Salinas Union High School District at 867 East Laurel Dr., Salinas, CA 93905.

Combined condensed unaudited financial information of the District's share of the Community Human Services JPA for the year ended June 30, 2023 can be obtained by contacting the JPA at PO Box 3076, Monterey, CA 93942.

Q. Commitments and Contingencies

1. 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.

2. Litigation

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

3. Construction Commitments

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

Project	Commitment Amount	Expected Date of Final Completion*
NMCHS Stadium Entrance Improvements	$ 750,000	July 2024
NMCHS Main Entrance Improvements	1,400,000	July 2024
Castroville ES Exterior Paint & Shade Replacement	165,000	August 2023
NMCHS Culinary Arts Building - Planning	2,100,000	TBD
Castroville ES Kitchen	800,000	September 2023
IEEEP Elkhorn - Modular and Playground	250,000	TBD
IEEEP Middle School - Remodel and Playground	2,000,000	July 2024
Total	$ 7,465,000	

*Expected date of final completion subject to change

R. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, the contributions to the pension plans subsequent to measurement date are recorded as deferred outflows of resources. In addition, the statements prescribe certain items that must be recorded as deferred outflows of resources which have been recorded accordingly.

A summary of the deferred outflows of resources as of June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Amortization	Balance June 30, 2023
Pension Related				
CalSTRS	$ 8,881,925	$ 7,702,611	$ 7,160,027	$ 9,424,509
CalPERS	(1,848,430)	28,560,734	7,891,886	18,820,418
Total Deferred Outflows of Resources	$ 7,033,495	$ 36,263,345	$ 15,051,913	$ 28,244,927

Future amortization of deferred outflows of resources is as follows:

Year Ended June 30,	Pension Related
2024	$ 16,775,664
2025	3,952,330
2026	3,236,828
2027	4,280,105
Total	$ 28,244,927

S. Deferred Inflows of Resources

Consistent with the requirements of GASB Statement No. 63, refunding gains are recorded as deferred inflows of resources and amortized over the life of the debt.

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Amortization	Balance June 30, 2023
Pension Related				
CalSTRS	$ 18,717,610	$ (12,584,996)	$ 2,107,379	$ 4,025,235
CalPERS	44,027	1,289,241	345,251	988,017
Deferred Gain on Debt Refunding	143,969	-	17,997	125,972
Total	$ 18,905,606	$ (11,295,755)	$ 2,470,627	$ 5,139,224

Future amortization of deferred inflows is as follows:

Year Ended June 30,	Pension Related	Refunding Gain	Total
2024	$ 2,054,605	$ 17,996	$ 2,072,601
2025	2,143,955	17,996	2,161,951
2026	2,680,281	17,996	2,698,277
2027	(2,291,955)	17,996	(2,273,959)
2028	317,583	17,996	335,579
Thereafter	108,783	35,992	144,775
Total	$ 5,013,252	$ 125,972	$ 5,139,224

T. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 99, Omnibus 2022 (Portions related to financial guarantees and derivative instruments)	04/2022	2024-25
GASB Statement 100, Accounting Changes for Error Corrections	06/2022	2024-25
GASB Statement 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Question 5.1)	05/2021	2024-25
GASB Implementation Guide 2023-1, Implementation Guidance Update - 2023	06/2023	2024-25

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

Required Supplementary Information

North Monterey County Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2023

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	$ 35,889,716	$ 33,967,299	$ 35,366,543	$ 1,399,244
Education Protection Account	2,668,448	6,037,260	3,671,746	(2,365,514)
Property Taxes	20,138,047	22,242,161	23,858,132	1,615,971
Federal Revenue	11,270,944	13,825,473	6,221,552	(7,603,921)
Other State Revenue	17,912,302	21,963,853	20,366,675	(1,597,178)
Interest & Investment Earnings	144,000	168,032	(161,773)	(329,805)
Other Local Revenue	3,160,508	4,086,818	4,168,556	81,738
Total Revenues	91,183,965	102,290,896	93,491,431	(8,799,465)
Expenditures				
Current Expenditures:				
Certificated Salaries	32,320,487	34,145,141	31,090,453	3,054,688
Classified Salaries	19,973,263	20,318,822	18,994,172	1,324,650
Employee Benefits	22,920,882	24,558,238	22,984,107	1,574,131
Books and Supplies	5,421,905	9,695,624	4,558,535	5,137,089
Services and Other Operating	6,547,983	10,679,278	7,960,958	2,718,320
Other Outgo	1,349,502	1,135,837	1,008,617	127,220
Direct Support/Indirect Costs	(194,937)	(446,350)	(322,341)	(124,009)
Capital Outlay	997,764	1,979,758	412,317	1,567,441
Debt Service:				
Principal	84,496	84,969	70,042	14,927
Interest	60,969	60,969	85,421	(24,452)
Total Expenditures	89,482,314	102,212,286	86,842,281	15,370,005
Excess (Deficiency) of Revenues Over Expenditures	1,701,651	78,610	6,649,150	6,570,540
Other Financing Sources (Uses)				
Other Financing Sources	-	186,311	-	(186,311)
Transfers In	-	5,229,440	5,229,440	-
Transfers Out	-	(2,878,002)	(500,000)	2,378,002
Total Other Financing Sources (Uses)	-	2,537,749	4,729,440	2,191,691
Net Change in Fund Balance	1,701,651	2,616,359	11,378,590	8,762,231
Fund Balance - Beginning of Year	12,577,171	12,577,171	12,577,171	-
Fund Balance - End of Year	$ 14,278,822	$ 15,193,530	$ 23,955,761	$ 8,762,231

See Accompanying Notes to Required Supplementary Information

North Monterey County Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0455%	0.0418%	0.0434%	0.0431%	0.0419%	0.0408%	0.0401%	0.0398%	0.0376%	N/A
District's proportionate share of the net pension liability (asset)	$ 31,627,811	$ 19,016,611	$ 42,098,658	$ 38,947,084	$ 38,516,133	$ 37,764,034	$ 32,396,266	$ 26,815,220	$ 22,206,059	N/A
State's proportionate share of the net pension liability (asset) associated with the District	19,288,539	9,568,421	21,701,863	21,248,234	22,052,287	22,340,884	18,442,616	14,182,295	13,408,018	N/A
Total	$ 50,916,350	$ 28,585,032	$ 63,800,521	$ 60,195,318	$ 60,568,420	$ 60,104,918	$ 50,838,882	$ 40,997,515	$ 35,614,077	N/A
District's covered payroll**	29,056,649	24,552,807	26,743,184	29,082,300	22,255,797	21,590,827	19,900,320	18,406,247	16,838,121	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.85%	77.45%	157.42%	133.92%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

North Monterey County Unified School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 6,005,647	$ 4,916,385	$ 3,965,278	$ 4,573,084	$ 4,734,599	$ 3,211,511	$ 2,716,126	$ 2,135,304	$ 1,634,475	N/A
Contributions in relation to the contractually required contribution	(6,005,647)	(4,916,385)	(3,965,278)	(4,573,084)	(4,734,599)	(3,211,511)	(2,716,126)	(2,135,304)	(1,634,475)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 31,443,178	$ 29,056,649	$ 24,552,807	$ 26,743,184	$ 29,082,300	$ 22,255,797	$ 21,590,827	$ 19,900,320	$ 18,406,247	N/A
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

North Monterey County Unified School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.1163%	0.0918%	0.0913%	0.0859%	0.0876%	0.0758%	0.0699%	0.0644%	0.0653%	N/A
District's proportionate share of the net pension liability (asset)	$ 40,023,616	$ 18,676,136	$ 28,024,057	$ 25,036,816	$ 23,347,764	$ 18,086,721	$ 13,797,307	$ 9,492,836	$ 7,413,140	N/A
District's covered payroll**	$ 18,059,908	$ 13,187,523	$ 13,274,160	$ 12,022,370	$ 11,675,591	$ 9,730,824	$ 8,459,760	$ 7,161,862	$ 6,865,980	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.62%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

North Monterey County Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 5,194,803	$ 4,137,525	$ 2,729,817	$ 2,617,797	$ 2,171,480	$ 1,813,336	$ 1,351,417	$ 1,002,228	$ 843,023	N/A
Contributions in relation to the contractually required contribution	(5,194,803)	(4,137,525)	(2,729,817)	(2,617,797)	(2,171,480)	(1,813,336)	(1,351,417)	(1,002,228)	(843,023)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 20,476,165	$ 18,059,908	$ 13,187,523	$ 13,274,160	$ 12,022,370	$ 11,675,591	$ 9,730,824	$ 8,459,760	$ 7,161,862	N/A
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

North Monterey County Unified School District

Schedule of Changes in the District's total OPEB Liability and Related Ratios – NMCUSD Retiree Health Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	$ 126,095	$ -	$ -	$ -	$ -	$ 80,366	N/A	N/A	N/A	N/A
Interest	2,389	2,343	2,604	2,893	3,215	-	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Experience differences	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Benefit payments	(84,524)	(8,202)	(9,114)	(10,126)	(11,252)	-	N/A	N/A	N/A	N/A
Net change in total OPEB liability	43,960	(5,859)	(6,510)	(7,233)	(8,037)	80,366	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	52,727	58,586	65,096	72,329	80,366	-	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 96,687	$ 52,727	$ 58,586	$ 65,096	$ 72,329	$ 80,366	N/A	N/A	N/A	N/A
Covered payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

North Monterey County Unified School District

Schedule of District Contributions – NMCUSD Retiree Health Plan

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	84,524	8,202	9,114	10,126	11,252	-	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (84,524)	$ (8,202)	$ (9,114)	$ (10,126)	$ (11,252)	$ -	N/A	N/A	N/A	N/A
District's covered payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

North Monterey County Unified School District

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net OPEB liability (asset)	0.0752%	0.0628%	0.0757%	0.0763%	0.0752%	0.0739%	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability (asset)	$ 247,648	$ 250,539	$ 320,783	$ 284,084	$ 287,919	$ 311,023	N/A	N/A	N/A	N/A
District's covered payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	-0.94%	-0.80%	-0.71%	-0.81%	-0.40%	0.01%	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

North Monterey County Unified School District

Schedule of District Contributions – MPP Program

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	19,811	16,949	18,225	18,767	18,596	18,924	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (19,811)	$ (16,949)	$ (18,225)	$ (18,767)	$ (18,596)	$ (18,924)	N/A	N/A	N/A	N/A
District's covered payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

A. Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other than Capital Outlay (Fund 17) was included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Basic Financial Statements Ending Fund Balance	$ 24,082,389
Fund 17 Fund Balance	(126,628)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 23,955,761
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 8,275,778
Fund 17 Net Change in Fund Balance	3,102,812
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 11,378,590

B. Excess of Expenditures Over Appropriations

As of June 30, 2023, the District's expenditures which exceeded appropriations in the following categories:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Transfers of Indirect Costs	$ 124,009	The District underestimated internal transfers of indirect costs between funds.
Debt Service - Interest	24,452	The District underestimated the costs of debt service interest.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

C. Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

D. Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2022, was determined with a valuation completed June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return [(1)]	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return [(1)]	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS 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.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

E. Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. Subsequently the CalPERS Board decrease from 7.25% to 7.15% for the school pool valuation occurred in the June 30, 2019, valuation. Finally, the CalPERS board decreased the discount rate from 7.15% to 6.90% for measurement date June 30, 2022 as a result of the 2021 experience study. Additional adjustments were made to mortality and other assumptions based upon the experience study completed in 2021.

F. Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2022, was determined with a valuation completed June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/00 - 06/30/19
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	2.75%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

G. Schedule of Changes in the District's Net OPEB Liability and Related Ratios – Retiree Health Plan

1) Benefit Changes: There were no benefit changes during the 2022-23 fiscal year.

2) Changes in Assumptions: Discount rate has been updated each fiscal year to be consistent with requirements of GASB Statement 75.

3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

4) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.58%
2019	3.87%
2020	1.29%
2021	2.21%
2022	2.16%
2023	4.53%

Additional information can be obtained by requesting a copy of the OPEB valuation from the District.

H. Schedule of District's Contributions to OPEB Plan – Retiree Health Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus an amount determined by the board based on budgetary considerations through the OPEB Trust administered by CalPERS.

I. Schedule of District's Proportionate Share – MPP Program

1. Benefit Changes: There were no benefit changes during the 2022-23 fiscal year.

2. Changes in Assumptions: There were updates to discount rate annually consistent with the requirements of GASB Statement No. 75.

J. Schedule of District's Contributions – MPP Program

The total OPEB liability for Medicare Premium Payment (MPP) Program for measurement date June 30, 2022, was determined with a valuation completed June 30, 2021. In determining the total OPEB liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period:	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019
Valuation Date	June 30, 2016	June 30, 2017	June 30, 2018
Experience Study	2010 - 2015	2010 - 2015	2010 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	3.58%	3.87%	3.50%
Medicare Part A Costs Trend	3.70%	3.70%	3.70%
Medicare Part B Costs Trend	4.10%	4.10%	4.10%

Reporting Period:	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	June 30, 2020	June 30, 2021	June 30, 2022
Valuation Date	June 30, 2019	June 30, 2020	June 30, 2021
Experience Study	2014-2018	2015-2018	2015-2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	2.21%	2.16%	3.54%
Medicare Part A Costs Trend	4.50%	4.50%	4.50%
Medicare Part B Costs Trend	5.40%	5.40%	5.40%

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.

Combining Statements as Supplementary Information

North Monterey County Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds					Capital Projects Funds			Debt Service Funds		
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets											
Cash and Cash Equivalents	$ 212,480	$ 40,745	$ 711,224	$ 3,068,316	$ 89,048	$ 281,520	$ 725,240	$ 3,392,984	$ 1,696,835	$ 2,739,996	$ 12,958,388
Accounts Receivable	40	43,031	455,705	1,031,812	-	-	-	-	-	-	1,530,588
Due From Other Funds	-	-	-	77,306	500,000	-	-	-	-	-	577,306
Inventory	-	-	-	93,236	-	-	-	-	-	-	93,236
Total Assets	$ 212,520	$ 83,776	$ 1,166,929	$ 4,270,670	$ 589,048	$ 281,520	$ 725,240	$ 3,392,984	$ 1,696,835	$ 2,739,996	$ 15,159,518
Liabilities and Fund Balance											
Liabilities											
Accounts Payable	$ 13,938	$ 13,004	$ 53,333	$ 53,964	$ 29,025	$ -	$ 1,179	$ 90,911	$ -	$ -	$ 255,354
Due to Other Funds	-	-	-	-	-	-	-	511,162	-	-	511,162
Unearned Revenue	-	1,598	151,525	2,766	-	-	-	-	-	-	155,889
Total Liabilities	13,938	14,602	204,858	56,730	29,025	-	1,179	602,073	-	-	922,405
Fund Balance											
Nonspendable	-	-	-	93,236	-	-	-	-	-	-	93,236
Restricted	198,582	44,740	962,071	4,120,704	-	281,520	724,061	-	1,696,835	2,739,996	10,768,509
Committed	-	-	-	-	560,023	-	-	-	-	-	560,023
Assigned	-	24,434	-	-	-	-	-	2,790,911	-	-	2,815,345
Total Fund Balance	198,582	69,174	962,071	4,213,940	560,023	281,520	724,061	2,790,911	1,696,835	2,739,996	14,237,113
Total Liabilities and Fund Balance	$ 212,520	$ 83,776	$ 1,166,929	$ 4,270,670	$ 589,048	$ 281,520	$ 725,240	$ 3,392,984	$ 1,696,835	$ 2,739,996	$ 15,159,518

North Monterey County Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds					Capital Projects Funds			Debt Service Funds		
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Bond Interest & Redemption Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:											
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,443,146	$ -	$ 2,443,146
Federal Revenue	-	32,023	37,800	4,076,567	-	-	-	-	-	-	4,146,390
Other State Revenue	-	465,530	3,384,118	757,555	-	-	-	-	-	-	4,607,203
Interest & Investment Earnings	-	2,079	22,581	26,147	20,809	5,180	4,398	(79,573)	13,186	213,016	227,823
Other Local Revenue	597,000	-	349,194	115,648	-	-	85,043	-	-	-	1,146,885
Total Revenues	597,000	499,632	3,793,693	4,975,917	20,809	5,180	89,441	(79,573)	2,456,332	213,016	12,571,447
Expenditures											
Current Expenditures											
Instruction	-	242,001	1,363,140	-	-	-	-	-	-	-	1,605,141
Instruction - Related Services	-	202,570	1,048,297	-	-	-	-	-	-	-	1,250,867
Pupil Services	-	-	99,990	4,232,011	-	-	-	-	-	-	4,332,001
Ancillary Services	601,409	-	-	-	-	-	-	-	-	-	601,409
Enterprise Activities	-	-	-	(2,249)	-	-	-	-	-	-	(2,249)
General Administration	-	19,555	182,606	120,181	-	-	-	-	-	-	322,342
Plant Services	-	-	32,499	5,455	630,431	-	2,989	1,219	-	-	672,593
Capital Outlay	-	-	758,392	76,474	10,553	71,800	-	706,987	-	-	1,624,206
Debt Service:											
Principal	-	-	-	-	-	-	-	-	1,240,000	620,000	1,860,000
Interest	-	-	-	-	-	-	-	-	1,131,380	59,179	1,190,559
Total Expenditures	601,409	464,126	3,484,924	4,431,872	640,984	71,800	2,989	708,206	2,371,380	679,179	13,456,869
Excess (Deficiency) of Revenues Over(Under) Expenditures	(4,409)	35,506	308,769	544,045	(620,175)	(66,620)	86,452	(787,779)	84,952	(466,163)	(885,422)
Other Financing Sources (Uses):											
Transfers In	-	-	-	-	500,000	-	-	2,878,002	-	-	3,378,002
Transfers Out	-	-	-	-	-	-	-	-	-	(4,878,002)	(4,878,002)
Proceeds from Sale of District Property	-	-	-	-	-	-	-	671,447	-	-	671,447
Total Other Financing Sources (Uses)	-	-	-	-	500,000	-	-	3,549,449	-	(4,878,002)	(828,553)
Net Change in Fund Balance	(4,409)	35,506	308,769	544,045	(120,175)	(66,620)	86,452	2,761,670	84,952	(5,344,165)	(1,713,975)
Fund Balance, Beginning of Year	202,991	33,668	653,302	3,669,895	680,198	348,140	637,609	29,241	1,611,883	8,084,161	15,951,088
Fund Balance, End of Year	$ 198,582	$ 69,174	$ 962,071	$ 4,213,940	$ 560,023	$ 281,520	$ 724,061	$ 2,790,911	$ 1,696,835	$ 2,739,996	$ 14,237,113

Other Supplementary Information

North Monterey County Unified School District

Local Education Agency Organization Structure
June 30, 2023

North Monterey County Unified School District was organized on July 1, 1977, following a unification election in the former North Monterey County Union School District. The District consists of four elementary schools, one middle school, one comprehensive high school, an independent study program, a continuation school, and an adult education program.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Vacant	President	Four Year Term
Martha Chavarria	Vice President	Four Year Term Expires November 2024
Lillian Mulvey	Clerk	Four Year Term Expires November 2024
Ricardo Diaz	Member	Four Year Term Expires November 2026
Adriana Melgoza	Member	Four Year Term Expires November 2026

ADMINISTRATION

Kari Yeater
Superintendent

Noemi Loveless
Associate Superintendent
Educational Services

Mary Dawson
Assistant Superintendent
Business Services

North Monterey County Unified School District

Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Second Period Report Certificate #D541D966		Annual Report Certificate #CA2DECA	
	Original	Revised	Original	Revised
Grades TK/K-3:				
Regular ADA	1,228.81	N/A	1,239.77	N/A
Extended Year Special Education	-	N/A	1.58	N/A
Total Grades TK/K-3	1,228.81	N/A	1,241.35	N/A
Grades 4-6:				
Regular ADA	951.55	N/A	954.28	N/A
Extended Year Special Education	-	N/A	0.98	N/A
Total Grades 4-6	951.55	N/A	955.26	N/A
Grades 7-8				
Regular ADA	610.97	N/A	613.30	N/A
Extended Year Special Education	-	N/A	0.40	N/A
Total Grades 7-8	610.97	N/A	613.70	N/A
Grades 9-12				
Regular ADA	1,268.84	N/A	1,260.97	N/A
Extended Year Special Education	-	N/A	1.30	N/A
Nonpublic, Nonsectarian Schools	0.97	N/A	0.97	N/A
Extended Year - Nonpublic	0.18	N/A	0.18	N/A
Total Grades 9-12	1,269.99	N/A	1,263.42	N/A
Total ADA	4,061.32	N/A	4,073.73	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

Average daily attendance 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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

North Monterey County Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

North Monterey County Unified School District, except Castroville Elementary School, Echo Valley Elementary School, and North Monterey County Middle School

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	54,484	889	55,373	177	3	180	Complied
Kindergarten	36,000	54,484	889	55,373	177	3	180	Complied
1st Grade	50,400	54,484	889	55,373	177	3	180	Complied
2nd Grade	50,400	54,484	889	55,373	177	3	180	Complied
3rd Grade	50,400	54,484	889	55,373	177	3	180	Complied
4th Grade	54,000	54,484	889	55,373	177	3	180	Complied
5th Grade	54,000	54,484	889	55,373	177	3	180	Complied
6th Grade	54,000	54,484	889	55,373	177	3	180	Complied
9th Grade	64,800	63,735	1,090	64,825	177	3	180	Complied
10th Grade	64,800	63,735	1,090	64,825	177	3	180	Complied
11th Grade	64,800	63,735	1,090	64,825	177	3	180	Complied
12th Grade	64,800	63,735	1,090	64,825	177	3	180	Complied

North Monterey County Unified School District

Schedule of Instructional Time, Continued

Year Ended June 30, 2023

Castroville Elementary School, Echo Valley Elementary School, and North Monterey County Middle School

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	54,152	1,221	55,373	176	4	180	Complied
Kindergarten	36,000	54,152	1,221	55,373	176	4	180	Complied
1st Grade	50,400	54,152	1,221	55,373	176	4	180	Complied
2nd Grade	50,400	54,152	1,221	55,373	176	4	180	Complied
3rd Grade	50,400	54,152	1,221	55,373	176	4	180	Complied
4th Grade	54,000	54,152	1,221	55,373	176	4	180	Complied
5th Grade	54,000	54,152	1,221	55,373	176	4	180	Complied
6th Grade	54,000	54,152	1,221	55,373	176	4	180	Complied
7th Grade	54,000	56,691	1,260	57,951	176	4	180	Complied
8th Grade	54,000	56,691	1,260	57,951	176	4	180	Complied

North Monterey County Unified School District

Schedule of Instructional Time, Continued

Year Ended June 30, 2023

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

   - To pupils in Kindergarten 36,000 minutes
   - To pupils in grades 1 to 3 50,400 minutes
   - To pupils in grades 4 to 8 54,000 minutes
   - To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

   - EC §46112:Grades 1 to 3 230 minutes
   - EC §46113: Grades 4 to 8 240 minutes
   - EC §46114: Kindergarten 180 minutes
   - EC §46141: Grades 9 to 12 240 minutes

A J-13A waiver was obtained for all school sites resulting from emergency closures. The J-13A waiver was approved by the California Department of Education on January 24, 2024.

North Monterey County Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2023

General Fund	Budget 2024 (See Note 1)	2023	2022 (See Note 5)	2021 (See Note 5)
Revenues and Other Financing Sources	$ 86,119,975	$ 98,720,871	$ 77,114,409	$ 74,642,409
Expenditures and Other Financing Uses	88,544,140	87,342,281	89,179,646	66,281,286
Net Change in Fund Balance	(2,424,165)	11,378,590	(12,065,237)	8,361,123
Ending Fund Balance	$ 21,531,596	$ 23,955,761	$ 12,577,171	$ 24,642,408
Available Reserves (See Note 2)	$ 11,430,294	$ 8,030,462	$ 4,456,684	$ 1,989,000
Available Reserves as a Percentage of Total Outgo (See Note 3)	12.91%	9.19%	5.00%	3.00%
Long Term Debt	$ 32,596,395	$ 34,401,925	$ 36,454,018	$ 38,117,004
Average Daily Attendance at P2	4,226	4,061	3,920	4,342

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.

The general fund balance has decreased by $686,647 (2.79%) over the past two years. The fiscal year 2023-24 budget projects a decrease of $2,424,165 (10.12%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by $3,715,079 (9.75%) over the past two years.

Average daily attendance (ADA) has decreased by 281 as compared to ADA funded in 2020-21. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

Notes:

1. Budget 2024 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances and all amounts committed by the board for program stabilization contained within the general fund.
3. Long term debt consists of general obligation bonds, certificates of participation, leases payable, and financed purchases.
4. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 17.
5. Fiscal years ended June 30, 2021 and June 30, 2022 are included for analytical purposes only and were not audited with the audit of the year ended June 30, 2023. These years audit reports can be obtained by contacting the District's Business Office.

North Monterey County Unified School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
June 30, 2023

	General Fund (Fund 01)	Child Nutrition Fund (Fund 13)	Special Reserve Fund for Other than Capital Outlay (Fund 17)
June 30, 2023, annual financial and budget report fund balances	$ 24,935,442	$ 4,293,109	$ 126,628
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB 54 Fund Presentation	126,628	-	(126,628)
Overstatement of State Revenue	(979,681)	(79,169)	-
Net adjustments and reclassifications	(853,053)	(79,169)	(126,628)
June 30, 2023, audited financial statement fund balances	$ 24,082,389	$ 4,213,940	$ -

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

North Monterey County Unified School District

Schedule of Charter Schools
Year Ended June 30, 2023

As of June 30, 2023, the District has not sponsored any charter schools.

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

North Monterey County Unified School District

Schedule of First Five Program Expenditures
Year Ended June 30, 2023

	Final Budget (Unaudited)	Actual	Variance
Personnel Services	$ 186,855	$ 186,855	$ -
Employee Taxes & Benefits	71,958	71,958	-
Services & Other	4,622	4,622	-
Indirect Costs	12,818	12,818	-
Total Expenditures	$ 276,253	$ 276,253	$ -

The final budget information is included for analytical purposes only and has not been subjected to audit. The District utilizes a local restrictor code from the general fund and the child development fund to track expenditures for the first five program.

This schedule summarizes the District's budget and actual expenditures for the Monterey County First Five Program.

North Monterey County Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
National School Lunch Program	10.555	13396	$ -	$ 3,210,460
National School Lunch Program - Noncash Commodities	10.555	13396	-	113,844
Supply Chain Assistance (SCA) Funds	10.555	15655	-	111,954
Fresh Fruit and Vegetable Program	10.582	14686	-	121,053
Total Child Nutrition Cluster			-	3,557,311
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	134,727
IDEA Assistance Entitlement	84.027	15638	-	174,859
IDEA Quality Assurance & Focused Monitoring	84.027	13693	-	29,327
IDEA Preschool Grants (Ages 3-5)	84.173	13430	-	12,437
IDEA Preschool Grants	84.173	15639	-	13,830
IDEA Preschool Staff Development	84.173	13431	-	203
Total Special Education (IDEA) Cluster			-	365,383
OTHER PROGRAMS:				
U.S. Department of Agriculture				
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	13666	-	519,256
U.S. Department of Education				
Passed through California Department of Education				
Adult Education Basic	84.002	14508	-	8,603
Adult Education Secondary	84.002	13978	-	23,419
Title I	84.010	14329	-	1,153,108
ESSA School Improvement	84.010	15438	-	263,376
Carl Perkins Vocational Education	84.048	14894	-	44,150
Migrant Education	84.060	14838	-	319,190
Migrant Education Summer	84.060	10005	-	85,781
Education for Homeless Children & Youth	84.196	14332	-	93,776
21st Century ASSETS	84.287	14535	-	371,926
Title III English Learner Program	84.365	14346	-	232,772
Title II Supporting Effective Instruction	84.367	14341	-	122,164
Title IV Student Support Academic Enrichment	84.424	15396	-	95,008
American Rescue Plan - Homeless Children & Youth	84.425	15564	-	224
American Rescue Plan - Homeless Children & Youth II	84.425	15566	-	502
ESSER II State Reserve	84.425	15618	-	557,291
GEER II	84.425	15619	-	13,188
ESSER III - Summer Learning	84.425	15652	-	360,000
ESSER II	84.425D	15547	-	10,393
ESSER III	84.425D	15559	-	830,610
ESSER III - Learning Loss	84.425U	10155	-	1,138,378
Total Other Programs			-	6,243,115
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 10,165,809

See accompanying notes to schedule of expenditures of federal awards.

North Monterey County Unified School District

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 7.91% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	AL #	Indirect Cost Rate
IDEA Assistance Entitlement	84.027	7.82%
Migrant Education	84.060	7.52%
21st Century ASSETS	84.287	5.00%
ESSER III - Summer Learning	84.425	5.00%

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

Program	AL #	Amount Expended
Title I	84.010	$ 1,153,108
ESSA School Improvement	84.010	263,376

Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

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

Total Federal Revenues on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ 10,367,942
Less: Amounts representing Medi-Cal MAA and Medi-Cal Billing	(202,133)
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	$ 10,165,809

Other Independent Auditors' Reports

WILKINSON HADLEY KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Board of Education
North Monterey County Unified School District

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 the North Monterey County Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2024.

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 Example School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Example School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-003.

North Monterey County Unified School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



El Cajon, California
February 15, 2024

WILKINSON HADLEY KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Board of Education
North Monterey County Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion the District complied, in all material respects, with the 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 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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



El Cajon, California
February 15, 2024

WILKINSON HADLEY KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance and on Internal Control over State Compliance

To the Board of Education
North Monterey County Unified School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited the North Monterey County Unified School District's (the District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2023.

Basis for Opinion on Each Applicable State 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over state 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following programs:

		Procedures Performed
Local Education Agencies Other than Charter Schools		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	Yes
E.	Continuation Education	Yes
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	N/A
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	N/A
N.	Middle or Early College High Schools	N/A
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	N/A
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	N/A
TT.	Home to School Transportation Reimbursement	Yes
UU.	Independent Study Certification for ADA Loss Mitigation	Yes

		Procedures Performed
School Districts, County Offices of Education, and Charter Schools		
T.	California Clean Energy Jobs Act	N/A
U.	After/Before School Education and Safety Program.	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study - Course Based	N/A
Z.	Immunizations	No
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Yes
EZ.	Transitional Kindergarten	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Audit Guide and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each applicable state program is not modified with respect to this matter.

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

Report on Internal Control over State 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 state 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 state 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 state 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 state compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over state 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.



El Cajon, California
February 15, 2024

Auditor’s Results, Findings & Recommendations

North Monterey County Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2023

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	X Yes	No
One or more significant deficiencies identified that are not considered material weakness(es)?	X Yes	No
Noncompliance material to financial statements noted?	X Yes	No

FEDERAL AWARDS

Internal control over major programs:		
One or more material weakness(es) identified?	Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	Yes	X No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Compliance supplement utilized for single audit	May 2023	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.010	ESSA School Improvement
84.027, 84.173	Special Education Cluster
84.425	American Rescue Plan - Homeless Children & Youth
84.425	American Rescue Plan - Homeless Children & Youth II
84.425	ESSER II State Reserve
84.425	GEER II
84.425	ESSER III - Summer Learning
84.425D	ESSER II
84.425D	ESSER III
84.425U	ESSER III - Learning Loss

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	Yes	X No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Any audit findings disclosed that are required to be reported in accordance with *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies?*	X Yes	____ No

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
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

A. Financial Statement Findings

Finding Number: 2023-001
Repeat Finding: No
Type of Finding: Internal Control Over Revenue Recognition– Material Weakness (30000)

Criteria or Specific Requirement

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances.

Condition

In our review of state revenue we noted that the District posted a duplicate accrual for child nutrition state revenue. In addition, the District did not post adjustments to LCFF State Aid resulting from changes in entitlement resulting from actual property taxes received. The errors resulted in overstatements of revenue that were material to the financial statements and required audit adjustments to correct.

Cause
When the District reconciled child nutrition revenue they inadvertently excluded cash received awaiting deposit and accrued a receivable for amounts already received. When the District was calculating LCFF State Aid they were relying upon estimates provided by the County Office of Education and California Department of Education; however, more accurate information regarding property taxes became available after the estimates and prior to closing the books that was not included in the calculations.

Effect
There were material errors in state revenue reported that were not detected and corrected by the District's procedures prior to the close of the books which required audit adjustments to correct.

Context
Reconciliations over revenue are a key control in ensuring that misstatements, whether due to error or fraud, are prevented, and/or detected and corrected in a timely manner.

Recommendation
Adjust review and reconciliation procedures over revenue recognition to include cash receipts awaiting deposit. Update LCFF calculators to include actual property tax amounts so that total LCFF, including state aid is accurately calculated and reported.

Views of Responsible Officials
See Corrective Action Plan

Finding Number:	2023-002
Repeat Finding:	No
Type of Finding:	Internal Control Over Cash– Significant Deficiency (30000)

Criteria or Specific Requirement
Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances.

Condition
In our review of bank reconciliations, we noted that four out of five bank accounts tested did not document who prepared and reviewed or when the reconciliations were completed. In addition, the revolving cash bank reconciliations were completed January 2024, after the books were closed.

Cause
District established processes were not being followed with regards to bank reconciliations.

Effect
Amounts reported in the financial statements varied from bank reconciliations by an immaterial amount. No audit adjustment was posted to correct the variances. The District is at risk of a material misstatement that is not detected and corrected in a timely manner.

Context
Bank reconciliations are a key control in ensuring that misstatements, whether due to error or fraud, are prevented, and/or detected and corrected in a timely manner.

In our test of controls, we tested October 2022, February 2023, and June 2023 bank reconciliations for five District held accounts to verify if internal controls were properly designed and in place.

Recommendation
We recommend the District establish a procedure requiring bank statements to be reconciled timely. Reconciliations should be done monthly within the subsequent month to ensure that misstatements, whether due to error or fraud, are prevented, and/or detected and corrected on a timely basis. In addition, the reconciliations should include documentation of who completed the reconciliation, who reviewed the reconciliation, and what dates each of these were completed.

Views of Responsible Officials
See Corrective Action Plan

Finding Number:	2023-003
Repeat Finding:	No
Type of Finding:	Noncompliance Material to the Financial Statements (60000)

Criteria or Specific Requirement
The District is responsible to provide supporting documentation for salaries and wages charged to state restricted programs (resources). In the absence of more stringent state program guidelines, the District may document state restricted program funded salaries and wages in the same manner that federal restricted program funded salaries and wages are documented or an alternative state documentation method. The documentation must include actual hours worked in the restricted programs, signatures of employees and supervisors, and be completed after the fact based on actual effort expended. Additional detail to the requirements for documentation of Salaries and Wages can be found in the California School Accounting Manual (CSAM), Procedure 905.

Condition
While reviewing payroll charged to early childhood programs (resource codes 6053, 6105, and 6128) we noted that the District was unable to provide supporting documentation for salaries and wages charged to the programs that met the requirements identified in CSAM Procedure 905.

Cause
The District had written procedures requiring documentation of time and effort for all salaries and wages paid with restricted programs; however, it appears that the department responsible for completing the documentation for the child development fund did not complete the documentation.

Effect

The District is out of compliance for documentation of salaries and wages in the early childhood programs. As a result, it could not be determined if employees charged to the programs were appropriately charged. Amounts charged to the programs without compliant documentation is material to the financial statements as follows:

Resource Code	Salaries Charged	Employee Benefits Charged	Total Charged
6053	$ 12,856	$ 3,107	$ 15,963
6105	1,407,929	548,960	1,956,889
6128	31,718	9,759	41,477
Total	$ 1,452,503	$ 561,826	$ 2,014,329

Without proper documentation, the California Department of Education could require funds to be returned for these programs.

Context

We identified the noncompliance in the normal course of our audit procedures. 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.

Recommendation

Provide training to all departments utilizing restricted funding to pay salaries and wages regarding the requirements for documentation. Implement review procedures over documentation of salaries and wages to ensure that it is being completed properly, contemporaneously, and that the employees are being correctly charged to the programs they expend effort in. Due to the volume of categorical programs that require specific documentation, the District should establish a position that oversees the categorical funds and ensures documentation meets requirements of the programs.

Views of Responsible Officials

See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

Finding Number:	2023-004
Repeat Finding:	No
Program Name:	Administrator to Teacher Ratio
Questioned Costs:	None
Type of Finding:	State Compliance (40000)

Criteria or Specific Requirement
California Education Code §41402 limits the District to a maximum of 8 certificated administrators for every 100 certificated teachers.

Condition
In our review of the Administrator to Teacher Ratio Worksheet we noted that the District exceeded the maximum administrators FTE by 1.67, rounded up to 2 excess administrators.

Cause
The District had already hired the administrative positions prior to completion of the Administrator to Teacher Ratio Worksheet and was not able to make adjustments throughout the year to bring the District into compliance.

Effect
The District is out of compliance with Education Code §41402.

Fiscal Impact
In accordance with Education Code §41404 the excess of administrators results in a penalty to the District of $149,782 calculated utilizing part IV of the Administrator to Teacher Ratio Worksheet.

Context
The program was audited as one of the requirements in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Recommendation
Establish a timeline for preparation of the Administrator to Teacher Ratio Worksheet prior to hiring for the fiscal year to provide necessary information and allow for time to make necessary changes to administrative positions to meet compliance requirements of Education Code §41402.

Views of Responsible Officials
See Corrective Action Plan

North Monterey County Unified School District

13994 Castroville Blvd
Castroville, CA 95012
(831) 633-3343
www.nmcusd.org

February 15, 2024

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Mary E. Dawson
Associate Superintendent of Business Services

North Monterey County Unified School District

Corrective Action Plan
Year Ended June 30, 2023

Financial Statement Findings

Finding Number:	2023-001
Description:	Internal Control Over Revenue Recognition– Material Weakness
Department:	Fiscal Services
Anticipated Completion Date:	2023-24
Planned Corrective Action:	Nutrition: The accrual was set up at the time that the resources was closed out. Reimbursement checks came in after and they were in cash awaiting. To ensure that revenue is captured, staff will be required to check Cash awaiting before closing the year to ensure that there are no duplicate entries. LCFF: This is the first time the district has been notified about a miscalculation in LCFF revenue. The district's financials were correct. However, due to the calculator not been updated at Unaudited, the tax revenue was not adjusted. This resulted in state aid being overstated. The adjustment has since been made. Moving forward the district will ensure a new LCFF calculator is completed prior to the completion of Unaudited, this will ensure any final revenue adjustments from the state are captured and recorded accurately.
Finding Number:	2023-002
Description:	Internal Control Over Cash– Significant Deficiency
Department:	Fiscal Services
Anticipated Completion Date:	2023-24
Planned Corrective Action:	The district has the forms/documents in place to properly reconcile banks statements. To ensure this process is occurring on a monthly basis a checklist will be used by the Fiscal Director to monitor both timely and accurate bank statement reconciliation.
Finding Number:	2023-003
Description:	Noncompliance Material to the Financial Statements
Department:	Fiscal Services/Education Services
Anticipated Completion Date:	2023-24
Planned Corrective Action:	It is recommended that without the position of Categorical Director, and until the Assistant Superintendent of Educational Services is hired, the staff responsible for federal compliance, should also monitors state compliance. The district will make the adjustments as identified by the auditors to ensure staff who are not a part of the identified categorical programs are not being paid from there.

State Compliance Findings

Finding Number:	2023-004
Description:	Administrator to Teacher Ratio
Department:	Human Resources
Anticipated Completion Date:	2023-24
Planned Corrective Action:	The plan is for this to be monitored at the beginning of each year by Human Resources as hiring is occurring to ensure that the district stays within or below the ratio.

North Monterey County Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2023

Finding/Recommendation	Status	Explanation if Not Implemented

There were no findings reported in the audit for fiscal year ended June 30, 2022.