JEFFERSON UNION HIGH SCHOOL DISTRICT
COUNTY OF SAN MATEO
DALY CITY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2023

Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste. 130
Morgan Hill, CA 95037

JEFFERSON UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY

TABLE OF CONTENTS

JEFFERSON UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
of the Jefferson Union High School District
Daly City, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Jefferson Union High School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

Deficit Net Position

As of June 30, 2023, the District's net position in its Government-wide financial statements was at a deficit $40,768,165 mostly because of the long-term pension and OPEB liabilities and deferrals as reported in Note 10 and 11. Our opinion is not modified with respect to this matter.

New Accounting Standards

During the year, the District implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements. As a result, the District recorded a right of use subscription asset of $1,740,668 and a corresponding subscription lease liability of $1,740,668. See Note 7 for additional information. Our opinion was not modified for these matters.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, 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.

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Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and reconciliation of annual financial and budget report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of expenditures of federal awards, schedule of instructional time, and reconciliation of annual financial and budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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The organization schedule, schedule of charter schools and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 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 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 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 Jefferson Union High School District's internal control over financial reporting and compliance.

C & A LLP

February 29, 2024
Morgan Hill, California

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Management's Discussion and Analysis

This discussion and analysis of Jefferson Union High School District's (the 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. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2023 are as follows:

- Total net position decreased by $697,195 (2%) from June 30, 2022 to June 30, 2023, mainly due to GASB 68 adjustments.

- The District recorded deferred outflows of resources of $30,017,821 and deferred inflows of resources of $56,691,859 mainly due to requirements related to GASB 68, GASB 75 and GASB 87 for pension, other postemployment benefits, and leases. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.

- The District had $103,285,749 in government-wide expenses which is 90% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $25,351,121, or 22%, of the total revenues of $114,224,290.

- General revenue of $88,873,169 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 78% of total revenues in 2023 versus 82% in 2022.

- The fund balances of all funds increased by $17,887,057, which is a 20% increase from 2022.

- Total governmental fund revenues and expenditures totaled $113,304,981 and $140,511,403, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Jefferson Union High School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire 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 most significant funds with all other non-major funds presented in total in one column. In the case of Jefferson Union High School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This 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, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, the Building Fund, and the Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has one proprietary fund, an Enterprise Fund, which is reported separately from the Governmental Funds. The Enterprise Fund is used to account for teacher housing.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2023 compared to June 30, 2022:

Table 1 - Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	$ 155,867,522	$ 123,946,063	$ 960,782	$ 41,473	$ 156,828,304	$ 123,946,063
Capital Assets	300,258,810	274,836,987	-	-	300,258,810	274,836,987
Total Assets	**$ 456,126,332**	**$ 398,783,050**	**$ 960,782**	**$ 41,473**	**$ 457,087,114**	**$ 398,783,050**
Deferred Outflows	**$ 30,017,821**	**$ 25,127,099**	**$ -**	**$ -**	**$ 30,017,821**	**$ 25,127,099**
Liabilities						
Current Liabilities	$ 13,569,060	$ 10,285,728	$ -	$ -	$ 13,569,060	$ 10,285,728
Long-Term Liabilities	456,278,881	387,496,236	-	-	456,278,881	387,496,236
Total Liabilities	**$ 469,847,941**	**$ 397,781,964**	**$ -**	**$ -**	**$ 469,847,941**	**$ 397,781,964**
Deferred Inflows	**$ 56,691,859**	**$ 64,865,855**	**$ -**	**$ -**	**$ 56,691,859**	**$ 64,865,855**
Net Position						
Net Investment in Capital Assets	$ 7,809,667	$ 8,511,721	$ -	$ -	$ 7,809,667	$ 8,511,721
Restricted	13,814,784	7,425,571	-	-	13,814,784	7,425,571
Unrestricted	(62,020,098)	(54,674,962)	960,782	41,473	(61,059,316)	(54,674,962)
Total Net Position	**$ (40,395,647)**	**$ (38,737,670)**	**$ 960,782**	**$ 41,473**	**$ (39,434,865)**	**$ (38,737,670)**

Capital assets increased by 9% mainly due to additions to capital assets. Net investment in capital assets decreased by $702,054 mainly due to additions to capital assets and repayment of debt related to capital investments. Deferred inflows of resources decreased by $8.2 million mostly because of earnings in pension plans that were below estimates during the measurement period and deferrals of leases receivable.

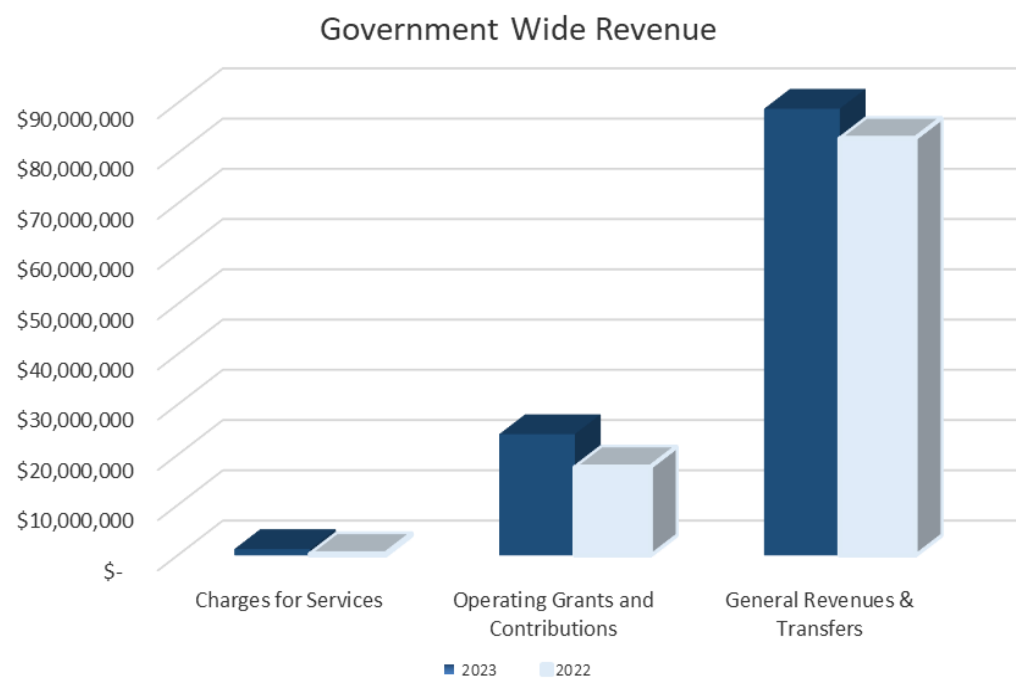
Table 2 compares the components of changes in net position for the fiscal year 2023 versus 2022:

Table 2 - Change in Net Position

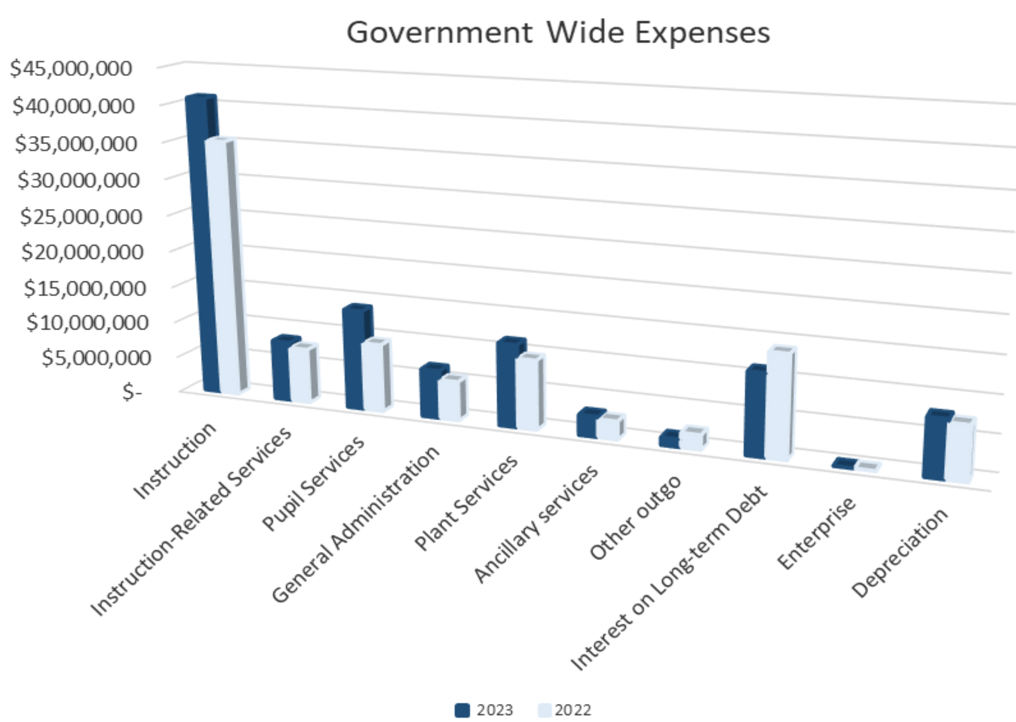
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	$ 306,694	$ 388,556	$ 936,904	$ 42,473	$ 1,243,598	$ 388,556
Operating Grants and Contributions	24,107,523	17,643,655	-	-	24,107,523	17,643,655
General Revenues	88,890,764	83,045,959	(17,595)	-	88,873,169	83,045,959
Total Revenues	113,304,981	101,078,170	919,309	42,473	114,224,290	101,078,170
Program Expenses						
Instruction	40,935,876	35,310,303	-	-	40,935,876	35,310,303
Instruction-Related Services	8,229,465	7,507,249	-	-	8,229,465	7,507,249
Pupil Services	13,694,135	9,284,189	-	-	13,694,135	9,284,189
General Administration	6,563,336	5,334,722	-	-	6,563,336	5,334,722
Plant Services	11,285,497	9,455,877	-	-	11,285,497	9,455,877
Ancillary services	2,793,188	2,467,334	-	-	2,793,188	2,467,334
Other outgo	1,056,936	1,964,706	-	-	1,056,936	1,964,706
Interest on Long-term Debt	11,027,918	13,809,510	-	-	11,027,918	13,809,510
Enterprise	-	-	-	1,000	-	-
Depreciation	7,699,398	7,248,627	-	-	7,699,398	7,248,627
Total Expenses	103,285,749	92,382,517	-	1,000	103,285,749	92,382,517
Change in Net Position	10,019,232	8,695,653	919,309	41,473	10,938,541	8,695,653
Beginning Net Position	(38,737,670)	(59,411,389)	41,473	-	(38,696,197)	(59,411,389)
Prior Period Adjustments	(11,677,209)	11,978,066	-	-	(11,677,209)	11,978,066
Ending Net Position	**$ (40,395,647)**	**$ (38,737,670)**	**$ 960,782**	**$ 41,473**	**$ (39,434,865)**	**$ (38,737,670)**

Total expenditures increased by 12%, mostly due to the implementation of new state programs and spending down of one-time funding. Operating grants and contributions increased by 13% mainly due to new federal and state grants in restricted programs.

The following chart compares government-wide revenue by category for 2023 and 2022:



The next chart compares government-wide expenses by category for 2023 and 2022:



Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 61% of total expenses in 2023 versus 56% in 2022. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services

Function	2023	2022	Increase (Decrease)	Percent
Instruction	$ 26,950,259	$ 24,595,192	$ 2,355,067	9.6%
Instruction-related services:	6,559,391	6,353,393	205,998	3.2%
Pupil services:	9,330,146	6,169,379	3,160,767	51.2%
General administration:	6,240,266	5,177,843	1,062,423	20.5%
Plant services	11,201,451	9,390,687	1,810,764	19.3%
Ancillary services	871,535	613,289	258,246	42.1%
Other outgo	(1,008,832)	992,386	(2,001,218)	-201.7%
Interest on long-term debt	11,027,918	13,809,510	(2,781,592)	-20.1%
Depreciation - unallocated	7,699,398	7,248,627	450,771	6.2%
Total Net Cost of Services	**$ 78,871,532**	**$ 74,350,306**	**$ 4,521,226**	**6.1%**

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2023	2022	Increase (Decrease)	Percent
General Fund	$ 27,450,712	$ 32,979,337	$ (5,528,625)	-16.8%
Building Fund	46,334,869	26,787,342	19,547,527	73.0%
Bond Interest and Redemption Fund	20,558,650	15,992,247	4,566,403	28.6%
Nonmajor Governmental Funds	11,199,970	12,817,527	(1,617,557)	-12.6%
Enterprise Fund	960,782	41,473	919,309	2216.6%
Total Fund Balances	**$ 106,504,983**	**$ 88,617,926**	**$ 17,887,057**	**20.2%**

Capital Assets

Table 5 shows June 30, 2023 capital asset balances compared to June 30, 2022:

Table 5 - Summary of Capital Assets Net of Depreciation				
	2023	2022		
	Net	Net	Increase	
Capital Asset	Capital Assets	Capital Assets	(Decrease)	Percent
Land	$ 1,536,578	$ 1,536,578	$ -	0.0%
Work-in-Progress	187,116,520	156,070,605	31,045,915	19.9%
Buildings	107,693,853	114,439,038	(6,745,185)	-5.9%
Improvements of sites	24,011	30,265	(6,254)	-20.7%
Right of use assets	1,819,493	772,526	1,046,967	135.5%
Equipment	2,068,355	1,987,975	80,380	4.0%
Totals	**$ 300,258,810**	**$ 274,836,987**	**$ 25,421,823**	**9.2%**

See Note 6 for additional information related to the changes in capital assets.

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2023.

Table 6 - Long-term Liabilities				
			Increase	
Type of Debt	2023	2022	(Decrease)	Percent
Bonds	$ 326,644,844	$ 279,944,929	$ 46,699,915	16.7%
Certificates of Participation	53,490,258	53,678,506	(188,248)	-0.4%
Leases	831,694	744,333	87,361	11.7%
Subscriptions	1,435,578	-	1,435,578	100.0%
Net Pension Liabilities	52,594,812	32,379,186	20,215,626	62.4%
Total OPEB Liability	20,380,205	19,791,984	588,221	3.0%
Compensated Absences	901,490	957,298	(55,808)	-5.8%
Total	**$ 456,278,881**	**$ 387,496,236**	**$ 68,782,645**	**17.8%**

See Notes 7, 10 and 11 to the financial statements for additional information.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2023. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by $2,443,491 from adopted to final and budgeted expenditures increased by $7,500,253 from adopted to final during the year.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The state continues to project only moderate increases to the Local Control Funding Formula (LCFF) therefore, unless the State adds significantly to the LCFF base funding, the District is likely to remain a Community Funded (Basic Aid) District.
- Basic Aid status may provide additional funds, however, it brings greater uncertainty. Property tax revenue is very uncertain and subject to dramatic changes. This is due to the cyclic nature of property values as well as to limitations on the county information systems. Thus, while the additional revenue that a basic aid district receives is extremely helpful, the district's financial picture must be watched very carefully for signs of change. The district must do long term financial planning and carry significant reserves so that changes in property tax revenue can be accommodated without major impact on district programs.
- Basic Aid status takes enrollment out of the equation. As opposed to the LCFF funding mechanism which pays an amount per student and therefore automatically funds growth, a basic aid district must pay for any growth from its fixed pool of property tax funds. Therefore, any enrollment growth would adversely affect district finances and the educational programs. JUHSD enrollment has been declining, but the rate of decline is projected to slow in the next few years.
- Other considerations. Many costs continue to increase beyond the control of the district, such as utilities costs, STRS/PERS, and costs for Special Education. As a Basic Aid District, if the economy slows, percentage increases in these areas have the potential to be greater than property tax growth.

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 regarding this report or need additional financial information, contact the District's Business Office at (650) 550-7954 or 699 Serramonte Blvd., Daly City, CA 94015.

Basic Financial Statements

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and investments	$ 108,225,475	$ 929,168	$ 109,154,643
Accounts receivable	5,957,854	31,614	5,989,468
Prepaid	585,788	-	585,788
Total Current Assets	114,769,117	960,782	115,729,899
Noncurrent Assets:			
Leases receivable	41,098,405	-	41,098,405
Capital assets, net of depreciation	300,258,810	-	300,258,810
Total Noncurrent Assets	341,357,215	-	341,357,215
Total Assets	$ 456,126,332	$ 960,782	$ 457,087,114
Deferred Outflows of Resources			
Pension adjustments	$ 16,598,735	$ -	$ 16,598,735
OPEB adjustments	3,388,335	-	3,388,335
Deferred loss on early retirement of long-term debt	10,030,751	-	10,030,751
Total Deferred Outflows of Resources	$ 30,017,821	$ -	$ 30,017,821
Liabilities			
Current Liabilities:			
Accounts payable	$ 8,090,773	$ -	$ 8,090,773
Unearned revenue	1,730,287	-	1,730,287
Accrued interest	3,748,000	-	3,748,000
Total Current Liabilities	13,569,060	-	13,569,060
Long-term Liabilities:			
Due within one year	11,444,996	-	11,444,996
Due beyond one year	444,833,885	-	444,833,885
Total long-term Liabilities	456,278,881	-	456,278,881
Total Liabilities	$ 469,847,941	$ -	$ 469,847,941
Deferred Inflows of Resources			
Leases	$ 40,502,261	$ -	$ 40,502,261
Pension adjustments	5,390,017	-	5,390,017
OPEB adjustments	10,799,581	-	10,799,581
Total Deferred Inflows of Resources	$ 56,691,859	$ -	$ 56,691,859
Net Position			
Net investment in capital assets	$ 7,809,667	$ -	$ 7,809,667
Restricted for:			
Capital projects	2,566,537	-	2,566,537
Cafteria programs	446,852	-	446,852
Debt service	681,407	-	681,407
Adult education	743,183	-	743,183
Educational programs	9,376,805	-	9,376,805
Total restricted net position	13,814,784	-	13,814,784
Unrestricted	(62,020,098)	960,782	(61,059,316)
Total Net Position	$ (40,395,647)	$ 960,782	$ (39,434,865)

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
Instruction	$ 40,935,876	$ 7,452	$ 13,978,165	$ (26,950,259)	$ -	$ (26,950,259)
Instruction-related services:						
Supervision of instruction	864,591	759	431,203	(432,629)	-	(432,629)
Instruction library, media and technology	900,979	2,339	105,868	(792,772)	-	(792,772)
School site administration	6,463,895	1,544	1,128,361	(5,333,990)	-	(5,333,990)
Pupil services:						
Home-to-school transportation	2,579,980	-	241,452	(2,338,528)	-	(2,338,528)
Food services	1,883,785	40,621	2,631,264	788,100	-	788,100
All other pupil services	9,230,370	12,598	1,438,054	(7,779,718)	-	(7,779,718)
General administration:						
Data processing	1,324,667	-	32,787	(1,291,880)	-	(1,291,880)
All other general administration	5,238,669	907	289,376	(4,948,386)	-	(4,948,386)
Plant services	11,285,497	1,022	83,024	(11,201,451)	-	(11,201,451)
Facility acquisition and construction	-	-	-	-		-
Ancillary services	2,793,188	163	1,921,490	(871,535)	-	(871,535)
Transfers to other agencies	1,056,936	239,289	1,826,479	1,008,832	-	1,008,832
Interest on long-term debt	11,027,918	-	-	(11,027,918)	-	(11,027,918)
Depreciation & amortization - unallocated	7,699,398	-	-	(7,699,398)	-	(7,699,398)
Total governmental activities	$ 103,285,749	$ 306,694	$ 24,107,523	(78,871,532)		(78,871,532)
Business-type activities:						
Educatorr housing	$ -	$ 936,904	$ -		936,904	936,904
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes				60,633,584	-	60,633,584
Taxes levied for debt service				18,524,988	-	18,524,988
Taxes levied for other specific purposes				4,940,843	-	4,940,843
Federal and state aid not restricted to specific purposes				1,043,490	-	1,043,490
Interest and investment earnings				1,439,793	(17,595)	1,422,198
Miscellaneous				2,308,066	-	2,308,066
Total general revenues				88,890,764	(17,595)	88,873,169
Change in net position				10,019,232	919,309	10,938,541
Net position beginning				(38,737,670)	41,473	(38,696,197)
Prior period adjustments - GASB 87, Lessor				(11,963,257)	-	(11,963,257)
Prior period adjustments - GASB 87, Lessee				286,048	-	286,048
Net position ending				$ (40,395,647)	$ 960,782	$ (39,434,865)

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Building Fund	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 26,736,000	$ 49,990,015	$ 20,436,360	$ 11,063,100	$ 108,225,475
Accounts receivable	4,869,838	235,359	122,290	730,367	5,957,854
Due from other funds	412,732	-	-	10,222	422,954
Prepaid	585,788	-	-	-	585,788
Leases receivable	41,098,405	-	-	-	41,098,405
Total Assets	$ 73,702,763	$ 50,225,374	$ 20,558,650	$ 11,803,689	$ 156,290,476
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 4,012,669	$ 3,880,658	$ -	$ 197,446	$ 8,090,773
Due to other funds	10,222	9,847	-	402,885	422,954
Unearned revenue	1,726,899	-	-	3,388	1,730,287
Total Liabilities	5,749,790	3,890,505	-	603,719	10,244,014
Deferred Inflows of Resources					
Leases	40,502,261	-	-	-	40,502,261
Total Deferred Inflows of Resources	40,502,261	-	-	-	40,502,261
Fund balances:					
Nonspendable:					
Revolving fund	4,000	-	-	475	4,475
Leases receivable	596,144	-	-	-	596,144
Prepaid expenditures	585,788	-	-	-	585,788
Restricted for:					
Educational programs	9,376,805	-	-	-	9,376,805
Debt service	-	-	20,558,650	4,442,426	25,001,076
Adult education	-	-	-	743,183	743,183
Cafeteria programs	-	-	-	446,852	446,852
Capital projects	-	46,334,869	-	2,566,537	48,901,406
Assigned for:					
Capital projects	-	-	-	2,888,058	2,888,058
Cafeteria programs	-	-	-	17,772	17,772
Adult education	-	-	-	94,667	94,667
Educational programs	6,085,205	-	-	-	6,085,205
Unassigned:					
Economic uncertainties	2,522,702	-	-	-	2,522,702
Unappropriated	8,280,068	-	-	-	8,280,068
Total Fund Balances	27,450,712	46,334,869	20,558,650	11,199,970	105,544,201
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 73,702,763	$ 50,225,374	$ 20,558,650	$ 11,803,689	$ 156,290,476

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds		$ 105,544,201
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital asset at cost	424,986,231	
Accumulated depreciation	(124,727,421)	300,258,810
To recognize accrued interest at year end which is not reported in the governmental funds		(3,748,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		16,598,735
The differences from benefit plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(16,189,598)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's total OPEB liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		3,388,335
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		10,030,751
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 289,848,560	
Accreted interest	18,476,873	
Unamortized bond premiums	18,319,411	
Certificates of participation	47,490,000	
Certificates of participation premium	6,000,258	
Leases payable	831,694	
Subscription liabilities	1,435,578	
Net pension liabilities	52,594,812	
Total OPEB liability	20,380,205	
Compensated absences (vacation)	901,490	(456,278,881)
Total net position - governmental activities		$ (40,395,647)

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 59,615,911	$ -	$ -	$ -	$ 59,615,911
Federal	4,596,972	-	1,043	1,053,654	5,651,669
Other state	12,955,422	-	87,005	3,090,220	16,132,647
Other local	13,356,384	(10,120)	18,164,889	393,601	31,904,754
Total revenues	90,524,689	(10,120)	18,252,937	4,537,475	113,304,981
Expenditures:					
Instruction	41,093,304	-	-	1,139,789	42,233,093
Instruction-related services:					
Supervision of instruction	890,775	-	-	-	890,775
Instruction library, media and technology	928,265	-	-	-	928,265
School site administration	6,027,169	-	-	632,481	6,659,650
Pupil services:					
Home-to-school transportation	2,658,113	-	-	-	2,658,113
Food services	1,794	-	-	1,939,041	1,940,835
All other pupil services	9,411,448	-	-	98,458	9,509,906
General administration:					
Data processing	1,364,784	-	-	-	1,364,784
All other general administration	5,397,320	-	-	-	5,397,320
Plant services	11,591,103	-	-	36,169	11,627,272
Facility acquisition and construction	185,792	31,100,697	-	498,845	31,785,334
Ancillary services	2,877,778	-	-	-	2,877,778
Transfers to other agencies	1,056,936	-	-	-	1,056,936
Debt service:					
Principal	476,217	-	8,889,453	-	9,365,670
Interest and fees	29,259	231,656	10,044,508	1,910,249	12,215,672
Total expenditures	83,990,057	31,332,353	18,933,961	6,255,032	140,511,403
Excess (deficiency) of revenues over (under) expenditures	6,534,632	(31,342,473)	(681,024)	(1,717,557)	(27,206,422)
Other financing sources (uses):					
Bond issuance	-	50,890,000	22,445,000	-	73,335,000
Premiums	-	-	8,439,577	-	8,439,577
Defeasance of bonds	-	-	(25,637,150)	-	(25,637,150)
Transfers in	-	-	-	3,964,740	3,964,740
Transfers out	(100,000)	-	-	(3,864,740)	(3,964,740)
Total other financing sources (uses)	(100,000)	50,890,000	5,247,427	100,000	56,137,427
Net change in fund balances	6,434,632	19,547,527	4,566,403	(1,617,557)	28,931,005
Fund balances beginning	32,979,337	26,787,342	15,992,247	12,817,527	88,576,453
Prior Period Adjustments - GASB 87	(11,963,257)	-	-	-	(11,963,257)
Fund balance beginning as adjusted	21,016,080	26,787,342	15,992,247	12,817,527	76,613,196
Fund balances ending	$ 27,450,712	$ 46,334,869	$ 20,558,650	$ 11,199,970	$ 105,544,201

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total net change in fund balances - governmental funds		$ 28,931,005
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital assets additions	31,449,897	
Depreciation expense	(7,699,398)	23,750,499
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Proceeds from bond issuance	(73,335,000)	
Proceeds from bond premium	(8,439,577)	
Defeasance of general obligation bonds	25,637,150	
(Loss) gain on advance refunding	1,012,850	
Accreted interest	(1,320,502)	
Repayment of bond principal	8,889,453	
Lease principal paid	171,127	
Subscription liabilities principal	305,090	(47,079,409)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		2,910,544
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 other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		2,288,959
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:		(913,553)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned exceeded the amounts used by:		55,808
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(44,621)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		120,000
Changes in net position of governmental activities		$ 10,019,232

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

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Fund
	Educator Housing
Assets	
Current Assets:	
Cash and investments	$ 929,168
Accounts receivable	31,614
Total Assets	$ 960,782
Net Position	
Unrestricted	$ 960,782
Total Net Position	$ 960,782

The notes to basic financial statements are an integral part of this statement

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Fund
	Educator Housing
Operating Revenues	
Local revenue	$ 936,904
Total Operating Revenue	936,904
Operating Expenses	
Services and other operating expenses	-
Total Operating Expenses	-
Net Operating Income (Loss)	936,904
Nonoperating Revenues (Expenses):	
Interest income	8,891
Unrealized gain (loss)	(26,486)
Net Nonoperating revenues (expenses)	(17,595)
Change in Net Position	919,309
Beginning Net Position	41,473
Ending Net Position	$ 960,782

The notes to basic financial statements are an integral part of this statement

JEFFERSON UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2023

	Enterprise Fund
	Educator Housing
Cash Flows from Operating Activities	
Cash received from services	$ 922,822
Net cash provided by (used for) operating activities	922,822
Cash Flows from Investing Activities	
Interest income received	8,891
(Gain) loss on investments	(26,486)
Net cash provided by (used for) investing activities	(17,595)
Increase (Decrease) in Cash and Cash Equivalents	905,227
Cash and Cash Equivalents - Beginning	23,941
Cash and Cash Equivalents - Ending	$ 929,168
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	$ 936,904
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(14,082)
Net cash provided by operating activities	$ 922,822

The notes to basic financial statements are an integral part of this statement

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Jefferson Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the district conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2023, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Position. The Statement of Revenue, Expenses, and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenue) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District Office finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's benefit plans liability lease liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and proprietary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay Projects. This fund is not substantially composed of restricted or committed revenue sources and does not meet the definition of a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the District.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following non-major special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

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

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following non-major capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

- The *Special Reserve Fund for Capital Projects* exists primarily to account for resources accumulated for capital outlay.

Proprietary funds include one Enterprise Fund which is intended to be a self-supporting entity. The *Enterprise Fund* is used to account for revenue and expenses for the District's teacher housing program.

F. 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 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board 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. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed 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. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

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

H. Benefit Plans

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

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

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports.

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

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the 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. Any investment losses are proportionately shared by all funds in the pool.

All district-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

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

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Stores Inventories and Prepaid Expenditures

Stores Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

Prepaid Expenditures

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

4. Leases Receivable (Lessor)

The District's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

5. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, right of use assets and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Right of use assets are recorded at the present value payments expected to be made during the lease term. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

Right of use assets are amortized over the life of the lease. All other capital assets, except land and construction in progress, are depreciated and using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Furniture and equipment	15-20
Vehicles	8

6. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

7. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs, if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are reported as prepaid expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources or uses.

8. Lease Liabilities (Lessee)

The District is a lessee for a noncancellable lease of a building. The District recognizes a lease liability and an intangible right-to-use lease asset (capital asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

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

Lease assets are reported separately with capital assets as right of use assets and lease liabilities are reported with long-term liabilities in the statement of net position.

9. Subscription Based Information Technology Arrangements

The District recognizes subscription liabilities with an initial, individual value of $50,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District’s estimated incremental borrowing rate is based on its most recent public debt issuance.

10. Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District’s minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, equal to no less than three percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.

- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

11. <u>Net Position</u>

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2023, capital assets net of accumulated depreciation totaling $300,258,810 was reduced by related debt of $292,449,143.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Cafeteria program restrictions reflect the amounts to be expended for federal and state funded school lunch and breakfast programs.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Adult Education restrictions reflect the cash balances in the adult education fund that are restricted for the adult education program.

Educational Programs restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

12. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (July 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

13. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG”) public entity risk pool. The District pays an annual premium for its property and casualty, workers’ compensation, and liability insurance coverage. The Joint Powers

Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

14. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. 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/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 among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

15. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

16. Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Implemented Accounting Pronouncements

GASB Statement No. 96, *Subscription-based Information Technology Arrangements.*

During the year, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements.* GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. As a result, the District recorded a right of use subscription asset of $1,740,668 and a corresponding subscription lease liability of $1,740,668. See Note 7 for additional information.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

A summary of cash and investments as of June 30, 2023, is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash on hand and in banks	$ 1,018,945	$ 1,018,945
Cash with fiscal agent	5,266,828	5,266,828
Cash in revolving fund	4,475	4,475
Cash with County	102,864,395	102,864,395
Total Cash and Investments	$ 109,154,643	$109,154,643

Cash in banks and revolving funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2023, the bank balance of the District's bank accounts was $967,174 of which $717,174 was not insured by the FDIC but was collateralized as discussed in the next page.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

Cash in County Treasury

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

Policies and Practices

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately $2.44 billion and an amortized book value of $2.51 billion.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by Standard & Poor's Investor Service.

Custodial Credit Risk – Deposits

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

Concentration of Credit Risk

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. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2023:

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 2,083,554	$ -	$ -	$ 677,535	$ 2,761,089
State Government	1,716,248	-	-	-	1,716,248
Local	270,558	235,359	122,290	41,775	669,982
Unrestricted	799,478	-	-	11,057	810,535
Totals	$ 4,869,838	$ 235,359	$ 122,290	$ 730,367	$ 5,957,854

NOTE 4 - LEASES RECEIVABLE AND RELATED DEFERRED INFLOWS

The following summarizes the District's leases receivable and related deferred inflows of resources as of June 30, 2023:

Description	OHS Preschool	Verizon Cell Tower Land Lease	SBA Cell Tower Land Lease	Summit Public Schools Land Lease	Serramonte Ridge Land Lease	Medical Office Land Lease	Total
Lease inception	7/1/2019	4/1/2011	12/1/2013	9/1/2017	4/1/1985	4/1/1985	
Lease end	6/30/2029	6/30/2035	6/30/2049	6/30/2142	6/30/2083	6/30/2083	
Min Annual Payment	$ 30,756	$ 24,591	$ 41,658	$ 144,624	$ 1,298,220	$ 473,376	
Rate	2.5%	3.0%	3.0%	2.0%	5.0%	5.0%	
Leases Receivable							
Beg. Balance	$ 197,280	$ 264,447	$ 740,211	$ 6,131,570	$ 24,772,388	$ 9,032,869	$ 41,138,765
Additions/Adjustments	38	-	30,035	297,694	(45,450)	(16,572)	265,745
Deletions	-	-	-	-	-	-	-
Principal Payments	(26,121)	(16,889)	(18,808)	(157,891)	(63,311)	(23,085)	(306,105)
Ending Balance	$ 171,197	$ 247,558	$ 751,438	$ 6,271,373	$ 24,663,627	$ 8,993,212	$ 41,098,405
Deferred Inflows of Resources							
Beg. Balance	$ 190,278	$ 237,676	$ 665,437	$ 5,916,442	$ 16,079,065	$ 5,862,984	$ 28,951,882
Additions/Adjustments	5,073	23,753	96,801	626,902	8,409,923	3,066,550	12,229,002
Deletions	-	-	-	-	-	-	-
Amortization	(27,907)	(20,110)	(28,231)	(54,528)	(401,459)	(146,386)	(678,621)
Ending Balance	$ 167,444	$ 241,319	$ 734,007	$ 6,488,816	$ 24,087,529	$ 8,783,148	$ 40,502,263
Beg. Balance Adjustments	$ (5,035)	$ (23,753)	$ (66,766)	$ (329,208)	$ (8,455,373)	$ (3,083,122)	$ (11,963,257)
Ending NBV	$ 3,753	$ 6,239	$ 17,431	$ (217,443)	$ 576,098	$ 210,064	$ 596,142

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. 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/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 among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2023, interfund receivables and payables were as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	$ 412,732	$ 10,222
Building Fund	-	9,847
Nonmajor Funds	10,222	402,885
Totals	$ 422,954	$ 422,954

Interfund Transfers

During the fiscal year ended June 30, 2023, the District's interfund transfers consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 100,000
Nonmajor funds	3,964,740	3,864,740
Totals	$ 3,964,740	$ 3,964,740

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, is shown below:

Capital Assets	Balance July 01, 2022	Additions	Adjustments/ Deletions	Balance June 30, 2023
Nondepreciable:				
Land	$ 1,536,578	$ -	$ -	$ 1,536,578
Work-in-progress	156,070,605	31,045,915	-	187,116,520
Total nondepreicable assets	157,607,183	31,045,915	-	188,653,098
Depreciable:				
Buildings	225,748,227	-	-	225,748,227
Site improvements	1,774,120	-	-	1,774,120
Equipment	5,962,954	403,982	-	6,366,936
Total depreciable assets	233,485,301	403,982	-	233,889,283
Amortizable right of use assets:				
Buildings	1,716,723	-	(1,013,541)	703,182
Subscriptions	-	1,740,668	-	1,740,668
Total right of use assets	1,716,723	1,740,668	(1,013,541)	2,443,850
Total depreciable and right of use assets	235,202,024	2,144,650	(1,013,541)	236,333,133
Less accumulated depreciation for:				
Buildings	111,309,189	6,745,185	-	118,054,374
Site improvements	1,743,855	6,254	-	1,750,109
Equipment	3,974,979	323,602	-	4,298,581
Less accumulated amortization for:				
Buildings	944,197	468,788	(944,197)	468,788
Subscriptions	-	155,569	-	155,569
Total accumulated depreciation and amortization	117,972,220	7,699,398	(944,197)	124,727,421
Total depreciable and amortizable assets, net	117,229,804	(5,554,748)	(69,344)	111,605,712
Total capital assets, net	$ 274,836,987	$ 25,491,167	$ (69,344)	$ 300,258,810

NOTE 7 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023, is shown below:

Long-term Liabilities	Balance July 01, 2022	Adjustments	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonds	$ 279,944,929	$ -	$ 83,995,627	$ 37,295,712	$ 326,644,844	$ 9,921,542
Certificates of Participation	53,678,506	-	-	188,248	53,490,258	645,000
Lease Liability	744,333	258,488	-	171,127	831,694	175,946
Subscription Liabilities	-		1,740,668	305,090	1,435,578	251,763
Net Pension Liabilities	32,379,186	-	31,132,775	10,917,149	52,594,812	-
Total OPEB Liability	19,791,984	-	14,048,935	13,460,714	20,380,205	-
Compensated Absences	957,298	-	721,146	776,954	901,490	450,745
Total Long-term Liabilities	$ 387,496,236	$ 258,488	$ 131,639,151	$ 63,114,994	$ 456,278,881	$ 11,444,996

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation, net pension liabilities and other postemployment benefits will be paid by the fund for which the employee worked. The lease and subscriptions are paid from the General Fund and the certificates of participation are paid from the debt service fund.

General Obligation Bonds

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

General obligation refunding bonds, Series A
In March 2000, the District issued the 2000 General Obligation Refunding Bonds, Series A, for $22,060,000 to refund in advance certain bonds which were previously issued for the purpose of financing the acquisition and construction of new facilities and improving and repairing existing schools.

2006 General Obligation Bonds, Series B
In July 2009, the District issued the 2006 General Obligation Bonds, Series B, for $17,998,937 to finance the construction of new school facilities, and the repair and refurbishment of existing facilities. The bonds consisted of current interest and capital appreciation in the amounts of $3,000,000 and $14,998,937, respectively. The capital appreciation bonds of $14,998,937 will mature at $42,220,000 ranging from the fiscal years 2011 to 2031.

2012 General Obligation Bonds, Series A
On May 9, 2013, the District issued the 2012 General Obligation Bonds, Series A, for $35,540,000 for constructing and renovating school facilities. In May 2023, the District issued 2023 General Obligation Refunding Bonds for the purpose of refunding certain maturities of the outstanding 2012 Series A GO Bonds.

2014 General Obligation Refunding Bonds, Series 2014A
On October 2, 2014, the District issued the 2014 General Obligation Refunding Bonds, Series 2014A, for $20,360,000 to refund the 2006 General Obligation Bonds Series D.

2015 General Obligation Refunding Bonds
On May 28, 2015, the District issued the 2015 General Obligation Refunding Bonds, for $41,430,000, to refund the 2005 General Obligation Refunding Bonds and 2006 General Obligation Bonds Series A.

2016 General Obligation Refunding Bonds
In April 2016, the District issued the 2016 General Obligation Refunding Bonds, for $11,519,263 to refund on an advance basis all of the District's outstanding General Obligation Bonds, Election of 2006, Series D, issued on January 19, 2011 in the original principal amount of $14,999,737 (the "2006 Series D Bonds"), and to pay related costs of issuance.

2014 General Obligation Bonds, 2014 Election Series A
On May 17, 2016, the District issued the 2014 General Obligation Bonds, 2014 Election Series A, for $30,000,000, to provide funds to finance the school projects.

General Obligation Bonds, 2014 Election Series C
On June 29, 2017, the District issued $30,000,000 General Obligation Bonds, Election Series C, to finance the construction of new school facilities, and the repair and refurbishment of existing facilities.

General Obligation Bonds, 2014 Election Series E
On April 26, 2018, the District issued $38,500,000 General Obligation Bonds, Election Series C, to finance the construction of new school facilities, and the repair and refurbishment of existing facilities.

General Obligation Bonds, 2018 Election Series A
On September 6, 2018, the District issued $5,000,000 General Obligation Bonds, 2018 Election Series A, to build affordable rental housing so teachers and school staff can live in the communities where they work.

General Obligation Bonds, 2018 Election Series B
On January 15, 2020, the District issued $28,000,000 in General Obligation Bonds, 2018 Election Series B, to finance voter-authorized projects.

General Obligation Bonds, 2020 Election Series A
On May 28, 2020, the District issued $20,000,000 in General Obligation Bonds, 2020 Election Series A, for the purpose of financing the improvement and equipping of school facilities.

2020 General Obligation Refunding Bonds
On May 28, 2020, the District issued $7,7200,000 2020 General Obligation Refunding Bonds to refund on a current basis portions of two outstanding general obligation bond issues of the District.

2023 General Obligation Refunding Bonds
On May 17, 2023, the District issued $22,445,000 in 2023 General Obligation Refunding Bonds for the purpose of partially refunding its outstanding 2012, Series A GO Bonds. The proceeds of the 2023 Refunding GO Bonds were used to defease and redeem $25,405,000 principal amount of the District's outstanding 2012, Series A GO Bonds. The amounts defeased have been removed from the government-wide financial statement of net position. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of $1,012,850.

General Obligation Bonds, 2020 Election (Measure Z), Series A
On May 17, 2023, the District issued $42,500,000 in General Obligation Bonds, 2020 Election (Measure Z) Series A, for the purpose of financing the improvement of school facilities.

General Obligation Bonds, 2020 Election (Measure J), Series B
On February 16, 2023, the District issued $8,390,000 in General Obligation Bonds, 2020 Election (Measure J) Series B, for the purpose of financing the improvement of school facilities.

The District's outstanding general obligation bonds as of June 30, 2023 were as follows:

Bonds	Maturity Date	Interest Rate (%)	Original Issue	Balance July 01, 2022	Issued	Redeemed	Balance June 30, 2023
2000 GORB, Series A	8/1/2029	5.75-6.45	$ 22,060,000	$ 8,130,000	$ -	$ 1,185,000	$ 6,945,000
2006 GOB Series B	8/1/2033	2.5-12	17,998,937	11,698,750	-	769,453	10,929,297
2012 GOB Series A	8/1/2037	2-5	35,540,000	27,835,000	-	26,590,000	1,245,000
2014 GOB Series A	8/1/2039	3-5	20,360,000	19,375,000	-	425,000	18,950,000
2015 GORB	8/1/2031	2-5	41,430,000	29,130,000	-	2,340,000	26,790,000
2016 GORB	8/1/2034	3.65-3.95	11,519,263	11,519,263	-	-	11,519,263
2014 GOB Series A	8/1/2041	3-5	30,000,000	25,005,000	-	510,000	24,495,000
2014 GOB Series C	8/1/2045	4-5	30,000,000	29,125,000	-	-	29,125,000
2014 GOB Series E	8/1/2044	3.5-5	38,500,000	38,425,000	-	75,000	38,350,000
2018 GOB Series A	8/1/2035	3.25-8	5,000,000	3,750,000	-	-	3,750,000
2018 GOB Series B	8/1/2045	2-5	28,000,000	27,300,000	-	360,000	26,940,000
2020 GOB Series A	8/1/2045	2.12-4	20,000,000	13,550,000	-	570,000	12,980,000
2020 GORB	8/1/2033	1.62-4	7,720,000	5,965,000	-	1,470,000	4,495,000
2020 GOB Series B	8/1/2046	2.53-3.48	8,390,000	-	8,390,000	-	8,390,000
2020 GOB Series A	8/1/2044	2.37-3.63	42,500,000	-	42,500,000	-	42,500,000
2023 GORB	8/1/2037	2.37-3.07	22,445,000	-	22,445,000	-	22,445,000
Subtotal General Obligation Bonds			381,463,200	250,808,013	73,335,000	34,294,453	289,848,560
Accreted Interest			-	17,156,371	2,221,050	900,548	18,476,873
Premiums			-	11,980,545	8,439,577	2,100,711	18,319,411
Total Bonds			$ 381,463,200	$279,944,929	$83,995,627	$37,295,712	$ 326,644,844

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

Year Ending June 30	Principal	Interest	Total
2024	$ 9,921,542	$ 9,568,033	$ 19,489,575
2025	15,722,580	9,236,295	24,958,875
2026	16,514,631	9,578,924	26,093,555
2027	12,629,824	9,554,866	22,184,690
2028	13,269,744	9,560,507	22,830,251
2029-2033	61,126,073	40,540,409	101,666,482
2034-2038	61,054,166	22,225,478	83,279,644
2039-2043	60,595,000	9,650,831	70,245,831
2044-2048	39,015,000	1,461,288	40,476,288
Total Debt Service	$289,848,560	$121,376,631	$411,225,191

Certificates of Participation

In July 2019, the District issued $2,390,000 in 2019 Certificates of Participation, Series A and $4,225,000 in 2019 Taxable Certificates of Participation, Series B. The Series A was issued at a premium of $142,077 and have coupon rates of 2.25% to 4% through August 2049. The Series B have coupon rates of 3.6% to 4.65% through August 2049. The funds were issued to fund future planning costs related to the development of certain properties of the District.

In July 20120 the District issued $40,875,000 in 2020 Certificates of Participation at a premium of $6,422,925 with interest rates of at 4% through August 2055. The funds were issued to fund the District's Teacher and Staff Housing project.

The District's outstanding certificates of participation as of June 30, 2023 were as follows:

Certificates of Participation	Maturity Date	Interest Rate (%)	Original Issue	Balance July 01, 2022	Issued	Redeemed	Balance June 30, 2023
2019 COP Series A	8/1/2049	2.25-4	$ 2,390,000	$ 2,390,000	$ -	$ -	$ 2,390,000
2019 COP Series B	8/1/2049	3.6-4.65	4,225,000	4,225,000	-	-	4,225,000
2020 COP	8/1/2055	2.02-4.4	40,875,000	40,875,000	-	-	40,875,000
Subtotal Certificates of Participation			47,490,000	47,490,000	-	-	47,490,000
Premiums			-	6,188,506	-	188,248	6,000,258
Total Certificates of Participation			$47,490,000	$53,678,506	$ -	$ 188,248	$53,490,258

As of June 30, 2023, the annual debt service requirements were as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 645,000	$ 1,896,724	$ 2,541,724
2025	-	1,896,724	1,896,724
2026	15,000	1,896,724	1,911,724
2027	20,000	1,896,184	1,916,184
2028	80,000	1,894,064	1,974,064
2029-2033	1,450,000	9,339,981	10,789,981
2034-2038	3,640,000	8,809,150	12,449,150
2039-2043	6,600,000	7,745,507	14,345,507
2044-2048	10,570,000	5,963,778	16,533,778
2049-2053	14,330,000	3,242,058	17,572,058
2054-2058	10,140,000	424,600	10,564,600
Total Debt Service	$47,490,000	$45,005,494	$92,495,494

Leases Payable

The District leases a building in Daily City with annual rent at $196,836 with interest at 2.786%. The lease was initiated on January 1, 2017 and ends on December 31, 2026. The initial net present value of the lease was $1,716,723 with the lease liability as of June 30, 2023 of $831,694 and a right of use asset reported in capital assets of $703,182.

The following summarizes the future lease payments:

Year Ending June 30,	Principal	Interest	Total
2024	$ 175,946	$ 20,890	$ 196,836
2025	180,900	15,936	196,836
2026	185,993	10,843	196,836
2027	191,230	5,606	196,836
2028	97,625	793	98,418
Total	$ 831,694	$ 54,068	$ 885,762

Subscription Based Information Technology Agreements (SBITAs)

The District has entered into various contracts that qualify as subscription based information technology agreements under GASB 96. Interest from 0.33% to 3.33% and having annual payments ranging from $4,556 to $41,811.

The following summarizes the future subscription obligations for the District:

Year Ending June 30,	Principal	Interest	Total
2024	$ 251,763	$ 38,645	$ 290,408
2025	245,682	34,409	280,091
2026	191,708	28,115	219,823
2027	196,852	22,972	219,824
2028	202,137	17,686	219,823
2029-40	347,436	82,128	429,564
Totals	$ 1,435,578	$ 223,955	$ 1,659,533

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in a joint powers agreement ("JPA") with the San Mateo County Schools Insurance Group ("SMCSIG"). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation of the JPA independent of any influence by the District beyond the District's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA not a component unit of the District for financial reporting purposes. The following is a summary of coverage provided by SMCSIG JPA and its most recent financial statement information:

	SMCSIG June 30, 2022
Total Assets and Deferred Outflows	$ 56,553,866
Total Liabilities and Deferred Inflows	27,642,378
Total Net Position	28,911,488
Total Revenues	46,979,490
Total Expenditures	41,585,666

NOTE 9 - COMMITMENTS AND CONTINGENCIES

<u>State and Federal Allowances, Awards, and Grants</u>

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

Litigation

The District may be exposed to claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of any claims or litigation will not have a material adverse effect on the District's financial position or results of operations.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's CalPERS Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.420%	7.420%
Required employer contribution rates	25.370%	25.370%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the District's contributions were as follows:

	CalPERS
Contributions - employer	$ 3,106,613

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 23,528,588

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of measurement dates, June 30, 2022 and 2023, was as follows:

	CalPERS
Proportion - June 30, 2022	0.06638%
Proportion - June 30, 2023	0.06838%
Change - Increase/(Decrease)	0.00200%

For the year ended June 30, 2023, the District recognized pension expense of $3,394,166 for the Plan. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 1,740,511	$ -
Differences between Expected and Actual Experience	106,335	585,421
Differences between Projected and Actual Investment Earnings	2,778,086	-
Differences between Employer's Contributions and Proportionate Share of Contributions	426	165,050
Change in Employer's Proportion	997,012	12,307
Pension Contributions Made Subsequent to Measurement Date	3,106,613	-
Total	$ 8,728,983	$ 762,778

The District reported $3,106,613 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	$ 1,400,146
2025	1,065,305
2026	700,162
2027	1,693,979
2028	-
Thereafter	-
Total	$ 4,859,592

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.8% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 10 basis points. An investment return excluding administrative expenses would have been 6.9%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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 one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap 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%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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:

	CalPERS
1% Decrease	5.90%
Net Pension Liability	$ 33,988,237
Current	6.90%
Net Pension Liability	$ 23,528,588
1% Increase	7.90%
Net Pension Liability	$ 14,884,073

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plan are applied as specified by the retirement Law.

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

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required State contribution rates	10.828%	10.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023 the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 4,996,912
State Contributions	2,335,135
Total	$ 7,332,047

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 29,066,224
State	14,556,365
Total	$ 43,622,589

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to 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 plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 11.97 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1.

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

	CalSTRS
Proportion - June 30, 2022	0.04149%
Proportion - June 30, 2023	0.04183%
Change - Increase/(Decrease)	0.00034%

For the year ended June 30, 2023, the District recognized pension expense of $3,923,303 for the Plan which included a State contribution of $2,335,135.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 1,441,473	$ -
Differences between Expected and Actual Experience	23,843	2,179,360
Differences between Projected and Actual Investment Earnings	-	1,421,395
Differences between Employer's Contributions and Proportionate Share of Contributions	31,449	1,026,484
Change in Employer's Proportion	1,376,075	-
Pension Contributions Made Subsequent to Measurement Date	4,996,912	-
Total	$ 7,869,752	$ 4,627,239

The District reported $4,996,912 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	$ (137,740)
2025	(1,444,519)
2026	(2,020,770)
2027	2,244,602
2028	(280,607)
Thereafter	(115,364)
Total	$ (1,754,398)

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2019 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global 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 Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(a) Real return is net of assumed 2.75% inflation.
(b) 20-year geometric average.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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
1% Decrease	6.10%
Net Pension Liability	$ 49,365,229
Current	7.10%
Net Pension Liability	$ 29,066,224
1% Increase	8.10%
Net Pension Liability	$ 12,211,947

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

NOTE 11 - POSTEMPLOYMENT HEALTHCARE PLAN (OPEB)

Plan Description and Benefits - The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical benefits for the following groups of employees:

	Busn. & Instructional Support Svcs	Certificated	Management/ Confidential
Benefits Provided	Medical & Dental	Medical & Dental	Medical & Dental
Duration of Benefits	Lifetime	To age 65	To age 65
Dental	7 yrs <= 70	7 yrs <= 70	7 yrs <= 70
Medical	15 yrs <= 75	10 yrs <= 75	10 yrs <= 75
Required Services	15 years	15 years	15 years
Minimum Age	PERS retirement	STRS retirement	PERS/STRS retirement
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	None	None	None

	Operational Support	Teamsters
Benefit types provided	Medical & Dental	Medical & Dental
Duration of benefits	Lifetime	Lifetime
Dental	7 yrs <= 70	7 yrs <= 70
Medical	10 yrs <= 75	10 yrs <= 75
Required service	15 years	15 years
Minimum age	PERS retirement	PERS retirement
Dependent coverage	Yes	Yes
District contribution %	100%	100%
District cap	None	None

Employees Covered by Benefit Terms - At June 30, 2022 (the valuation date), the benefit terms covered the following employees:

Active employees	459
Inactive employees	96
Total employees	555

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total benefit payments included in the measurement period were $1,191,223. The actuarially determined contribution for the measurement period was $1,175,707. The District's contributions were 3.31% of covered employee payroll during the measurement period June 30, 2023 (reporting period June 30, 2023). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	11.6 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	3.65%
Inflation	2.50%
Payroll Increases	2.75%
Healthcare Trend Rate	4.00%
Mortality	2020 CalSTRS and 2017 CalPERS Misc
Retirement	Certificated:
	Hired 2012 and before. 2020 CalSTRS 2.0%@60 Rates
	Hired 2013 and after. 2020 CalSTRS 2.0%@62 Rates
	Business & Instructional Support Services:
	Hired 2012 and before. 2017 CalPERS 2.0%@55
	Hired 2013 and after. 2017 CalPERS 2.0%@62
	Management:
	Hired 2012 and before. 2017 CalPERS 2.0%@55
	Hired 2013 and after. 2017 CalPERS 2.0%@62
	Operational Support Services:
	Hired 2012 and before. 2017 CalPERS 2.0%@55
	Hired 2013 and after. 2017 CalPERS 2.0%@62
	Teamsters:
	Hired 2012 and before. 2017 CalPERS 2.0%@55
	Hired 2013 and after. 2017 CalPERS 2.0%@62

** The discount rate was increased from 3.54% to 3.65% in 2023.

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

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2023:

Fiscal Year Ended June 30, 2023	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022	$ 19,791,984	$ -	$ 19,791,984
Service cost	1,293,958	-	1,293,958
Interest in Total OPEB Liability	702,455	-	702,455
Balance of diff between actual and exp experience	-	-	-
Balance of changes in assumptions	(216,969)	-	(216,969)
Benefit payments	(1,191,223)	-	(1,191,223)
Net changes	588,221	-	588,221
Balance at June 30, 2023	$ 20,380,205	$ -	$ 20,380,205

Covered Employee Payroll	$ 35,973,220
Total OPEB Liability as a % of Covered Employee Payroll	56.65%
Service Cost as a % of Covered Employee Payroll	3.60%
Net OPEB Liability as a % of Covered Employee Payroll	56.65%

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 8,459,968
Change in assumptions	3,388,335	2,339,613
Totals	$ 3,388,335	$ 10,799,581

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

Year Ended June 30,	
2024	$ (760,569)
2025	(760,569)
2026	(760,569)
2027	(760,569)
2028	(760,569)
Thereafter	(3,608,401)
Total	$ (7,411,246)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2023:

Service cost	$ 1,293,958
Interest in TOL	702,455
Difference between actual and expected experience	(939,995)
Change in assumptions	179,425
OPEB Expense	**$ 1,235,843**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023:

Total OPEB liability ending	$ 20,380,205
Total OPEB liability beginning	(19,791,984)
Change in total OPEB liability	588,221
Changes in deferred outflows	421,188
Changes in deferred inflows	(964,788)
Employer contributions and implicit subsidy	1,191,222
OPEB Expense	**$ 1,235,843**

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

	Municipal Bond Rate		
	(1% Decrease)	**3.65%**	**(1% Increase)**
Total OPEB Liability	$ 22,331,175	$ 20,380,205	$ 18,666,156

Sensitivity to Changes in the Healthcare Cost Trend Rates - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	**3.50%**	**(1% Increase)**
Total OPEB Liability	$ 17,830,919	$ 20,380,205	$ 23,469,056

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive -
	Original	Final	Actual (GAAP Basis)	(Negative)
Revenues:				
LCFF sources	$ 58,254,833	$ 58,567,901	$ 59,615,911	$ 1,048,010
Federal	2,355,761	3,449,863	4,596,972	1,147,109
Other state	10,006,959	9,437,542	12,955,422	3,517,880
Other local	10,000,740	11,606,478	13,356,384	1,749,906
Total revenues	80,618,293	83,061,784	90,524,689	7,462,905
Expenditures:				
Certificated salaries	27,450,241	27,269,686	27,603,582	(333,896)
Classified salaries	11,925,999	13,110,088	12,786,372	323,716
Employee benefits	19,033,619	19,360,755	19,309,626	51,129
Books and supplies	5,322,513	6,175,945	6,601,812	(425,867)
Services and other operating expenditures	13,443,115	18,744,107	16,254,379	2,489,728
Capital outlay	389,152	1,054,152	377,350	676,802
Other outgo	3,093,741	2,443,900	1,056,936	1,386,964
Total expenditures	80,658,380	88,158,633	83,990,057	4,168,576
Excess (deficiency) of revenues over (under) expenditures	(40,087)	(5,096,849)	6,534,632	11,631,481
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(100,000)	(100,000)	-
Total other financing sources (uses)	-	(100,000)	(100,000)	-
Net change in fund balance	(40,087)	(5,196,849)	6,434,632	11,631,481
Fund balances beginning	32,979,337	32,979,337	32,979,337	-
Prior period adjustment - GASB 87	-	-	(11,963,257)	-
Fund balance beginning as restated	32,979,337	32,979,337	21,016,080	
Fund balances ending	$ 32,939,250	$ 27,782,488	$ 27,450,712	$ 11,631,481

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	$ 932,155	$ 946,835	$ 1,122,298	$ 1,272,615	$ 1,495,302	$ 1,866,439	$ 1,973,811	$ 2,422,700	$ 3,106,613
Contributions in Relation to Contractually Required Contributions	932,155	946,835	1,122,298	1,272,615	1,495,302	1,866,439	1,973,811	2,422,700	3,106,613
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 7,919,081**	**$ 7,991,990**	**$ 8,081,063**	**$ 8,194,031**	**$ 8,278,718**	**$ 9,472,092**	**$ 9,535,319**	**$ 10,574,858**	**$ 12,245,223**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.70%**	**20.70%**	**22.91%**	**25.37%**

Notes to Schedule:
Valuation Date: June 30, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.30%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	$ 1,811,391	$ 2,208,977	$ 2,619,956	$ 3,099,031	$ 3,555,247	$ 3,931,204	$ 3,764,882	$ 4,138,690	$ 4,996,912
Contributions in Relation to Contractually Required Contributions	1,811,391	2,208,977	2,619,956	3,099,031	3,555,247	3,931,204	3,764,882	4,138,690	4,996,912
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 20,398,547**	**$ 20,586,925**	**$ 20,826,359**	**$ 21,476,306**	**$ 21,838,127**	**$ 14,567,425**	**$ 23,311,963**	**$ 24,460,343**	**$ 26,161,843**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**26.99%**	**16.15%**	**16.92%**	**19.10%**

Notes to Schedule:
Valuation Date: June 30, 2020
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then decreased to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalPERS/CalSTRS during the year.

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of Net Pension Liability	0.07280%	0.06990%	0.06670%	0.06337%	0.06155%	0.05926%	0.06511%	0.06638%	0.06838%
District's Proportionate Share of Net Pension Liability	$ 8,264,572	$ 10,303,328	$ 13,173,292	$ 15,128,092	$ 16,411,168	$ 17,269,718	$ 19,977,751	$ 13,497,996	$ 23,528,588
District's Covered Payroll	$ 7,731,137	$ 7,919,081	$ 7,991,990	$ 8,081,063	$ 8,194,031	$ 8,278,718	$ 9,464,221	$ 9,535,319	$ 10,574,858
District's Proportionate Share of NPL as a % of Covered Payroll	**106.90%**	**130.11%**	**164.83%**	**187.20%**	**200.28%**	**208.60%**	**211.09%**	**141.56%**	**222.50%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**	**70.00%**	**80.97%**	**69.76%**

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of Net Pension Liability	0.04500%	0.03900%	0.04200%	0.03900%	0.03900%	0.04000%	0.04100%	0.04149%	0.04183%
District's Proportionate Share of Net Pension Liability	$ 26,296,650	$ 26,256,360	$ 33,970,020	$ 36,066,810	$ 35,843,730	$ 36,126,400	$ 39,732,690	$ 18,881,190	$ 29,066,224
State's Proportionate Share of Net Pension Liability Associated with the District	15,878,969	13,886,726	19,338,453	21,336,764	20,522,328	19,709,480	20,482,202	9,500,260	14,556,365
Total	$ 42,175,619	$ 40,143,086	$ 53,308,473	$ 57,403,574	$ 56,366,058	$ 55,835,880	$ 60,214,892	$ 28,381,450	$ 43,622,589
District's Covered Payroll	$ 19,927,321	$ 20,398,547	$ 20,586,925	$ 20,826,359	$ 21,476,306	$ 23,010,805	$ 22,989,497	$ 23,311,963	$ 24,460,343
District's Proportionate Share of NPL as a % of Covered Payroll	**131.96%**	**128.72%**	**165.01%**	**173.18%**	**166.90%**	**157.00%**	**172.83%**	**80.99%**	**118.83%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**	**71.82%**	**87.21%**	**81.20%**

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18,
and then decreased to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule presents information on the District's portion of the net pension liability of CalPERS / CalSTRS in compliance with GASB 68.

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF TOTAL OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Fiscal Year Ended	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Total OPEB liability						
Service cost	$ 1,729,909	$ 1,777,481	$ 1,938,518	$ 1,866,735	$ 1,933,069	$ 1,293,958
Interest	864,347	831,564	892,350	560,307	580,445	702,455
Differences between expected and actual experience	-	-	(5,827,789)	-	(5,452,134)	-
Changes of assumptions	-	657,305	4,361,233	106,798	(2,587,465)	(216,969)
Benefit payments	(1,598,324)	(1,659,318)	(1,560,898)	(1,150,396)	(1,175,707)	(1,191,223)
Net change in Total OPEB Liability	995,932	1,607,032	(196,586)	1,383,444	(6,701,792)	588,221
Total OPEB Liability - beginning	22,703,954	23,699,886	25,306,918	25,110,332	26,493,776	19,791,984
Total OPEB Liability - ending	$ 23,699,886	$ 25,306,918	$ 25,110,332	$ 26,493,776	$ 19,791,984	$ 20,380,205
Plan fiduciary net position						
Net change in plan fiduciary net position	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability (asset)	$ 23,699,886	25,306,918	25,110,332	26,493,776	19,791,984	20,380,205
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	$ 31,410,161	$ 32,273,940	$ 33,161,473	$ 34,073,414	$ 35,010,433	$ 35,973,220
Net OPEB liability as a percentage of covered employee payroll	75.45%	78.41%	75.72%	77.75%	56.53%	56.65%
Total OPEB liability as a percentage of covered employee payroll	75.45%	78.41%	75.72%	77.75%	56.53%	56.65%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

There were no changes in trend rates.

The discount rate decreased from 3.5% in 2019, 2.2% in 2020, 2.16% in 2021 and 3.54% in 2022.

SUPPLEMENTARY INFORMATION

JEFFERSON UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
	Adult Education Fund	Cafeteria Fund	Debt Service Fund	Capital Facilities Fund	Reserve Fund for Capital Projects	Total Nonmajor Funds
Assets						
Cash and investments	$ 859,984	$282,219	$ 4,442,361	$ 4,656,716	$ 821,820	$ 11,063,100
Accounts receivable	210,937	477,655	65	41,710	-	730,367
Total Assets	$ 1,081,143	$759,874	4,442,426	$ 4,698,426	$ 821,820	$ 11,803,689
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 125,373	$ 12,575	-	$ 59,498	$ -	$ 197,446
Due to other funds	114,057	282,675	-	6,153	-	402,885
Unearned revenue	3,388	-	-	-	-	3,388
Total Liabilities	242,818	295,250	-	65,651	-	603,719
Fund balances:						
Nonspendable revolving funds	475	-	-	-	-	475
Restricted for adult education	743,183	-	-	-	-	743,183
Restricted for cafeteria programs	-	446,852	-	-	-	446,852
Restricted for debt service	-	-	4,442,426	-	-	4,442,426
Restricted for capital projects	-	-	-	1,744,717	821,820	2,566,537
Assigned for capital projects	-	-	-	2,888,058	-	2,888,058
Assigned for cafeteria programs	-	17,772	-	-	-	17,772
Assigned for adult education	94,667	-	-	-	-	94,667
Total Fund Balances	838,325	464,624	4,442,426	4,632,775	821,820	11,199,970
Total Liabilities and Fund Balances	$ 1,081,143	$759,874	$ 4,442,426	$ 4,698,426	$ 821,820	$ 11,803,689

JEFFERSON UNION HIGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
	Adult Education Fund	Cafeteria Fund	Debt Service Fund	Capital Facilities Fund	Reserve Fund for Capital Projects	Total Nonmajor Funds
Revenues:						
Federal	$ 180,385	$ 873,269	$ -	$ -	$ -	$ 1,053,654
Other state	1,696,036	1,394,184	-	-	-	3,090,220
Other local	42,746	41,179	(669)	310,345	-	393,601
Total revenues	1,919,167	2,308,632	(669)	310,345	-	4,537,475
Expenditures:						
Current						
Instruction	1,139,789	-	-	-	-	1,139,789
Instruction-related services:						
School site administration	632,481	-	-	-	-	632,481
Pupil services:						
Food services	-	1,939,041	-	-	-	1,939,041
All other pupil services	98,458	-	-	-	-	98,458
Plant services	-	-	-	36,169	-	36,169
Facility acquisition and construction	-	-	-	-	498,845	498,845
Debt service:						
Interest	-	-	1,910,249	-	-	1,910,249
Total expenditures	1,870,728	1,939,041	1,910,249	36,169	498,845	6,255,032
Excess (deficiency) of revenues over (under) expenditures	48,439	369,591	(1,910,918)	274,176	(498,845)	(1,717,557)
Other financing sources (uses):						
Transfers in	-	-	3,964,740	-	-	3,964,740
Transfers out	-	-	-	-	(3,864,740)	(3,864,740)
Total other financing sources (uses)	-	-	3,964,740	-	(3,864,740)	100,000
Net change in fund balances	48,439	369,591	2,053,822	274,176	(4,363,585)	(1,617,557)
Fund balances beginning	789,886	95,033	2,388,604	4,358,599	5,185,405	12,817,527
Fund balances ending	$ 838,325	$ 464,624	$ 4,442,426	$ 4,632,775	$ 821,820	$ 11,199,970

STATE AND FEDERAL AWARD COMPLIANCE SECTION

The Jefferson Union High School District (the "District"), established in 1922, is located in the northern portion of San Mateo County. There were no changes in the boundaries of the District during the current year. The District is currently operating four (4) high schools and one (1) continuation high school, and an adult education program.

Governing Board

Name	Office	Term Expires
Andrew Lie	President	2024
Kalimah Salahuddin	Vice President	2024
Rosie Tejada	Clerk	2026
Jerome Gallegos	Trustee	2026
Sherrett Walker	Trustee	2026

Administration

Toni Presta
Superintendent

Kareen Baca
Deputy Superintendent – Educational Services

Tina Van Raaphorst
Associate Superintendent, Business Services

Dorene Basuino
Associate Superintendent – Human Resources & Students Services

Laurie Robinson
Director of Categorical Programs

Daina Lujan
Director of Human Resources

Danielle Sweeters
Director of Food Service

Austin Worden
Director of Communications & Staff Housing

Lee Medvedoff & Grace Ventura
Co-Directors of Special Education

Jacob Meyer
Director of Information & Technology

Stefanie Phillips
Director of Construction & Bond Projects

Marcus Peppers
Director of Maintenance, Operations,
Transportation & Safety

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total ADA		**Classroom Based**	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades nine through twelve	3,556.28	3,504.95	3,552.74	3,500.66
Extended year Special education:				
Grades nine through twelve	7.87	7.87	7.87	7.87
Special education - nonpublic, nonsect schools:				
Grades nine through twelve	13.38	14.44	13.38	14.44
Extended year special education - nonpublic, nonsect schools:				
Grades nine through twelve	1.96	1.96	1.96	1.96
Regular ADA Totals	3,579.49	3,529.22	3,575.95	3,524.93
District ADA Totals	3,579.49	3,529.22	3,575.95	3,524.93

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Grade Level	Minutes Requirements	2023 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	64,800	65,028	180	0	In compliance
Grade 10	64,800	65,028	180	0	In compliance
Grade 11	64,800	65,028	180	0	In compliance
Grade 12	64,800	65,028	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207(a). This schedule is required of all districts and charter schools, including basic aid districts.

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

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

Schedule of Charter Schools:

Charter School	Charter School Number	Status
Summit Public School Shasta	1500	Excluded from financial statements

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	(Budget)[1] 2024	2023	2022	2021
General Fund				
Revenues and other financial sources	$ 80,654,522	$ 90,524,689	$ 79,574,988	$ 73,304,407
Expenditures	85,152,553	83,990,057	72,377,024	66,679,330
Other uses and transfers out	587,524	100,000	-	250,000
Total outgo	85,740,077	84,090,057	72,377,024	66,929,330
Change in fund balance	$ (5,085,555)	$ 6,434,632	$ 7,197,964	$ 6,375,077
Beginning fund balance adjustment:	$ -	$ (11,963,257)	$ 11,859,970	$ 774,696
Ending fund balance	$ 22,365,157	$ 27,450,712	$ 32,979,337	$ 13,921,403
Available reserves (2)	$ 9,238,730	$ 10,802,770	$ 15,019,015	$ 7,146,610
Designated for economic uncertainty	$ 2,572,202	$ 2,522,702	$ 2,368,134	$ 2,000,380
Unassigned fund balance	$ 6,666,528	$ 8,280,068	$ 12,650,881	$ 5,146,230
Available reserves as a percentage of total outgo	10.78%	12.85%	20.75%	10.68%
Total long-term debt	$ 444,833,885	$ 456,278,881	$ 387,496,236	$ 434,893,779
Average daily attendance at P-2	3,461	3,579	3,626	4,132

Average daily attendance has decreased by 553 over the past three years. The District anticipates a decrease of 118 ADA.

The general fund balance has increased by $13,529,309 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The District has had an operating surplus in all of the past three years. Total long-term liabilities have increased by $21,385,102 over the past three years.

1 Budget numbers are based on the first adopted budget of the fiscal year 2023/24.

2 Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM NAME		ASSISTANCE LISTING	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
Special Education Cluster				
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611		84.027	13379	$ 1,023,572
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement		84.027	15638	103,236
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Coordinated Early Intervening Services		84.027	10170	21,465
Special Ed: IDEA Local Assistance, Part B, Sec 611, Early intervening Services		84.027	10119	117,842
Total Special Education Cluster				1,266,115
Adult Education				
Adult Education: Adult Basic Education & ELA		84.002A	14508	88,443
Adult Education: Adult Secondary Education		84.002	13978	76,274
Adult Education: English Literacy & Civics Education		84.002A	14109	15,668
Total Adult Education				180,385
Title II				
ESEA (ESSA): Title II, Part A, Teacher Quality		84.367	14341	98,984
ESEA (ESSA): Title IV, Part A, Student Support and Academic Enrichment Grants		84.424	15396	39,309
Total Title II				138,293
Title III				
ESEA (ESSA): Title III, Immigrant Student Program		84.365	15146	23,445
ESEA (ESSA): Title III, English Learner Student Program		84.365	14346	123,818
Total Title III				147,263
Education Stabilization Fund (ESF)				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	(1)	84.425A	10155	1,005,749
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	(1)	84.425D	15547	123,837
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	(1)	84.425D	15559	1,278,958
Expanded Learning Opportunities (ELO) Grant: ESSER III State ReserveLearning Loss	(1)	84.425D	15621	15,483
Total Education Stabilization Fund (ESF) Subprograms	(1)			2,424,027
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected		84.010	14329	400,534
ESEA: ESSA School Improvement (CSI) Funding for LEAs		84.010	15438	121,704
Department of Rehab: Workability II, Transition Partnership		84.126	10006	118,568
Carl D. Perkins Career and Technical Education: Secondary, Section 131		84.048	14894	94,897
TOTAL U. S. DEPARTMENT OF EDUCATION				4,891,786
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
Child Nutrition: Lunch Program		10.555	13391	772,330
TOTAL FEDERAL PROGRAMS				$ 5,664,116

(1) Audited as major program

JEFFERSON UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds	Enterprise Fund Educator Housing
June 30, 2023 Annual Financial and Budget Report Fund Balances	$ 38,344,095	$ 46,879,546	$ 21,158,173	$ 12,030,620	$ 987,269
Adjustments and Reclassifications:					
Cash with Fiscal Agent Adjustment	-	-	-	-	-
Fair value adjustments	(134,869)	(544,677)	(599,523)	1,575	(26,487)
Leases receivable	(40,360)	-	-	-	-
Deferred inflows of resources - leases	(11,550,379)	-	-	-	-
Special Reserve Fund for Postemployment Benefits: GASB 54 Consolidation	832,225	-	-	(832,225)	-
June 30, 2023 Audited Financial Statements Fund Balances	$ 27,450,712	$ 46,334,869	$ 20,558,650	$ 11,199,970	$ 960,782

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes in the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments in state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of 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.

D. Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de-minimus indirect cost rate as allowed under Uniform Guidance.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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*

Board of Trustees
of the Jefferson Union High School District
Daly City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Union High 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 29, 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

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material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

February 29, 2024
Morgan Hill, California

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Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Education
of the Jefferson Union High School District
Daly City, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jefferson Union High School District's (the District) compliance with the types of compliance requirements described in *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 programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and 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 Jefferson Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination of Jefferson Union High School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

C & A LLP

February 29, 2024
Morgan Hill, California

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Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Honorable Board of Trustees
Jefferson Union High School District
Daly City, California

Report of State Compliance

Opinion

We have audited the Jefferson Union High School District's (the District) compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2023.

In our opinion the District complied, in all material respects, with the laws and regulations of the State Programs noted in the table below for the fiscal year ended June 30, 2023.

Basis for Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State 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 Jefferson Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 one 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 Jefferson Union High School District's compliance with the requirements of applicable state programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-23 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	No
Continuation Education	Yes
Instructional Time	Yes

2022-23 K-12 Audit Guide Procedures	Procedures Performed
Instructional Material	Yes
Ratios of Administrative Employees to Teachers	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Job Acts	N/A
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Immunization	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Districts	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for the Independent Study program because the ADA was under the level that requires testing.

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.

Chavan and Associates, llp
Certified Public Accountants

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

C & A LLP

February 29, 2024
Morgan Hill, California

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FINDINGS AND RECOMMENDATIONS

JEFFERSON UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes _x_ None Reported
Non-compliance material to financial statements noted?	____ Yes _x_ No

Federal Awards

Internal control over major programs:	
Material weaknesses?	____ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes _x_ None Reported
Type of auditor's report issued on compliance over major programs	**Unmodified**
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:

Assistance Listing	Name of Federal Program
84.425A & D	Education Stabilization Fund (ESF) Subprograms

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	_x_ Yes ____ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes _x_ None Reported
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.