

**CARMEL UNIFIED SCHOOL DISTRICT
MONTEREY COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

Board Approved

MAR 13 2024

Carmel Unified School District



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INDEPENDENT AUDITORS' REPORT

Board of Education
Carmel Unified School District
Carmel, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Carmel Unified School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The history and organization, schedule of financial trends and analysis, and schedule of charter schools 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 November 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carmel Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
November 21, 2023

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Carmel Unified School District for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

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

The Carmel Unified School District provides instruction to approximately 2,274 students, an 11 student enrollment increase from 2021-22 from transitional kindergarten through twelfth grade. During the 2022-23 school year, the District operated three elementary schools, one middle school, one high school, one alternative high school, and a Regional Occupational Program (ROP) on an August through June schedule. The District also operated three pre-schools and an adult education program.

ANNUAL FINANCIAL REPORT

- * This annual financial report consists of three parts – Management's Discussion and Analysis (this section), a series of financial statements and supplementary information (notes) to those statements. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:
 - 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.
 - Fund financial statements focus on reporting the individual parts of the District operations in more detail.
- * The statements are organized so the reader can understand Carmel Unified School District as a whole, followed by a detailed examination of specific financial activities.
- * The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances and to document the District's accountability for the money it receives.

FINANCIAL HIGHLIGHTS

- * The Carmel Unified School District's Government-wide *Statement of Net Position* indicates the District ended the fiscal year with net position of \$5,754,159, an improvement of \$2,785,405 over the prior fiscal year.
- * The General Fund reported a positive fund balance of \$28,297,224, a net decrease of \$216,183 over the prior fiscal year. The decrease in fund balance was a result of a one-time contribution to fund 40 for board approved capital projects, partially offset by one time revenues from the state targeted to address learning loss recovery. The District maintains reserves for economic uncertainties at 5% of expenditures which exceeds the state mandated minimum of 3%. Additionally, the District has established a Basic Aid reserve of no less than 33% of the differential between property tax revenues and the District's revenue as defined by the state's Local Control Funding Formula. On June 30, 2023, the Basic Aid reserve was \$12,722,627 or 16.7% of Total General Fund Expenditures.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

- * The Special Reserve for Capital Outlay Fund reported a positive fund balance of \$7,413,189. This balance increased by \$1,936,472 from the prior year as a result of a general fund contribution to fund board approved capital projects in progress. Fund 40 had expenditures of \$1,316,831 and a contribution from the general fund of \$3,167,263. The fund's positive ending balance has been committed by the Board of Education for capital improvement projects.

REPORTING THE DISTRICT AS A WHOLE

THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities using the accrual basis of accounting similar to accounting procedures used by private sector corporations. All current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. These two statements report the Carmel Unified School District's net position and indicate whether they have increased or decreased over the prior year. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment, and facility conditions in arriving at a conclusion regarding the overall health of the District.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds of the District, not the organization as a whole. Funds are accounting formats the District uses to keep track of specific sources of funding and expenditures associated with specific programs. Some funds are required by bond covenants and state law. Other funds are established by the District to control and manage a variety of activities for specific purposes or to address specific accounting requirements for certain revenue and expenditure classifications. The student body funds, as well as the foundation special revenue fund, were previously reported as fiduciary funds and are now reported in the fund statements, due to implementation of GASB 84.

GOVERNMENTAL FUNDS

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. The government fund statements provide a detailed short-term view of the District's general operations. The information they provide helps determine whether there are more or fewer financial resources available in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the government-wide statements. A reconciliation following the governmental fund statements explains the differences (or relationships) between governmental fund and government-wide financial statements.

PROPRIETARY FUNDS

When the District charges other departments within the District or external users for the services it provides, these services are generally reported in proprietary funds. Proprietary Funds are reported in the same manner as government-wide statements. The proprietary fund category includes Internal Service Funds. Internal Service Funds report activities that provide supplies and services for the District's other programs. The District maintained an Internal Service Fund, the Retiree Benefits Fund, to account for retiree health insurance costs as well as the District's contribution toward the cost of future benefits.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATEMENT OF NET POSITION

The **statement of net position** is the financial statement in which the assets, liabilities, and net position of the district are presented at June 30 for each fiscal year. It follows this format:

	Assets
Plus	Deferred outflows of resources
Minus	Liabilities
Minus	Deferred inflows of resources
Equals	Net position

	2023	2022	Variance
Assets			
Cash	\$ 40,960,780	\$ 39,393,478	\$ 1,567,302
Accounts Receivable	2,284,247	2,690,629	(406,382)
Prepaid Expenses	408	-	408
Stores	12,214	31,284	(19,070)
Capital Assets, Net	45,108,468	46,844,751	(1,736,283)
Total Assets	88,366,117	88,960,142	(594,025)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,913,411	2,147,003	(233,592)
Deferred Outflows - Pension and OPEB	24,365,006	17,284,633	7,080,373
Deferred Outflows of Resources	26,278,417	19,431,636	6,846,781
Liabilities			
Accounts Payable and Other Current Liabilities	3,735,832	2,896,772	839,060
Unearned Revenue	525,038	424,841	100,197
Long-Term Liabilities	94,897,180	72,781,517	22,115,663
Total Liabilities	99,158,050	76,103,130	23,054,920
Deferred Inflows of Resources			
Deferred Inflows - Pension and OPEB	9,732,325	29,319,894	(19,587,569)
Deferred Inflows of Resources	9,732,325	29,319,894	(19,587,569)
Net Position			
Net Investment in Capital Assets	30,620,373	29,649,922	970,451
Restricted	7,565,783	7,042,099	523,684
Unrestricted	(32,431,997)	(33,723,267)	1,291,270
Total Net Position	\$ 5,754,159	\$ 2,968,754	\$ 2,785,405

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District's net position was \$5,754,159 for the Fiscal Year Ended June 30, 2023, and \$2,968,754 for the fiscal year ended June 30, 2022. This represents an improvement of \$2,785,405 in net position over the prior fiscal period.

- * Cash with the District is invested with the Monterey County Treasury and increased by \$1.57 million. The increase in cash position between fiscal years 2022 and 2023 is primarily a result of state grants and appropriations in the state's continued effort to address learning loss. The \$3.62 million increase in property tax collections also contributed to the increase in the district's cash position.
- * Accounts receivable decreased by (\$406,382) and represents amounts due to the district from State and Federal government sources for the operation of categorical programs and additional funding sources.
- * The value of Capital Assets in the district decreased by approximately \$1.74 million over the prior year due to the net effect of capital asset additions, deletions, less annual depreciation.
- * Deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period which increased by \$6.85 million.
- * Long-Term Liabilities from Pension obligations increased by \$24.39 million, partially offset by a decrease in Other Post Employment Benefits (OPEB). This increase was due to updated indicators which included market performance and interest as applied to the STRS/PERS actuarial studies.
- * Deferred inflows of resources is an acquisition of net assets that is applicable to a future reporting period. Pensions and OPEB total to approximately \$9.73 million, which is a decrease of \$19.59 million over the prior year. This decrease is attributed to a change in actuarial assumptions.
- * Net Position is the difference between assets (including deferred outflow of resources) and liabilities (including deferred inflow of resources) and represents the equity position of the district. It is reported in three components: net investment in capital assets, restricted, and unrestricted.

STATEMENT OF ACTIVITIES

A statement of activities is similar to a traditional income or change statement. It's straightforward and lists the revenues and expenses of the district, and the difference between them (Increase/Decrease in Net Position). It is a quick reference as to the financial condition of the district.

The statement of activities is divided into three categories:

1. Program Revenue whether received or not from federal and state grants, property tax, interest and investment earnings and other sources of revenue.
2. Expenses - all expenses incurred, whether paid or not during the year. This includes future payments such as employee retirement accounts and the depreciation of capital assets.
3. Changes in Net Position: The revenue and expenses are totaled at the end of the financial statement, and this is what shows the change in net assets for the year ending in June. The change in net position will be subtracted from the net position at the beginning of the year or the beginning of the statement.

This is a quick reference to see how much money has been spent or how much money is left over and presents the results of this year's operations for the District as a whole.

CARMEL UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Statement of Activities is summarized below:

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 73,722	\$ 165,555	\$ (91,833)
Operating Grants and Contributions	12,639,434	12,077,486	561,948
General Revenues:			
Property Taxes	67,061,183	63,444,138	3,617,045
Federal and State Aid Not Restricted to Specific Purposes	3,437,640	2,671,531	766,109
Interest and Investment Earnings	616,022	121,751	494,271
Other	679,916	989,928	(310,012)
Total Revenues	<u>84,507,917</u>	<u>79,470,389</u>	<u>5,037,528</u>
Expenses			
Instruction	41,622,399	38,631,036	2,991,363
Instruction - Related Services	9,479,885	7,860,801	1,619,084
Pupil Services	9,202,198	8,221,790	980,408
Ancillary Services	1,265,461	1,042,746	222,715
Community Services	487,883	410,920	76,963
General Administration	6,288,568	5,394,385	894,183
Plant Services	8,020,812	7,154,034	866,778
Other Outgo	945,782	1,093,954	(148,172)
Debt Service - Interest	1,030,741	1,038,227	(7,486)
Depreciation (Unallocated)	3,378,783	3,324,443	54,340
Total Expenses	<u>81,722,512</u>	<u>74,172,336</u>	<u>7,550,176</u>
Increase (Decrease) in Net Position	2,785,405	5,298,053	(2,512,648)
Net Position - Beginning of Year	<u>2,968,754</u>	<u>(2,329,299)</u>	<u>5,298,053</u>
Net Position - End of Year	<u><u>\$ 5,754,159</u></u>	<u><u>\$ 2,968,754</u></u>	<u><u>\$ 2,785,405</u></u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total revenues on June 30, 2023, are approximately \$5.03 million more than in 2022. This is largely the result of increases in local property tax income, and the continued influx of state and federal funds to mitigate the effect of statewide learning loss. Expenses increased approximately \$7.55 million in the same period.

The information in the following table shows the District's ten (10) largest functions and their respective net costs (total cost less revenues generated by the activities) for the fiscal year ended June 30, 2023.

Functions/Programs	Total Cost of Services	Net Cost of Services
Governmental Activities:		
Instruction	\$ 41,622,399	\$ 35,050,739
Instruction - Related Services	9,479,885	7,239,683
Pupil Services	9,202,198	5,938,020
Ancillary Services	1,265,461	1,041,790
Community Services	487,883	476,405
General Administration	6,288,568	6,199,309
Plant Services	8,020,812	7,897,516
Other Outgo	945,782	756,370
Debt Service - Interest	1,030,741	1,030,741
Depreciation (Unallocated)	3,378,783	3,378,783
Total Governmental Activities	<u>\$ 81,722,512</u>	<u>\$ 69,009,356</u>

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

GOVERNMENTAL FUNDS

The General Fund, for reporting purposes, is a major fund and is stated separately from those funds included under the title "nonmajor governmental funds" (see page 78 and 79 for individual detail of funds). The District also operates adult education and deferred maintenance programs. Throughout the year these programs are accounted for independently. As required by GASB Statement No. 54, fund balance amounts from these programs are included in general fund statements for reporting purposes.

FUND BUDGET VARIATIONS

The District begins the budget process in January of each year, by forecasting changes in revenue and expenditure assumptions. Each school in the District receives a budgetary allocation based on projected student enrollment, historical spending and current site needs. Individual departments provide input to the Business Office regarding their budget needs. In June of each year, a budget is adopted by the Carmel Unified School District's Board of Trustees, effective July 1 for fiscal year ending June 30 of the subsequent calendar year. As the school year progresses, the budget is revised and updated, with financial reports made public outlining the revisions. During the fiscal year, the Board of Education authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District.

There are several reasons for budget revisions. Any changes in staff and/or staff utilization and/or health and welfare benefits that vary from the original projections would yield budget revisions. Also, salary changes for district employees are reflected through a budget revision.

Approximately 2 months after the June 30 fiscal year end, the books are closed, and the results are audited, yielding actual final numbers.

GENERAL FUND BUDGET INFORMATION

The General Fund is the District's principal operating fund.

- * On page 58 of the "Required Supplementary Information" section of the attached financial statements, is a chart comparing general fund budgetary amounts to actual revenues and expenses. For the 2022-23 fiscal year, variances between original and final budgets are a result of the following: In revenues, the .21% variance is due to miscellaneous grant award notifications received after April. In expenditures, the 2.5% variance is a result of goods and services that were expected to be received by year end, due to supply and timing these expenses were carried in to the following year.
- * The District's largest operating expenses are for salaries and benefits. In the 2022-23 fiscal year, expenditures in those categories approximated 84% of total expenses incurred in the general fund. Certificated and classified salaries are adjusted annually for step and column increases and savings due to attrition and retirements.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets

The Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires that governmental agencies account for fixed assets in the same way that private and public corporations do. This involves recognizing the cost of such District fixed assets as land and building and equipment in the fixed asset section of the statement of net position. Districts must track annual and accumulated depreciation on major assets.

As of June 30, 2023, the District had \$45,108,468 invested in capital assets for governmental activities net of depreciation. Note 7 to the financial statements provides additional information on capital assets. A summary of capital assets, net of depreciation is presented below:

Land	\$ 4,023,454
Art Collection	101,200
Construction in Progress	1,143,954
Depreciable Assets, Net	39,839,860
Total Capital Assets	<u>\$ 45,108,468</u>

The total net capital assets balance decreased approximately \$1.73 million over the prior year, as a result of normal depreciation.

Debt

Notes 8 and 9 to the financial statements provide additional information on outstanding debt. A summary of the district's outstanding debt at year-end is presented below:

General Obligation Bonds	\$ 23,336,862
Compensated Absences	389,122
Net Long-Term Debt	<u>\$ 23,725,984</u>

The long-term debt balance (GO bonds and compensated absences) was approximately \$26 million in the prior year. The change in balance from prior to current year is largely a result of a reduction in general obligation bond balances based on scheduled repayments.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

In planning the 2023-24 operating budget, the District Board and management utilized the following criteria:

- 1) The District's primary source of income, property tax revenue, was budgeted based on estimated yields derived from the County Assessor's most recent projected valuations.
- 2) The number of K-12 students to be served by the District was expected to decrease slightly based on the cohort survival method of projecting enrollment.
- 3) Certificated staffing levels were based on enrollment projections for each school site.

CARMEL UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

- 4) The District's ending fund balance includes a projected available reserve of 5% which exceeds the State's recommended 3% contingency reserve for economic uncertainty. A Basic Aid reserve of 33% calculated on the differential between the Local Control Funding Formula (LCFF) calculated entitlement and projected property tax income.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. The report is available on the District's website, under the Business Services Department webpage (<https://www.carmelunified.org/Page/4390>). Questions concerning any of the information provided in this report or requests for additional financial information contact Yvonne Perez, Chief Business Official at P.O. Box 222700, Carmel, CA 93922, 831-624-1546 or e-mail: yperez@carmelunified.org.

FINANCIAL SECTION

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 40,616,253
Cash in Banks	245,443
Cash in Revolving Fund	5,000
Cash Collections Awaiting Deposit	94,084
Accounts Receivable	2,284,247
Prepaid Expenditures	408
Stores	12,214
Land	4,023,454
Art Collection	101,200
Construction in Progress	1,143,954
Depreciable Assets, Net	39,839,860
Total Assets	<u>88,366,117</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	1,913,411
Deferred Outflows - OPEB	2,855,522
Deferred Outflows - Pensions	21,509,484
Total Deferred Outflows of Resources	<u>26,278,417</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	3,558,864
Accrued Interest	176,968
Unearned Revenue	525,038
Current Portion of Long-Term Liabilities:	
General Obligation Bonds	3,570,000
Other Postemployment Benefits Liability	638,096
Noncurrent Portion of Long-Term Liabilities:	
General Obligation Bonds	19,766,862
Compensated Absences	389,122
Other Postemployment Benefits Liability	10,306,324
Net Pension Liability	60,226,776
Total Liabilities	<u>99,158,050</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - OPEB	4,818,361
Deferred Inflows - Pensions	4,913,964
Total Deferred Inflows of Resources	<u>9,732,325</u>
NET POSITION	
Net Investment in Capital Assets	30,620,373
Restricted for:	
Capital Improvements	324,177
Debt Service	1,482,353
Educational Programs	4,308,037
Other Programs	494,071
Retiree Health Benefits	957,145
Unrestricted	(32,431,997)
Total Net Position	<u><u>\$ 5,754,159</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 41,622,399	\$ 39,087	\$ 6,532,573	\$ (35,050,739)
Instruction - Related Services	9,479,885	-	2,240,202	(7,239,683)
Pupil Services	9,202,198	3,050	3,261,128	(5,938,020)
Ancillary Services	1,265,461	-	223,671	(1,041,790)
Community Services	487,883	-	11,478	(476,405)
General Administration	6,288,568	-	89,259	(6,199,309)
Plant Services	8,020,812	31,585	91,711	(7,897,516)
Other Outgo	945,782	-	189,412	(756,370)
Debt Service - Interest	1,030,741	-	-	(1,030,741)
Depreciation (Unallocated)	3,378,783	-	-	(3,378,783)
Total Governmental Activities	<u>\$ 81,722,512</u>	<u>\$ 73,722</u>	<u>\$ 12,639,434</u>	(69,009,356)
GENERAL REVENUES				
Property Taxes Levied for:				
General Purposes				65,486,358
Debt Service				1,574,825
Federal and State Aid not Restricted to Specific Purposes				3,437,640
Interest and Investment Earnings				616,022
Miscellaneous				679,916
Total General Revenues				<u>71,794,761</u>
CHANGE IN NET POSITION				2,785,405
Net Position - Beginning of Year				<u>2,968,754</u>
NET POSITION - END OF YEAR				<u>\$ 5,754,159</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash in County Treasury	\$ 30,165,196	\$ 7,394,996	\$ 2,104,364	\$ 39,664,556
Cash in Banks	-	-	245,443	245,443
Cash in Revolving Fund	5,000	-	-	5,000
Cash Collections Awaiting Deposit	73,003	-	19,925	92,928
Accounts Receivable	2,033,649	23,156	223,150	2,279,955
Due from Other Funds	44,740	-	-	44,740
Prepaid Expenditures	408	-	-	408
Stores	-	-	12,214	12,214
Total Assets	<u>\$ 32,321,996</u>	<u>\$ 7,418,152</u>	<u>\$ 2,605,096</u>	<u>\$ 42,345,244</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 3,551,952	\$ 4,963	\$ 1,949	\$ 3,558,864
Due to Other Funds	-	-	44,740	44,740
Unearned Revenue	472,820	-	52,218	525,038
Total Liabilities	<u>4,024,772</u>	<u>4,963</u>	<u>98,907</u>	<u>4,128,642</u>
FUND BALANCES				
Nonspendable	5,408	-	12,214	17,622
Restricted	4,291,631	-	2,493,975	6,785,606
Assigned	19,981,281	7,413,189	-	27,394,470
Unassigned	4,018,904	-	-	4,018,904
Total Fund Balances	<u>28,297,224</u>	<u>7,413,189</u>	<u>2,506,189</u>	<u>38,216,602</u>
Total Liabilities and Fund Balances	<u>\$ 32,321,996</u>	<u>\$ 7,418,152</u>	<u>\$ 2,605,096</u>	<u>\$ 42,345,244</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balances - Governmental Funds \$ 38,216,602

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets consist of:

Land	\$ 4,023,454	
Art Collection	101,200	
Construction in Progress	1,143,954	
Depreciable Assets, Net	39,839,860	45,108,468

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	(23,336,862)	
Compensated Absences	(389,122)	
Other Postemployment Benefits Other than Pensions (OPEB)	(10,944,420)	
Net Pension Liability	(60,226,776)	(94,897,180)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred Charge on Refunding	1,913,411	
Deferred Outflows - OPEB	2,855,522	
Deferred Inflows - OPEB	(4,818,361)	
Deferred Outflows - Pensions	21,509,484	
Deferred Inflows - Pensions	(4,913,964)	16,546,092

An internal service fund is used by the District to accumulate funds for the future liability for early retiree health benefits and to pay current costs. The assets and liabilities should be included with governmental activities. The fund consists of:

Net Position		957,145
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Interest expense related to general obligation bonds payable was incurred but not accrued through June 30, 2023.

(176,968)

Total Net Position - Governmental Activities		\$ 5,754,159
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**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding				
Formula Sources	\$ 67,599,485	\$ -	\$ -	\$ 67,599,485
Federal Sources	2,095,479	-	655,955	2,751,434
Other State Sources	7,651,978	-	1,597,757	9,249,735
Other Local Sources	2,914,624	86,040	3,223,495	6,224,159
Total Revenues	<u>80,261,566</u>	<u>86,040</u>	<u>5,477,207</u>	<u>85,824,813</u>
EXPENDITURES				
Instruction	42,386,909	-	1,650,044	44,036,953
Instruction - Related Services	9,290,486	-	384,451	9,674,937
Pupil Services	7,804,098	-	1,672,920	9,477,018
Ancillary Services	1,085,235	-	197,162	1,282,397
Community Services	30,045	-	472,962	503,007
General Administration	6,444,581	-	-	6,444,581
Plant Services	8,188,845	1,316,831	18,360	9,524,036
Other Outgo	938,221	-	-	938,221
Debt Service	-	-	3,163,426	3,163,426
Total Expenditures	<u>76,168,420</u>	<u>1,316,831</u>	<u>7,559,325</u>	<u>85,044,576</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,093,146	(1,230,791)	(2,082,118)	780,237
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	3,167,263	680,343	3,847,606
Interfund Transfers Out	(4,309,329)	-	-	(4,309,329)
Total Other Financing Sources (Uses)	<u>(4,309,329)</u>	<u>3,167,263</u>	<u>680,343</u>	<u>(461,723)</u>
NET CHANGES IN FUND BALANCE	(216,183)	1,936,472	(1,401,775)	318,514
Fund Balances - Beginning of Year	<u>28,513,407</u>	<u>5,476,717</u>	<u>3,907,964</u>	<u>37,898,088</u>
Fund Balances - End of Year	<u>\$ 28,297,224</u>	<u>\$ 7,413,189</u>	<u>\$ 2,506,189</u>	<u>\$ 38,216,602</u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 318,514

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$ 1,642,500	
Depreciation Expense	(3,378,783)	
Excess of Depreciation Over Capital Outlay		(1,736,283)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. The net effect of these differences in treatment of general obligation bonds and related items is as follows:

General Obligation Bond Principal Payments	2,685,000	
Net Change in Premium on General Obligation Bonds	255,326	
Net Change in Deferred Charges on General Obligation Bonds	(233,592)	2,706,734

In governmental funds, pension costs are recognized when the employer contribution is made and OPEB costs when the benefit payment is made, but in the statement of activities, pension costs and OPEB costs are recognized on the accrual basis. The difference between accrual basis costs and actual contributions or payments is as follows:

Pension Costs	2,248,622	
OPEB Costs	25,622	2,274,244

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Decrease in Accrued Interest	44,751	
Net Increase in Accreted Interest	(618,800)	
Net Increase in Compensated Absences	(43,491)	(617,540)

An internal service fund is used by the District to accumulate funds for the future liability for early retiree health benefits. The net income of the internal service fund is reported with governmental activities.

(160,264)

Change in Net Position of Governmental Activities	\$	<u>2,785,405</u>
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**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

		Governmental Activities: Internal Service Fund
		<u>Retiree Benefits Fund</u>
ASSETS		
Cash in County Treasury	\$ 951,697	
Cash Collections Awaiting Deposit	1,156	
Accounts Receivable	<u>4,292</u>	
Total Assets	957,145	
NET POSITION		
Restricted for Retiree Health Benefits	<u>957,145</u>	
Total Net Position	<u><u>\$ 957,145</u></u>	

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities: Internal Service Fund
	<u>Retiree Benefits Fund</u>
OPERATING EXPENSES	
Employee Benefits	\$ 638,097
Total Operating Expenses	<u>638,097</u>
OPERATING LOSS	(638,097)
NONOPERATING REVENUES	
Interest Income	<u>16,110</u>
INCOME BEFORE TRANSFERS	(621,987)
Transfers In	<u>461,723</u>
INCREASE IN NET POSITION	(160,264)
Net Position - Beginning of Year	<u>1,117,409</u>
NET POSITION - END OF YEAR	<u><u>\$ 957,145</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities: Internal Service Fund
	<u>Retiree Benefits Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Paid for Retiree Benefit Insurance	<u>\$ (638,097)</u>
Net Cash Used by Operating Activities	(638,097)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>12,686</u>
Net Cash Provided by Investing Activities	12,686
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers between General Fund and Retiree Benefits Fund	<u>461,723</u>
Net Cash Provided by Noncapital Financing Activities	<u>461,723</u>
NET DECREASE IN CASH	(163,688)
Cash - July 1, 2022	<u>1,116,541</u>
CASH - JUNE 30, 2023	<u><u>\$ 952,853</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	<u>\$ (638,097)</u>
Net Cash Used by Operating Activities	<u><u>\$ (638,097)</u></u>
CASH BALANCES AT JUNE 30, 2023, CONSISTED OF THE FOLLOWING:	
Cash in County Treasury	\$ 951,697
Cash Collections Awaiting Deposit	<u>1,156</u>
Total Cash	<u><u>\$ 952,853</u></u>

See accompanying Notes to Financial Statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Carmel Unified 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*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to accounting principles generally accepted (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required.

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. 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. Depreciation and interest expense have not been allocated to specific functions.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: Includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: Includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: Includes home to school transportation, food services, and other pupil services.

Ancillary Services: Includes activities that are generally designed to provide students with experiences outside the regular school day.

Community Services: Includes activities that provide services to community participants other than students.

General Administration: Includes data processing services and all other general administration services.

Plant Services: Includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: Includes transfers to other agencies.

Debt Service: Includes principal and interest payments for long-term debt.

The proprietary fund expenses are presented by natural classification.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The statements of revenues, expenditures, and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: Used to account for all financial resources except those accounted for in another fund. The Adult Education and Deferred Maintenance Funds have been consolidated with the General Fund. These funds do not meet the definition of a special revenue fund as they are no longer primarily composed of restricted or committed revenue sources.

Special Reserve for Capital Outlay: Used to account for specific board-approved capital expenditures.

Governmental Funds – Nonmajor

Special Revenue Funds: Used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Student Activity Special Revenue Fund: Used to account for the activity of the District's Associated Student Body organizations. The District operates two Associated Student Body organizations that raise and expend money to promote the general welfare, morale and educational experiences of students. The amounts reported represent the combined totals of all schools within the District that operate Associated Student Body Funds.

Child Development Fund: Used to account for resources committed to child development programs.

Cafeteria Fund: Used to account for revenues received and expenditures made to operate the District's cafeterias.

Foundation Special Revenue Fund: Used to account for gifts or bequests covered by a formal trust agreement and under which both earnings and principal may be used for purposes that support the District's own programs. The board has designated that any amounts earned above the principal amount of \$100,000 may be used for fine arts related purposes.

Capital Projects Funds: Used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental fixed assets.

Capital Facilities Fund: Used to account for resources received from residential and commercial developer impact fees.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds – Nonmajor (Continued)

Debt Service Funds: Used to account for the accumulation of financial resources for, the payment of general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund: Used to account for the payment of principal and interest on general obligation bonds.

Proprietary Fund

Internal Service Fund: The Retiree Benefits Fund is used to account for retiree benefits health insurance costs as well as the District's contribution toward future benefit costs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state apportionment, interest, and reimbursement grants which are considered available as collectible within one year.

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stores

Stores are presented at the lower of cost or market on a weighted average basis and are expensed when used. Stores consists of expendable supplies held for consumption. At June 30, 2023, the stores in the Cafeteria Fund for food is \$12,214.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the Governmental Activities column of the statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land, art collection, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 to 50 Years
Equipment	5 to 15 Years

Depreciation expense reported on the government-wide statement of activities excludes direct depreciation expense recorded to functions where applicable.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that is applicable to future reporting periods and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that is applicable to future reporting periods and will not be recognized as an inflow of resources (revenue) until then. These amounts are reported in the government-wide statement of net position.

Deferred Charge on Refunding: A deferred charge 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 shorter of the life of the refunded or refunding debt.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows/Inflows – Other Post-Employment Benefits (OPEB): The deferred outflows/inflows of resources related to OPEB results from the effects of actuarially-determined changes to the OPEB plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows/Inflows – Pensions: The deferred outflows/inflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Premiums and discounts on issued debt are deferred and amortized over the life of the bonds. Debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Postemployment Benefits Other Than Pensions (OPEB) Liability

For purposes of measuring the District's OPEB liability related to the Medicare Premium Payment (MPP) Program, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Pension Liability

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

Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. 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 improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District. All other net position is presented as unrestricted.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District board of education. These amounts cannot be used for any other purpose unless the District board of education removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The board of education, through a formal action has given authority to the chief business official to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the board of education has provided otherwise in its commitment or assignment functions.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires the District to establish and maintain a General Fund reserve for economic uncertainty at 5% of the District's General Fund expenditure budget. In addition, the policy requires the District to establish and maintain a Basic Aid reserve at a recommended level of no less than 10% of annual General Fund expenditures to provide transitional funding in the event of the potentially catastrophic loss of basic aid funding. Additionally, the Board reviews its financial position annually to determine the incremental increase, if any, to the Basic Aid reserve. The Board endeavors to achieve a Basic Aid reserve equivalent to the differential between its Basic Aid revenues and the State's local control funding formula sources.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. Property taxes receivable for the General Fund or Debt Service purposes cannot be estimated because the information was not provided by the county auditor and have therefore not been accrued.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System (STRS) on behalf of all school districts in California.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as self-insurance premiums. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Adoption of New Accounting Standard GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The District did not identify any SBITAs that met the criteria for reporting. Therefore, there were no added disclosures required related to the implementation of this standard for the District.

NOTE 2 BUDGETS

By state law, the District's governing board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District board of education during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk

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 deposit policy for custodial risk. As of June 30, 2023, \$-0- of the District's bank balance of \$282,004 was exposed to credit risk.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Monterey County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. The fair value of the pooled investments at June 30, 2023, is measured at 97% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the county board of supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Monterey County Treasurer – Tax Collector, 168 W. Alisal Street, 1st Floor, Salinas, California 93901.

NOTE 4 ACCOUNTS RECEIVABLE

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

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Total Governmental Activities
Accounts Receivable						
Federal and State	\$ 1,862,464	\$ -	\$ 219,904	\$ 2,082,368	\$ -	\$ 2,082,368
Miscellaneous	171,185	23,156	3,246	197,587	4,292	201,879
Total Accounts Receivable	<u>\$ 2,033,649</u>	<u>\$ 23,156</u>	<u>\$ 223,150</u>	<u>\$ 2,279,955</u>	<u>\$ 4,292</u>	<u>\$ 2,284,247</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the Government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2023, are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 44,740	\$ -
Nonmajor Governmental Funds:		
Child Development Fund	-	340
Cafeteria Fund	-	44,400
Total	<u>\$ 44,740</u>	<u>\$ 44,740</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the fiscal year ended June 30, 2023 are as follows:

Transfer from the General Fund to the Adult Education Fund to Support Administrative Functions	\$ 64,733
Transfer from the General Fund to the Child Development Fund for Board-Approved Supplement of Employee Discounts and Other Program Tuition Differentials	680,343
Transfer from the General Fund to the Special Reserve Fund for Future Capital Outlay Projects for Board-Approved Capital Project Contributions	3,167,263
Transfer from the General Fund to the Retiree Benefits Fund to Fund the District's Contribution for Retiree Health Benefits	<u>461,723</u>
Subtotal	4,374,062
Intra-Fund Elimination Between the General Fund and the Adult Education Fund	<u>(64,733)</u>
Total	<u>\$ 4,309,329</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned, or unassigned as shown below:

	General Fund	Special Reserve for Capital Outlay Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in Revolving Fund	\$ 5,000	\$ -	\$ -	\$ 5,000
Prepaid Items	408	-	-	408
Stores	-	-	12,214	12,214
Total Nonspendable	5,408	-	12,214	17,622
Restricted:				
Legally Restricted Programs	4,225,477	-	-	4,225,477
Adult Education	66,154	-	-	66,154
Student Activity Fund	-	-	258,805	258,805
Child Development	-	-	16,406	16,406
Cafeteria	-	-	131,572	131,572
Foundation	-	-	103,694	103,694
Capital Projects	-	-	324,177	324,177
Debt Service	-	-	1,659,321	1,659,321
Total Restricted	4,291,631	-	2,493,975	6,785,606
Assigned:				
Basic Aid Reserve	12,722,627	-	-	12,722,627
Textbooks	500,000	-	-	500,000
Capital Projects	2,006,661	7,413,189	-	9,419,850
Site Carryover	271,367	-	-	271,367
Technology Carryover	280,523	-	-	280,523
Reserve for Cash Needs	1,914,458	-	-	1,914,458
Other Assignments	2,285,645	-	-	2,285,645
Total Assigned	19,981,281	7,413,189	-	27,394,470
Unassigned:				
Economic Uncertainties	4,018,904	-	-	4,018,904
Total Unassigned	4,018,904	-	-	4,018,904
Total Fund Balance	\$ 28,297,224	\$ 7,413,189	\$ 2,506,189	\$ 38,216,602

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

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

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 4,023,454	\$ -	\$ -	\$ 4,023,454
Art Collection	101,200	-	-	101,200
Construction in Progress	445,872	772,798	74,716	1,143,954
Total Capital Assets Not Being Depreciated	4,570,526	772,798	74,716	5,268,608
Capital Assets Being Depreciated:				
Buildings and Improvements	93,299,840	157,354	-	93,457,194
Equipment	5,768,437	787,064	-	6,555,501
Total Capital Assets Being Depreciated	99,068,277	944,418	-	100,012,695
Less Accumulated Depreciation for:				
Buildings and Improvements	52,727,721	2,973,693	-	55,701,414
Equipment	4,066,331	405,090	-	4,471,421
Total Accumulated Depreciation	56,794,052	3,378,783	-	60,172,835
Depreciable Assets, Net	42,274,225	(2,434,365)	-	39,839,860
Governmental Activities Capital Assets, Net	<u>\$ 46,844,751</u>	<u>\$ (1,661,567)</u>	<u>\$ 74,716</u>	<u>\$ 45,108,468</u>

NOTE 8 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due in One Year
General Obligation Bonds	\$ 18,368,446	\$ -	\$ 2,685,000	\$ 15,683,446	\$ 2,921,353
Accreted Interest	6,316,556	618,800	-	6,935,356	648,647
Premium on General Obligation Bonds	973,386	-	255,326	718,060	-
Total General Obligation Bonds	25,658,388	618,800	2,940,326	23,336,862	3,570,000
Compensated Absences	345,631	43,491	-	389,122	-
Total	<u>\$ 26,004,019</u>	<u>\$ 662,291</u>	<u>\$ 2,940,326</u>	<u>\$ 23,725,984</u>	<u>\$ 3,570,000</u>

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net other postemployment benefits liability, and net pension liability. General obligation bond liabilities are liquidated through property tax collections as administered by the county controller's office through the Bond Interest and Redemption Fund.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 GENERAL OBLIGATION BONDS

Bonds are payable solely from ad valorem property taxes levied and collected by the County of Monterey. The board of supervisors of the county has the power and is obligated to annually levy ad valorem taxes for the payment of interest and principal on the district's bonds.

The Series 2000 and 2002 Bonds were authorized at a special election of the registered voters of the District held on May 23, 2000, at which time more than two-thirds of the persons voting authorized the issuance and sale of bonds, not to exceed \$20,000,000, for the purpose of acquisition, construction, and renovation of school facilities.

On August 1, 2000, the District issued \$10,335,000 in General Obligation Bonds, Series 2000. Outstanding balances were satisfied by the proceeds of the 2010 Refunding Bonds.

On February 28, 2002, the District issued \$9,663,455 in General Obligation Bonds, Series 2002 as Current Interest and Capital Appreciation Bonds. The Capital Appreciation Series 2002 Bonds accrete in value semiannually on February 1 and August 1 commencing August 1, 2002.

The Series 2006 and 2008 Bonds were authorized at a special election of the registered voters of the District held on November 8, 2005, at which 55% or more of the persons voting authorized the issuance and sale of bonds, not to exceed \$21,500,000 principal amount, to renovate, modernize, and construct school facilities for the District.

On June 14, 2006, the District issued \$10,750,744 in General Obligation Bonds, Series 2006 as Current Interest and Capital Appreciation Bonds.

On July 10, 2008, the District issued \$10,749,246 General Obligation Bonds, Series 2008 as Current Interest and Capital Appreciation Bonds. Each series of bonds accrete in value compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2007, and February 1, 2009, respectively.

2010 Refunding: On May 26, 2010, the District offered for sale \$15,140,000 of general obligation refunding bonds under the provisions of Title 5, Division 2, Part 10, Chapter 1 of the State of California Education Code and pursuant to the County Resolution dated August 14, 2001. The bonds were issued for the purpose of partially refunding the outstanding 2000 series. The proceeds associated with the refunding were deposited in an escrow account for future payment. In 2011-12, the 2000 series general obligation bonds were fully defeased by the escrow refunding agent.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

2016 Refunding: On October 20, 2016, the District offered for sale \$17,755,000 of general obligation refunding bonds under provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State of California Government Code for the purpose of refunding portions of the outstanding Election of 2005, Series 2006, Election of 2005, Series 2008, and 2010 General Obligation Refunding Bonds, collectively the Refunded Bonds. The proceeds associated with the 2016 General Obligation Refunding Bonds were deposited to an escrow account for future payment and redemption of the Refunded Bonds and, as such, the Refunded Bonds are considered in-substance defeased.

The outstanding general obligation bonded debt of the District at June 30, 2023 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate Percent	Amount of Original Issue	Outstanding June 30, 2023*
Series:					
2002	2/28/2002	8/1/2026	3.50-6.00%	\$ 9,663,455	\$ 3,474,708
2006	6/14/2006	8/1/2030	4.00-5.00%	10,750,744	4,013,542
2008	7/10/2008	8/1/2033	4.00-5.00%	10,749,246	3,760,552
2010 Refunding	5/26/2010	8/1/2025	2.00-5.00%	15,140,000	-
2016 Refunding	10/20/2016	8/1/2032	2.00-4.00%	17,755,000	11,370,000
		Total		<u>\$ 64,058,445</u>	<u>\$ 22,618,802</u>

* includes accreted interest through June 30, 2023.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Current Interest Bond Principal	Capital Appreciation Bond Principal	Accreted Interest Component	Current Interest Component	Total
2024	\$ 1,995,000	\$ 286,353	\$ 648,647	\$ 384,825	\$ 3,314,825
2025	2,195,000	279,049	685,951	301,025	3,461,025
2026	2,420,000	270,250	719,750	208,725	3,618,725
2027	990,000	500,089	1,159,911	140,525	2,790,525
2028	840,000	394,594	730,406	104,015	2,069,015
2029-2033	2,930,000	2,242,593	5,662,407	244,153	11,079,153
2034	-	340,518	1,939,482	-	2,280,000
Total	<u>\$ 11,370,000</u>	<u>\$ 4,313,446</u>	<u>\$ 11,546,554</u>	<u>\$ 1,383,268</u>	<u>\$ 28,613,268</u>

Capital appreciation bonds were issued as part of Series 2002 with maturity dates from August 1, 2002, through 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,098,455 and accreted interest accreted of \$2,376,253 totaling \$3,474,708 has been reflected in the long-term debt balance.

Capital appreciation bonds were issued as part of Series 2006 with maturity dates from August 1, 2007, through 2030. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,650,744 and accreted interest accreted of \$2,362,798 totaling \$4,013,542 has been reflected in the long-term debt balance.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

Capital appreciation bonds were issued as part of Series 2008 with maturity dates from August 1, 2010, through 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal components, with all interest accruing through the applicable maturity date and payable only upon maturity or prior payment of the principal component. The capital appreciation bond principal of \$1,564,247 and accreted interest accreted of \$2,196,306 totaling \$3,760,553 has been reflected in the long-term debt balance.

Proceeds received in excess of debt for both refundings are added to the maturity amount on the statement of net position and amortized to interest expense over the life of the liability. The refunding bonds included a total premium of \$3,307,088. Amortization of \$255,326 was recognized during the year ended June 30, 2023.

For both refundings, the difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$3,858,264. Amortization of \$233,592 was recognized during the year ended June 30, 2023.

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single-employer, postemployment healthcare benefit plan for qualified employees. In addition, some qualified certificated employees are participants in the Medicare Premium Payment Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2023, the District's total liability for postemployment healthcare benefits consisted of the following:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/ (Benefit)
Retiree Benefits Plan	\$ 10,667,715	\$ 2,855,522	\$ 4,818,361	\$ 829,550
MPP Program	276,705	-	-	(41,661)
Total	<u>\$ 10,944,420</u>	<u>\$ 2,855,522</u>	<u>\$ 4,818,361</u>	<u>\$ 787,889</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

The details of the plans are as follows:

Postemployment Healthcare Benefits Plan

Plan Description and Eligibility

The District offers medical, dental, and vision benefits to its employees and retirees. These benefits are offered as a package through the Monterey County Schools Insurance Group (MCSIG) JPA. A three-tiered rate structure applies to active employees and retirees under the age of 65. The medical plan is a PPO option with no lifetime maximum benefits. Dental and vision benefits are provided through Delta Dental and Vision Service Plan. Retirees are covered to age 65, unless grandfathered to age 66 when hired prior to July 1, 2015. Qualifications for coverage require 5 to 10 consecutive years of service, depending on employee unit. Employees with a 0.75 FTE qualify for family coverage; otherwise, coverage is single or one dependent.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	45
Active Plan Members	329
Total Plan Membership	<u>374</u>

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2023, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

The District contributes 100% up to the established annual District cap of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For the year ended June 30, 2023, the District contributed \$638,096 for retiree premium costs, which are recognized as deferred outflows for contributions made after the measurement date and will be recognized in the subsequent year. Total member contributions were \$122,419.

Total OPEB Liability

As of June 30, 2023, the total OPEB liability is \$10,667,715.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Actuarial Methods and Assumptions

Actuarial Assumptions

The total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and calculating the total OPEB liability for June 30, 2023, using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age, Level Percent of Pay
Salary Increases	2.75%
Healthcare Cost Trend Rate	4.00%

Mortality assumptions are based on the 2009 CalSTRS Retiree and Active Mortality tables for Certificate employee types as applicable and 2014 CalPERS Retiree and Active Mortality tables for Miscellaneous Employees, as applicable for Classified Employee types. CalSTRS and CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. These tables incorporate mortality projection as deemed appropriate based on CalSTRS and CalPERS analysis.

Actuarial assumptions used in the June 30, 2021, valuation were based on a review of plan experience turnover tables 2009 CalSTRS Termination Rates and 2009 CalPERS Termination Rates for School Employees.

Discount Rate

The discount rate used to measure the OPEB liability was 3.54% as compared to 2.16% in the prior year. The projection of cash flows used to determine the discount rate was based on the Bond Buyer 20 Bond Index. There are no plan assets.

Changes in the Total OPEB Liability

Balance - June 30, 2022	\$ 11,210,013
Changes for the Year:	
Service Cost	860,562
Interest Cost	244,612
Difference Between Experience Gains and Losses	8,901
Changes in Assumptions	(1,016,176)
Benefit Payments	(640,197)
Net Changes	(542,298)
Balance - June 30, 2023	<u>\$ 10,667,715</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity

The following present the District's OPEB liability calculated using the discount rate of 3.54%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

Discount Rate	Total OPEB Liability
1% Decrease (2.54%)	\$ 11,434,309
Current Discount Rate (3.54%)	10,667,715
1% Increase (4.54%)	10,171,338

The following present the District's OPEB liability calculated using the healthcare cost trend rate of 4.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is one percentage point lower (3.0%) or one percentage point higher (5.0%) than the current rate:

Healthcare Trend Rate	Total OPEB Liability
1% Decrease (3.00%)	\$ 9,477,979
Current Healthcare Trend Rate (4.00%)	10,667,715
1% Increase (5.00%)	12,013,689

Amortization of Deferred Outflows and Deferred Inflows of Resources

The deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. The deferred inflows of resources related to OPEB resulted from the change in assumptions and will be amortized over a ten-year period on a straight-line basis. One-tenth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining nine-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made After Measurement Date	\$ 638,096	\$ -
Difference Between Expected and Actual Experience	12,593	2,374,425
Changes in Assumptions	2,204,833	2,443,936
Total	<u>\$ 2,855,522</u>	<u>\$ 4,818,361</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Postemployment Healthcare Benefits Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

The deferred inflows of resources will be amortized to offset OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (275,624)
2025	(275,624)
2026	(275,624)
2027	(275,624)
2028	(275,624)
Thereafter	(1,222,815)
Total	<u>\$ (2,600,935)</u>

Medicare Premium Payment (MPP) Program

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program. For the year ending June 30, 2022, 5,396 retirees participated in the MPP Program.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2021-22 were \$26.35 million. The District's contributions to the MPP Program for fiscal year 2021-22 were estimated at \$20 thousand.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment (MPP) Program (Continued)

Net OPEB Liability

As of June 30, 2023, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance June 30, 2023
Proportionate Share of OPEB Liability	
Total OPEB Liability	\$ 274,130
Plan Fiduciary Net Position	(2,576)
Net OPEB Liability	<u>\$ 276,706</u>

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on the audited proportionate share schedules of the STRP. This schedule presents the projection of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.084% which is an increase of 0.005% from its proportion measured as of June 30, 2021.

Actuarial Methods and Assumptions

Total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2015, through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	3.54%
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.40%

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

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued)

Actuarial Methods and Assumptions (Continued)

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities, and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, was 3.54%. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability.

The following table presents the net OPEB liability using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Net OPEB Liability
1% Decrease	\$ 301,662
Current Discount Rate	276,706
1% Increase	255,096

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) Continued)

Medicare Costs Trend Rate

The June 30, 2021, valuation uses the 2022 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 4.50% increase each year. The Part B trend is approximately equivalent to assuming a fixed 5.40% increase each year.

The following table presents the net OPEB liability using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage point lower or one percentage point higher than the current rate:

Health Care Trent Rate	Net OPEB Liability
1% Decrease	\$ 253,887
Current Healthcare Trend Rate	276,706
1% Increase	302,571

Amortization of Deferred Outflows and Deferred Inflows of Resources

As the MPP Program is a retiree-only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in OPEB expense in the current period. The net deferred outflows and inflows relating to differences between projected and actual earnings on plan investments are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may also be obtained from CalSTRS.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2023, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 33,353,280	\$ 10,797,897	\$ 4,241,018	\$ 4,749,852
CalPERS (Schools Pool Plan)	26,873,496	10,711,587	672,946	4,223,432
Total	<u>\$ 60,226,776</u>	<u>\$ 21,509,484</u>	<u>\$ 4,913,964</u>	<u>\$ 8,973,284</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the state Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service, are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service, are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

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

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0% - 2.4%	2.0% - 2.4%
Required Employee Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Require State Contribution Rate	10.828%	10.828%

Contributions

Required member, District, and state of California contribution rates are set by the California legislature and governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$5,691,298.

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

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

	<u>Balance June 30, 2023</u>
District Proportionate Share of the Net Pension Liability	\$ 33,353,280
State's Proportionate Share of the Net Pension Liability Associated with the District	16,703,420
Total	<u>\$ 50,056,700</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.048%, which is an increase of 0.002% from its proportion measured as of June 30, 2021.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$3,402,732 and revenue and corresponding expense of \$1,347,120 for contributions provided by the state representing total pension expense of \$4,749,852. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 5,691,298	\$ -
Differences Between Expected and Actual Experience	27,360	2,500,800
Changes of Assumptions	1,654,080	-
Changes in Proportion	3,425,159	109,178
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,631,040
Total	<u>\$ 10,797,897</u>	<u>\$ 4,241,018</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARS�) of the plan participants. The EARS� for the STRP for the June 30, 2022, measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (281,413)
2025	(258,157)
2026	(1,835,539)
2027	2,938,205
2028	189,243
2029	113,242
Total	<u>\$ 865,581</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.40)

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease	\$ 56,646,240
Current Discount Rate	33,353,280
1% Increase	14,013,120

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
	On or Before December 31, 2012	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of		
Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	25.37%	25.37%

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. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are as presented above and the total District contributions were \$3,431,786.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$26,873,496. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0781% which is an increase of 0.0077% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,223,432. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,431,786	\$ -
Differences Between Expected and Actual Experience	121,452	668,647
Changes of Assumptions	1,987,948	-
Changes in Proportion	1,997,372	4,299
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	3,173,029	-
Total	<u>\$ 10,711,587</u>	<u>\$ 672,946</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2022, measurement date is 3.9 years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ 1,856,629
2025	1,668,442
2026	1,146,983
2027	1,934,801
Total	<u>\$ 6,606,855</u>

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	2000 through 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.90%
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - Cap-Weighted	30 %	4.54 %
Global Equity - Noncap-Weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-Backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, which was a decrease from 7.15% in the prior fiscal year. This rate reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease	\$ 38,820,125
Current Discount Rate	26,873,496
1% Increase	17,000,045

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2022, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the 2021 experience study and includes generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries. The inflation assumption is reduced from 2.50% to 2.30%. The discount rate and investment rate of return are reduced from 7.15% to 6.90%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the Monterey and San Benito Counties Liability and Property Joint Powers Authority (MSBCLPJPA), the Monterey County Schools Insurance Group (MCSIG), the Monterey Educational Risk Management Authority (MERMA) public entity risk pools, and Community Human Services.

For property and liability and workers' compensation insurance, they are organized on a county basis, but not all districts in the County are members.

The District elected to become a member of MCSIG effective July 1, 2006. The District makes monthly payments to MCSIG based on the level of employee participation, annual contribution rates set by MCSIG, and in accordance with collective bargaining agreements. The JPAs arrange for and provide the respective types of insurance. Each member District pays a premium commensurate with the level of coverage requested and experience modifier. In the property and liability JPA, each member is responsible for their claims up to a maximum of \$50,000 for liability and \$50,000 for property. The member's share of claim costs is added to their premiums.

The Community Human Services is a California nonprofit corporation exempt from taxation under Internal Revenue Service Code Section 501(c)(3) and a Joint Powers Agency. The board of Directors is made up of representatives from local governmental entities comprising the JPA. The Agency, through contracts with government agencies, private grants and donations and client charges and fees, provides a variety of services including outpatient counseling and therapy for people with drug or alcohol problems, and in-house recovery center for addicted persons, and other counseling and educational programs.

Each JPA is governed by a board consisting of a representative from each member District. Each board controls the operations of its JPA independent from any influence by the members beyond their representation on the governing boards.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one board member and one alternative to each of the governing boards of MSBCLPJPA, MERMA, MCSIG, and Community Human Services JPAs.

Condensed financial information is as follows:

	MSBCLPJPA (Audited) June 30, 2022	MERMA (Audited) June 30, 2022	MCSIG (Audited) June 30, 2022	Community Human Services (Audited) June 30, 2022
JPA Condensed Financial Information				
Total Assets and Deferred Outflows of Resources	\$ 3,885,692	\$ 48,969,781	\$ 13,540,526	\$ 21,697,080
Total Liabilities and Deferred Inflows of Resources	1,779,896	16,166,517	16,077,125	15,327,210
Fund Balance/Net Position	2,105,796	32,803,264	(2,536,599)	6,369,870
Total Revenues	7,199,734	11,354,442	96,837,481	8,877,379
Total Expenditures	7,675,439	10,088,331	96,401,818	8,652,830

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

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

Purchase Commitments

As of June 30, 2023, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$224,937. Projects will be funded through the Special Reserve Fund for Capital Outlay Projects.

REQUIRED SUPPLEMENTARY INFORMATION

CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgetary Amounts - General Fund		Actual Amounts	Fund Basis to GAAP (a)	Actual Amounts
	Original	Final	Fund		GAAP Basis
REVENUES					
Local Control Funding Formula Sources	\$ 65,640,553	\$ 67,660,230	\$ 67,599,485	\$ -	\$ 67,599,485
Federal Sources	1,639,405	2,108,223	2,095,479	-	2,095,479
Other State Sources	4,526,978	7,290,937	7,576,446	75,532	7,651,978
Other Local Sources	2,020,147	2,892,428	2,847,679	66,945	2,914,624
Total Revenues	<u>73,827,083</u>	<u>79,951,818</u>	<u>80,119,089</u>	<u>142,477</u>	<u>80,261,566</u>
EXPENDITURES					
Certificated Salaries	27,885,671	30,074,813	29,942,037	72,681	30,014,718
Classified Salaries	13,927,784	14,181,160	14,318,779	36,880	14,355,659
Employee Benefits	19,744,707	19,779,930	19,741,395	39,277	19,780,672
Books and Supplies	3,102,203	3,465,013	2,904,562	15,574	2,920,136
Services and Other Operating Expenditures	6,569,881	8,772,303	7,797,219	-	7,797,219
Capital Outlay	335,000	635,537	361,796	-	361,796
Other Outgo	742,000	1,107,435	938,220	-	938,220
Total Expenditures	<u>72,307,246</u>	<u>78,016,191</u>	<u>76,004,008</u>	<u>164,412</u>	<u>76,168,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,519,837	1,935,627	4,115,081	(21,935)	4,093,146
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	-	64,733	64,733
Interfund Transfers Out	(1,698,962)	(4,216,512)	(4,374,062)	-	(4,374,062)
Total Other Financing Sources (Uses)	<u>(1,698,962)</u>	<u>(4,216,512)</u>	<u>(4,374,062)</u>	<u>64,733</u>	<u>(4,309,329)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (179,125)</u>	<u>\$ (2,280,885)</u>	(258,981)	42,798	(216,183)
Fund Balance - Beginning of Year			<u>26,204,407</u>	<u>2,309,000</u>	<u>28,513,407</u>
FUND BALANCES - END OF YEAR			<u>\$ 25,945,426</u>	<u>\$ 2,351,798</u>	<u>\$ 28,297,224</u>

(a) Amounts presented are the result of the District including activity of the Adult Education and Deferred Maintenance funds.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED
RATIOS – POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN
PERIODS ENDED JUNE 30,**

Total OPEB Liability - Retiree Health Plan	2022	2021	2020	2019	2018	2017
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Beginning Balance	\$ 11,210,013	\$ 14,075,916	\$ 11,751,618	\$ 10,132,790	\$ 9,672,926	\$ 9,025,449
Changes for the Year:						
Service Cost	860,562	1,383,460	1,121,374	891,893	868,022	844,790
Interest Cost	244,612	324,888	419,553	391,693	373,818	321,194
Difference Between Expected and Actual Experience	-	-	-	(41,544)	-	-
Difference Between Experience Gains and Losses	8,901	(2,101,338)	6,536	(1,107,119)		
Changes in Assumptions	(1,016,176)	(1,751,452)	1,433,507	2,002,303	(242,729)	-
Changes in Benefit Terms	-	-	-	(17,879)		
Expected Benefit Payments	(640,197)	(721,461)	(656,672)	(500,519)	(539,247)	(518,507)
Net Changes	<u>(542,298)</u>	<u>(2,865,903)</u>	<u>2,324,298</u>	<u>1,618,828</u>	<u>459,864</u>	<u>647,477</u>
Ending Balance	<u>\$ 10,667,715</u>	<u>\$ 11,210,013</u>	<u>\$ 14,075,916</u>	<u>\$ 11,751,618</u>	<u>\$ 10,132,790</u>	<u>\$ 9,672,926</u>
District's Covered-Employee Payroll	<u>\$ 37,072,036</u>	<u>\$ 38,907,296</u>	<u>\$ 34,938,167</u>	<u>\$ 33,495,251</u>	<u>\$ 32,200,000</u>	<u>\$ 30,226,640</u>
Total OPEB Liability as a Percentage of its Covered-Employee Payroll	28.78%	28.81%	40.29%	35.08%	31.47%	32.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous year to align with the measurement date of the net OPEB liability.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY – MEDICARE PREMIUM PAYMENT PLAN
YEARS ENDED JUNE 30,**

Medicare Premium Payment Program	2023	2022	2021
Measurement Date	6/30/2022	6/30/2021	6/30/2020
District's Proportion of the Net OPEB Liability	0.084%	0.079%	0.067%
District's Proportionate Share of the Net OPEB Liability	\$ 276,705	\$ 318,366	\$ 283,936
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB liability as a Percentage of Covered Payroll *	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.94%	-0.80%	-0.71%
	2020	2019	2018
Measurement Date	6/30/2019	6/30/2018	6/30/2017
District's Proportion of the Net OPEB Liability	0.068%	0.067%	0.143%
District's Proportionate Share of the Net OPEB Liability	\$ 253,230	\$ 256,455	\$ 601,612
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB liability as a Percentage of Covered Payroll *	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.81%	-0.40%	0.01%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

* Plan participants are limited to retirees; therefore, covered payroll is zero.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2023	2022	2021	2020	2019
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability (NPL)	0.048%	0.046%	0.044%	0.044%	0.043%
District's Proportionate Share of the NPL	\$ 33,353,280	\$ 20,933,680	\$ 42,639,960	\$ 39,739,040	\$ 39,520,010
State's Proportionate Share of the NPL Associated with the District	16,703,420	10,533,235	21,980,727	21,680,474	22,627,165
Total	<u>\$ 50,056,700</u>	<u>\$ 31,466,915</u>	<u>\$ 64,620,687</u>	<u>\$ 61,419,514</u>	<u>\$ 62,147,175</u>
District's Covered Payroll	\$ 28,200,000	\$ 25,670,000	\$ 24,420,000	\$ 23,830,000	\$ 23,200,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	118%	82%	175%	167%	170%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81%	87%	72%	73%	71%
	2018	2017	2016	2015	
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
District's Proportion of the NPL	0.041%	0.042%	0.045%	0.042%	
District's Proportionate Share of the NPL	\$ 37,916,800	\$ 33,970,020	\$ 30,295,800	\$ 24,543,540	
State's Proportionate Share of the NPL Associated with the District	22,431,441	19,341,374	16,023,096	14,820,598	
Total	<u>\$ 60,348,241</u>	<u>\$ 53,311,394</u>	<u>\$ 46,318,896</u>	<u>\$ 39,364,138</u>	
District's Covered Payroll	\$ 22,500,000	\$ 21,300,000	\$ 19,800,000	\$ 19,500,000	
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	169%	159%	153%	126%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69%	70%	74%	77%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
YEARS ENDED JUNE 30,**

CalPERS - Schools Pool Plan	2023	2022	2021	2020	2019
Measurement Period	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability (NPL)	0.0781%	0.0704%	0.0677%	0.0672%	0.0680%
District's Proportionate Share of the NPL	\$ 26,873,496	\$ 14,315,440	\$ 20,772,442	\$ 19,584,937	\$ 18,130,941
District's Covered Payroll	\$ 12,000,000	\$ 10,114,000	\$ 9,760,000	\$ 9,350,000	\$ 9,000,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	224%	142%	213%	209%	201%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	81%	70%	70%	71%
	2018	2017	2016	2015	
Measurement Period	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
District's Proportion of the NPL	0.0682%	0.0679%	0.0688%	0.0698%	
District's Proportionate Share of the NPL	\$ 16,281,140	\$ 13,410,292	\$ 10,229,629	\$ 7,924,000	
District's Covered Payroll	\$ 8,700,000	\$ 8,200,000	\$ 7,700,000	\$ 7,300,000	
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	187%	164%	133%	109%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	74%	79%	83%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
YEARS ENDED JUNE 30, 2023**

CalSTRS - STRP	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 5,691,298	\$ 4,772,277	\$ 4,146,369	\$ 4,175,681	\$ 3,879,393
Contributions in Relation to the Contractually Required Contribution	5,691,298	4,772,277	4,146,369	4,175,681	3,879,393
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 29,800,000	\$ 28,200,000	\$ 25,670,000	\$ 24,420,000	\$ 23,830,000
Contributions as a Percentage of Covered Payroll	19.10%	16.92%	16.15%	17.10%	16.28%
	2018	2017	2016	2015	
Contractually Required Contribution	\$ 3,352,531	\$ 2,841,414	\$ 2,283,231	\$ 1,765,866	
Contributions in Relation to the Contractually Required Contribution	3,352,531	2,841,414	2,283,231	1,765,866	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's Covered Payroll	\$ 23,200,000	\$ 22,500,000	\$ 21,300,000	\$ 19,800,000	
Contributions as a Percentage of Covered Payroll	14.43%	12.58%	10.73%	8.88%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
YEARS ENDED JUNE 30, 2023**

CalPERS - Schools Pool Plan	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 3,431,786	\$ 2,754,993	\$ 2,093,531	\$ 1,925,875	\$ 1,687,346
Contributions in Relation to the Contractually Required Contribution	3,431,786	2,754,993	2,093,531	1,925,875	1,687,346
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 13,530,000	\$ 12,000,000	\$ 10,114,000	\$ 9,760,000	\$ 9,350,000
Contributions as a Percentage of Covered Payroll	25.37%	22.91%	20.70%	19.72%	18.06%
	2018	2017	2016	2015	
Contractually Required Contribution	\$ 1,395,357	\$ 1,208,665	\$ 965,841	\$ 904,438	
Contributions in Relation to the Contractually Required Contribution	1,395,357	1,208,665	965,841	904,438	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	
District's Covered Payroll	\$ 9,000,000	\$ 8,700,000	\$ 8,200,000	\$ 7,700,000	
Contributions as a Percentage of Covered Payroll	15.53%	13.89%	11.85%	11.77%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison for the General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal yearend, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

**Schedule of Changes in the Total OPEB Liability and Related Ratios –
Postemployment Healthcare Benefits Plan**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the postemployment healthcare benefits plan. As of June 30, 2023, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

Benefit Changes – None

Changes of Assumptions:

2022-23

The discount rate and expected rate of return on assets was changed from 2.16% to 3.54%.

2021-22

The discount rate and expected rate of return on assets was changed from 2.2% to 2.16%.

**Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare
Premium Payment Plan**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2021-22

CalSTRS applied a new discount rate increasing the rate from 2.16% to 3.54%.

2020-21

CalSTRS applied a new discount rate decreasing the rate from 2.21% to 2.16%.

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates. CalSTRS also applied a new discount rate decreasing the rate from 3.50% to 2.21%.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan (Continued)

Changes of Assumptions: (Continued)

2018-19

CalSTRS applied a new discount rate decreasing the rate from 3.87% to 3.50%.

2017-18

CalSTRS applied a new discount rate increasing the rate from 3.58% to 3.87%.

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position, and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2021-22

CalPERS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.50% to 2.30%. A new discount rate was applied decreasing the rate from 7.15% to 6.90%.

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund:

<u>Object Account</u>	<u>Amount</u>
Classified Salaries	\$ 137,619

SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2023**

Carmel Unified School District was established on July 1, 1939 and is comprised of 594 square miles. There are four distinctive population centers within the boundaries of the District: Carmel-by-the-Sea, Carmel Valley, Pebble Beach, and Big Sur. There were no changes in the boundaries of the District during the year. The District operates three elementary schools, one middle school, one high school, one alternative high school, and a regional occupational program on the traditional August through June schedule. The District also operates two pre-schools and an adult education program on an extended year basis.

The board of education and the District administrators for the fiscal year ended June 30, 2023, were as follows:

BOARD OF EDUCATION

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Sara Hinds	Board President	December 2026
Seaberry Nachbar	Board Member	December 2024
Karl Pallastrini	Board Clerk	December 2024
Ann Marie Rosen	Board Member	December 2024
Jason Remyense	Board Member	December 2024

DISTRICT ADMINISTRATORS

Sharon Ofek	Interim Superintendent/Deputy Superintendent, Educational Services
Michelle Goncalves	Executive Assistant to the Superintendent
Yvonne Perez	Chief Business Official
Craig Chavez	Chief Human Resource Officer

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2023**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2023, are as follows:

	Second Period Certificate # A2B281C4	Adjustments	Second Period Adjusted	Annual Certificate # 5BBCDBC3	Adjustments	Annual Adjusted
Regular ADA						
Grades Transitional Kindergarten through Third:						
Regular ADA (A-1)	552.12	-	552.12	555.40	-	555.40
Total Grades Transitional Kindergarten through Third Regular ADA	552.12	-	552.12	555.40	-	555.40
Grades Four through Six:						
Regular ADA (A-1)	425.84	-	425.84	428.17	-	428.17
Special Education - Nonpublic, Nonsectarian Schools (A-3)	0.05	-	0.05	0.05	-	0.05
Extended Year Special Education - Nonpublic, Nonsectarian Schools (A-4)	0.01	-	0.01	0.01	-	0.01
Total Grades Four through Six Regular ADA	425.90	-	425.90	428.23	-	428.23
Grades Seven and Eight:						
Regular ADA (A-1)	321.85	-	321.85	323.48	-	323.48
Total Grades Seven and Eight Regular ADA	321.85	-	321.85	323.48	-	323.48
Grades Nine through Twelve:						
Regular ADA (A-1)	822.54	(2.04)	820.50	820.27	(2.35)	817.92
Special Education - Nonpublic, Nonsectarian Schools (A-3)	0.05	-	0.05	0.05	-	0.05
Extended Year Special Education - Nonpublic, Nonsectarian Schools (A-4)	0.01	-	0.01	0.01	-	0.01
Total Grades Nine through Twelve Regular ADA	822.60	(2.04)	820.56	820.33	(2.35)	817.98
Total Regular ADA	2,122.47	(2.04)	2,120.43	2,127.44	(2.35)	2,125.09
Continuation Education:						
ADA for Students in Continuation Education included in Section A (B-6)						
Grades Nine through Twelve:	23.25	(2.04)	21.21	24.89	(2.35)	22.54
Total Continuation Education ADA (B-6)	23.25	(2.04)	21.21	24.89	(2.35)	22.54

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes				Status
	Requirement	Actual	Credited	Total	
Kindergarten	36,000	48,450	0	48,450	In Compliance
Grade 1	50,400	53,995	0	53,995	In Compliance
Grade 2	50,400	53,995	0	53,995	In Compliance
Grade 3	50,400	53,995	0	53,995	In Compliance
Grade 4	54,000	53,995	5	54,000	In Compliance
Grade 5	54,000	53,995	5	54,000	In Compliance
Grade 6	54,000	53,995	5	54,000	In Compliance
Grade 7	54,000	53,995	5	54,000	In Compliance
Grade 8	54,000	53,995	5	54,000	In Compliance
Grade 9	64,800	64,310	490	64,800	In Compliance
Grade 10	64,800	64,310	490	64,800	In Compliance
Grade 11	64,800	64,310	490	64,800	In Compliance
Grade 12	64,800	64,310	490	64,800	In Compliance

Grade Level	Traditional Days				Status
	Requirement	Actual	Credited	Total	
Kindergarten	180	174	6	180	In Compliance
Grade 1	180	174	6	180	In Compliance
Grade 2	180	174	6	180	In Compliance
Grade 3	180	174	6	180	In Compliance
Grade 4	180	174	6	180	In Compliance
Grade 5	180	174	6	180	In Compliance
Grade 6	180	175	5	180	In Compliance
Grade 7	180	175	5	180	In Compliance
Grade 8	180	175	5	180	In Compliance
Grade 9	180	175	5	180	In Compliance
Grade 10	180	175	5	180	In Compliance
Grade 11	180	175	5	180	In Compliance
Grade 12	180	175	5	180	In Compliance

The District received approved J-13A Forms identifying the following: 4 approved days for all sites (January 10, 2023; January 11, 2023; March 10, 2023; March 14, 2023), 2 approved days for Captain Cooper Elementary. (September 19, 2022; March 15, 2023), and 1 approved day for Carmel Middle and Carmel High (March 15, 2023). The total was 450 minutes for Grades 4-8 and 1,445 minutes for Grades 9-12.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
United States Department of Agriculture				
Pass-Through Program from California Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	\$ 1,475,434	\$ -
National School Lunch Program - Commodities	10.555	(1)	83,222	-
Supply Chain Assistance (SCA) Funds	10.555	15655	59,976	-
Total Child Nutrition Cluster			1,618,632	-
NSLP Equipment Assistance Grants	10.579	14906	24,748	-
Total United States Department of Agriculture			1,643,380	-
United States Department of Education				
Pass-Through Program from California Department of Education:				
Special Education Cluster (IDEA):				
Special Education - IDEA Basic Local Assistance Entitlement	84.027	13379	418,398	-
Special Education - IDEA Basic Local Assistance Private Schools	84.027	10115	4,946	-
COVID-19 - ARP IDEA: Part B, Sec 611, Local Assistance	84.027	15638	85,306	-
COVID-19 - ARP IDEA: Part B, Sec 611, Local Assistance, Private School ISPs	84.027	10169	2,797	-
COVID-19 - ARP IDEA: Part B, Sec 619, Preschool Grants	84.173	15639	2,849	-
Grants to States (IDEA, Part B) - Preschool Grants	84.173	13430	1,126	-
Preschool Staff Development	84.173A	13431	9	-
Total Special Education Cluster			515,431	-
Every Student Succeeds Act:				
Title I - Basic Grants	84.010	14329	314,429	-
Title II - Supporting Effective Instruction	84.367	14341	57,284	-
Title IV - Student Support and Academic Enrichment	84.424	15396	5,719	-
Vocational Programs	84.048	14894	12,837	-
Total Every Student Succeeds Act			390,269	-
COVID-19 Education Stabilization Fund (ESF):				
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	51,050	-
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	642,226	-
COVID-19 Elementary and Secondary School Emergency Relief: ESSER III Learning Loss	84.425U	10155	484,378	-
COVID-19 - ARP Homeless Children and Youth II	84.425U	15566	1,219	-
Subtotal COVID-19 Education Stabilization Fund (ESF)			1,178,873	-
Total United States Department of Education			2,084,573	-
United States Department of Health and Human Services				
Pass-Through Program from California Department of Education:				
COVID-19 Child Development: ARP California State Preschool Program				
One-Time Stipend	93.575	15640	31,895	-
COVID-19 - ARP CSPP - Rate Supplements	93.575	15641	39,654	-
Total United States Department of Health and Human Services			71,549	-
Total Expenditures of Federal Awards			\$ 3,799,502	\$ -

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
Reconciliation to Federal Revenue				
Total Federal Program Expenditures			\$ 3,799,502	\$ -
Revenues in Excess (Deficiency) of Expenditures				
Related to Federal Entitlements:				
Forest Reserve Funds	10.665	10044	10,906	-
COVID-19 Child Development: ARP California State Preschool Program				
One-Time Stipend	93.575	15640	(31,895)	-
National School Lunch Program	10.555	(1)	(1,027,079)	-
Total Federal Program Revenue			<u>\$ 2,751,434</u>	<u>\$ -</u>

(1) Pass-Through Entity Identifying Number not readily available or not applicable.

The District is the recipient of a federal program that does not result in cash receipts or disbursements. The District was granted \$83,222 of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

See accompanying Note to Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

	2024 (Budgeted)	2023	2022	2021
Total Revenues	\$ 80,577,478	\$ 80,119,089	\$ 73,416,137	\$ 69,123,414
Total Expenditures	(78,771,890)	(76,004,008)	(70,015,913)	(62,968,307)
Total Other Sources and Uses	<u>(2,089,394)</u>	<u>(4,374,062)</u>	<u>(4,161,587)</u>	<u>(1,177,340)</u>
Change in Fund Balance	(283,806)	(258,981)	(761,363)	4,977,767
Ending Fund Balance	<u>\$ 25,661,620</u>	<u>\$ 25,945,426</u>	<u>\$ 26,204,407</u>	<u>\$ 26,965,770</u>
Available Reserve	<u>\$ 4,043,064</u>	<u>\$ 4,018,904</u>	<u>\$ 3,708,875</u>	<u>\$ 3,207,283</u>
Available Reserve Percentage	5.0%	5.0%	5.0%	5.0%
ADA	2,122	2,122	2,124	2,385
Total Long-Term Liabilities	<u>\$ 90,689,084</u>	<u>\$ 94,897,180</u>	<u>\$ 72,781,517</u>	<u>\$ 105,993,553</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends 3% of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2023, the District has met this requirement.

All percentages are of total expenditures.

Long-Term Liabilities are reported for the District, as a whole, and include debt related to all funds, as well as the OPEB Liability and Net Pension Liability.

The 2024 budget is the original budget adopted in June 21, 2023.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2023**

The District is not the granting agency for any Charter Schools.

**CARMEL UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

There were no differences between the fund balances reported on the June 30, 2023 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

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 for all awards. Under these principles, certain types of expenditures are not allowable 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.

Indirect Cost Rate

The District did not use the 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

Payments to Subrecipients

The District did not make any payments to subrecipients.

Schedule of Financial Trends and Analysis

The *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if the District has met the recommended available reserve percentages.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Charter Schools

The *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

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 on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

**CARMEL UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash in County Treasury	\$ -	\$ 23,727	\$ 535	\$ 103,170	\$ 317,611	\$ 1,659,321	\$ 2,104,364
Cash in Banks	245,443	-	-	-	-	-	245,443
Cash Collections Awaiting Deposit	12,508	-	2,379	-	5,038	-	19,925
Accounts Receivable	854	340	219,904	524	1,528	-	223,150
Stores	-	-	12,214	-	-	-	12,214
Total Assets	<u>\$ 258,805</u>	<u>\$ 24,067</u>	<u>\$ 235,032</u>	<u>\$ 103,694</u>	<u>\$ 324,177</u>	<u>\$ 1,659,321</u>	<u>\$ 2,605,096</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable and Other							
Current Liabilities	\$ -	\$ 103	\$ 1,846	\$ -	\$ -	\$ -	\$ 1,949
Due to Other Funds	-	340	44,400	-	-	-	44,740
Unearned Revenue	-	7,218	45,000	-	-	-	52,218
Total Liabilities	<u>-</u>	<u>7,661</u>	<u>91,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,907</u>
FUND BALANCES							
Nonspendable	-	-	12,214	-	-	-	12,214
Restricted	258,805	16,406	131,572	103,694	324,177	1,659,321	2,493,975
Total Fund Balances	<u>258,805</u>	<u>16,406</u>	<u>143,786</u>	<u>103,694</u>	<u>324,177</u>	<u>1,659,321</u>	<u>2,506,189</u>
Total Liabilities and Fund Balances	<u>\$ 258,805</u>	<u>\$ 24,067</u>	<u>\$ 235,032</u>	<u>\$ 103,694</u>	<u>\$ 324,177</u>	<u>\$ 1,659,321</u>	<u>\$ 2,605,096</u>

See accompanying Note to Optional Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES							
Federal Sources	\$ -	\$ 39,654	\$ 616,301	\$ -	\$ -	\$ -	\$ 655,955
Other State Sources	-	441,408	1,154,163	-	-	2,186	1,597,757
Other Local Sources	201,124	1,353,449	3,050	1,916	76,286	1,587,670	3,223,495
Total Revenues	201,124	1,834,511	1,773,514	1,916	76,286	1,589,856	5,477,207
EXPENDITURES							
Instruction	-	1,650,044	-	-	-	-	1,650,044
Instruction - Related Services	-	384,451	-	-	-	-	384,451
Pupil Services	-	29,539	1,643,381	-	-	-	1,672,920
Ancillary Services	197,162	-	-	-	-	-	197,162
Community Services	-	472,962	-	-	-	-	472,962
Plant Services	-	-	-	-	18,360	-	18,360
Debt Service	-	-	-	-	-	3,163,426	3,163,426
Total Expenditures	197,162	2,536,996	1,643,381	-	18,360	3,163,426	7,559,325
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,962	(702,485)	130,133	1,916	57,926	(1,573,570)	(2,082,118)
OTHER FINANCING SOURCES							
Interfund Transfers In	-	680,343	-	-	-	-	680,343
Total Other Financing Sources	-	680,343	-	-	-	-	680,343
NET CHANGES IN FUND BALANCE	3,962	(22,142)	130,133	1,916	57,926	(1,573,570)	(1,401,775)
Fund Balances - Beginning of Year	254,843	38,548	13,653	101,778	266,251	3,232,891	3,907,964
FUND BALANCES - END OF YEAR	<u>\$ 258,805</u>	<u>\$ 16,406</u>	<u>\$ 143,786</u>	<u>\$ 103,694</u>	<u>\$ 324,177</u>	<u>\$ 1,659,321</u>	<u>\$ 2,506,189</u>

See accompanying Note to Optional Supplementary Information.

**CARMEL UNIFIED SCHOOL DISTRICT
NOTE TO OPTIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Combining Fund Financial Statements

Combining fund balance sheets and statements of revenues, expenditures, and changes in fund balance have been presented for the nonmajor funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Carmel Unified School District
Carmel, 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, the major funds, and the aggregate remaining fund information of Carmel Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

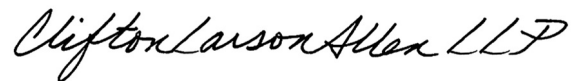
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
November 21, 2023



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

Board of Education
Carmel Unified School District
Carmel, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
November 21, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Education
Carmel Unified School District
Carmel, California

Report on State Compliance

Opinion on State Compliance

We have audited the Carmel Unified School District's (the District) compliance with the types of compliance requirements applicable to the District 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 for the year ended June 30, 2023. The District's applicable state compliance requirements are identified in the table below.

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 year ended June 30, 2023.

Basis for Opinion

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

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

Responsibilities of Management for State 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

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

<u>Description</u>	<u>Procedures Performed</u>
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Not Applicable
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. GANN Limit Calculation	Yes
L. School Accountability Report Card	Yes

Board of Education
Carmel Unified School District

M. Juvenile Court School	Not Applicable
N. Middle or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
TT. Home to School Transportation Reimbursement	Yes
UU. Independent Study Certification for ADA Loss Mitigation	Not Applicable
T. California Clean Energy Jobs Act	Yes
U. After/Before School Education and Safety Program	Not Applicable
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunity Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
EZ. Transitional Kindergarten	Yes
Charter Schools:	
Attendance	No ¹
Mode of Instruction	No ¹
Nonclassroom Based Instruction/Independent Study	No ¹
Determination of Funding for Nonclassroom-Based Instruction	No ¹
Annual Instructional Minutes – Classroom Based	No ¹
Charter School Facility Grant Program	No ¹

¹The District is not the granting agency for any Charter Schools.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each state program is not modified with respect to these matters.

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

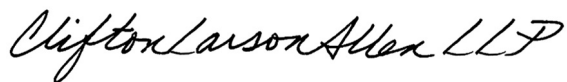
Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in Section IV of the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

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.



CliftonLarsonAllen LLP

Glendora, California
November 21, 2023

FINDINGS AND QUESTIONED COSTS

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITORS' RESULTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors' Results

Financial Statements

- | | | |
|---|------------|------------------------------------|
| 1. Type of auditors' report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>x</u> _____ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ <u>x</u> _____ no |

Federal Awards

- | | | |
|---|------------|------------------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | _____ yes | _____ <u>x</u> _____ no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes | _____ <u>x</u> _____ none reported |
| 2. Type of auditors' report issued on compliance for major federal programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ yes | _____ <u>x</u> _____ no |

Identification of Major Federal Programs

Assistance Listing Number(s)

84.425D and 84.425U

Name of Federal Program or Cluster

COVID-19 Education Stabilization Fund (ESF)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ x _____ yes _____ no

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

All audit findings must be identified as one or more of the following 12 categories:

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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2023.

**CARMEL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
YEAR ENDED JUNE 30, 2023**

Section IV – Findings and Questioned Costs – State Compliance

2023-001 Attendance: Continuation Education

10000

Criteria: Per 5 CCR § 402, "For apportionment purposes, attendance of a pupil upon schools or classes maintained by a school district or a county superintendent may be counted when the pupil is present during the time lawfully prescribed for the school or class in which he is enrolled and when such attendance meets the requirements prescribed by Education Code Section 46300."

Condition: CLA noted 20 students enrolled in the continuation education program for Month 2 of the 2022-23 school year. CLA selected 3 students to test and all 3 had overstated apportionment.

Effect: The District is not in compliance with 5 CCR § 402 and received disallowed funding, as a result.

Cause: Carmel Valley High School's bell schedule within Aeries was not updated for the 2022-23 school year and was instead incorrectly using the default schedule that included more class periods.

Questioned Costs and Units: Approximately 2.04 ADA and \$23,238 of state funding. The District is basic aid, therefore there is no impact to LCFF funding.

Recommendation: The District should have a procedure in place to ensure the bell schedule and calendar are updated within Aeries each year to correctly calculate the class periods and passing time that the students adhere to at the school site.

Corrective Action Plan:

The District has established a procedure to ensure that the bell schedule and calendar are updated in Aeries each year. This measure aims to guarantee the correct calculation of class periods and passing time that aligns with the students' actual schedule at Carmel Valley High School. In addition, the following improvements will be implemented to improve our practice of compliance with the regulations cited.

1. Instructional minute calculations will be automated in Aeries and tested with each reporting period starting with P1 through P Annual. Testing of new automated system will be completed by June 30, 2024.
2. The established manual system of calculating instructional minutes will continue and be used to audit and verify the reports generated by the Student Information System.
3. By April 30 of each school year, the school sites will provide the next year's bell schedule to the IT Department to facilitate the timely roll-over of the student information system.
4. By July 10th of each school year, the IT Department and Fiscal Services will meet and audit the calendar and bell schedule entered to the Student Information System for accuracy.

**CARMEL UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

2022 – 001

50000

Federal Agency: U.S. Department of Agriculture

Federal Program Name: Child Nutrition Cluster

Assistance Listing Number: 10.555

Pass-Through Agency: California Department of Education

Award Period: July 1, 2021, through June 30, 2022

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires compliance with the provisions of suspension and debarment. The District should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing, we noted the District did not have adequate internal controls designed to ensure vendors were not suspended or debarred for 2 out of the 5 vendors tested.

Questioned costs: None as none of the vendors selected were suspended or debarred.

Context: There were a total of 7 vendors with contracts equaling or exceeding \$25,000.

Cause: The District was unaware that vendors were not being reviewed to ensure they were not suspended or debarred. This was a result of turnover in the department.

Effect: The auditor noted no instances of vendors identified as suspended or debarred; however, the lack of internal controls over these compliance requirements resulted in noncompliance.

Repeat Finding: No.

Recommendation: We recommend the District design procedures and controls to ensure an adequate review process is in place to determine vendors are not suspended or debarred.

Current Status: Implemented.

