



Financial Statements
June 30, 2023

Adelanto Elementary School District

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Independent Auditor's Report

To the Governing Board
Adelanto Elementary School District
Adelanto, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Adelanto Elementary 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Adelanto Elementary School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, 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 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*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
April 19, 2024



Adelanto *Elementary School District*

FINANCIAL HIGHLIGHTS

- The District's overall financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$25,733,442.
- Total governmental revenues were \$174,493,460.
- The total cost of basic programs was \$148,760,018.
- Governmental funds increased by \$23,337,226.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Adelanto Elementary School District (the District) and its component unit using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. The District reports all activities as governmental activities. These statements include all assets of the District (including capital assets and right-to-use subscription IT assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statement is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Adelanto Elementary School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the 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, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's Net Position and changes in them. Net Position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. Other non-financial factors to consider are changes in the District's property tax base, student enrollment growth, condition of District's facilities, quality of education, and safety of our schools.

In the *Statement of Net Position* and the *Statement of Activities*, all the District's activities are as follows:

Governmental activities - The District reports all of its services in this category. This includes the education of transitional kindergarten through grade eight students, the operation of Early Childhood activities, and the ongoing effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from debt, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds - All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the educational support services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental fund statements that explains the differences between them.

THE DISTRICT AS A TRUSTEE

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

Table 1 reflects the District's Net Position of \$139,576,888 for the fiscal year ended June 30, 2023. Of this amount, \$(73,143,556) was unrestricted (deficit). Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board of Trustee's ability to use that Net Position for day-to-day operations. Our analysis below focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	\$ 114,776,772	\$ 96,030,566
Capital assets and right-to-use subscription IT assets	151,347,740	155,566,060
Total assets	266,124,512	251,596,626
Deferred outflows of resources	30,452,389	26,973,722
Liabilities		
Current liabilities	24,293,416	28,618,196
Long-term liabilities	119,588,828	89,964,621
Total liabilities	143,882,244	118,582,817
Deferred inflows of resources	13,117,769	46,144,085
Net Position		
Net investment in capital assets	144,418,106	153,659,464
Restricted	68,302,338	41,284,904
Unrestricted (deficit)	(73,143,556)	(81,100,922)
Total net position	\$ 139,576,888	\$ 113,843,446

The \$(73,143,556) in combined unrestricted Net Position (deficit) of District activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2, which reflects the changes in Net Position for fiscal year 2022-2023, takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022 *
Revenues		
Program revenues		
Charges for services and sales	\$ 714,001	\$ 2,152,951
Operating grants and contributions	49,201,930	41,268,579
Capital grants and contributions	2,017,067	(59,470)
General revenues		
Federal and State aid not restricted	92,765,937	83,650,053
Property taxes	11,895,315	13,762,058
Other general revenues	17,899,210	866,968
Total revenues	<u>174,493,460</u>	<u>141,641,139</u>
Expenses		
Instruction-related	98,503,808	79,881,694
Pupil services	20,332,747	15,668,250
Administration	10,522,469	9,893,392
Plant services	14,813,798	12,186,875
All other services	4,587,196	8,917,261
Total expenses	<u>148,760,018</u>	<u>126,547,472</u>
Change in net position	<u>\$ 25,733,442</u>	<u>\$ 15,093,667</u>

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$148,760,018. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$11,895,315 because the cost was paid by those who benefited from the programs was \$714,001 or by other governments and organizations who subsidized certain programs with grants and contributions of \$51,218,997. We paid for the remaining "public benefit" portion of our school district activities with \$92,765,937 in unrestricted Federal and State aid and \$17,899,210 in interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022 *	2023	2022 *
Instruction-related	\$ 98,503,808	\$ 79,881,694	\$ (68,453,872)	\$ (52,472,546)
Pupil services	20,332,747	15,668,250	(9,249,345)	(6,683,810)
Administration	10,522,469	9,893,392	(7,200,124)	(5,652,297)
Plant services	14,813,798	12,186,875	(9,544,496)	37,107
All other services	4,587,196	8,917,261	(2,379,183)	(18,413,866)
Total	<u>\$ 148,760,018</u>	<u>\$ 126,547,472</u>	<u>\$ (96,827,020)</u>	<u>\$ (83,185,412)</u>

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Salaries and fringe benefit expenditures were \$15,981,326 more than expected due to additional personnel added during the year and an increase in substitute costs.

The District had significant changes in salary expenditures from a 12% increase in ongoing salary schedule.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$90,412,536, which is an increase of \$23,337,226 of 34.8% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	\$ 34,259,943	\$ 163,716,415	\$ 136,476,431	\$ 61,499,927
Student Activity Fund	79,836	133,687	150,231	63,292
Cafeteria Fund	3,538,997	8,405,235	7,765,359	4,178,873
Deferred Maintenance Fund	199,572	6,317	-	205,889
Capital Facilities Fund	5,400,367	649,098	14,615	6,034,850
County School Facilities Fund	3,910,052	2,017,067	-	5,927,119
Special Reserve Fund for Capital Outlay Projects	6,656,986	140,089	2,596,858	4,200,217
Capital Projects Fund for Blended Component Units	6,983,501	240,603	866,000	6,358,104
Bond Interest and Redemption Fund	6,046,055	992,618	5,532,588	1,506,085
Debt Service Fund for Blended Component Units	1	974,179	536,000	438,180
Total	<u>\$ 67,075,310</u>	<u>\$ 177,275,308</u>	<u>\$ 153,938,082</u>	<u>\$ 90,412,536</u>

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget numerous times, to reflect changes in revenues and expenditures. This information comes from a variety of Federal, State, local sources (A schedule showing the District's original and final general fund budget amounts compared with amounts actually paid and received is provided in the annual report on page 66).

CAPITAL ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had \$151,347,740 in a broad range of capital assets and right-to-use subscription IT assets, (net of depreciation and amortization). This amount represents a net decrease (including additions, deductions, and depreciation) of \$4,218,320, or 2.7%, from last year.

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	\$ 18,938,135	\$ 17,841,661
Buildings and improvements	128,986,973	133,404,659
Equipment	3,406,924	4,288,324
Right-to-use subscription IT assets	15,708	31,416
Total	<u>\$ 151,347,740</u>	<u>\$ 155,566,060</u>

We present more detailed information about our capital assets and right-to-use subscription IT assets in the notes to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$119,588,828 in long-term liabilities outstanding versus \$89,946,621 last year, representing an increase of \$29,624,207 or 32.9%. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
General obligation bonds	\$ -	\$ 5,377,537
Certificates of participation	5,750,000	6,050,000
Unamortized premiums	627,420	673,896
Financed purchases	843,107	971,051
Subscription-based IT arrangements	15,104	30,812
Early retirement liabilities	740,133	693,188
Compensated absences	1,559,701	1,076,087
OPEB liability	21,587,033	20,668,223
Aggregate net pension liability	88,466,330	54,423,827
Total	<u>\$ 119,588,828</u>	<u>\$ 89,964,621</u>

We present more detailed information about our long-term liabilities in the notes to the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

The District began several improvement and renovation projects, at the elementary school sites the installation of new play equipment began along with the community pool, both of which will be available for use in 2023-2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2023-2024 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2022-2023 and 2023-2024

In the budget, federal funds decline \$175 billion, or 55%, between 2022-2023 and 2023-2024. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2023-2024. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan.

Significant Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2022-2023, the guarantee is up \$16.5 billion (17.6%) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2023-2024, the guarantee increases by an additional \$117 million (0.1%) relative to the revised 2022-2023 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-2021 through 2023-2024 period— an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13% increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-2023. Under the plan, all four-year old children will be eligible by 2025-2026. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2023-2024 guarantee of \$614 million related to the first-year costs of the expansion.

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2022-2023 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2023-2024.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2023-2024 budget period, pursuant to *Education Code (EC)* Section 42127.01(e). Beginning with the 2023-2024 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to *EC* Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10% reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to *EC* Section 42127.01(c).

All of these factors were considered in preparing the Adelanto Elementary School District budget for the 2023-2024 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Business Services, 11824 Air Expressway, Adelanto, California 92301, (760)246-8691.

Adelanto Elementary School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 95,111,449
Receivables	19,155,325
Prepaid items	13,267
Stores inventories	326,318
Lease receivable	170,413
Capital assets not depreciated	18,938,135
Capital assets, net of accumulated depreciation	132,393,897
Right-to-use subscription IT assets, net of accumulated amortization	15,708
Total assets	266,124,512
Deferred Outflows of Resources	
Deferred amount on refunding	305,997
Deferred outflows of resources related to OPEB	561,333
Deferred outflows of resources related to pensions	29,585,059
Total deferred outflows of resources	30,452,389
Liabilities	
Accounts payable	21,811,428
Interest payable	95,833
Unearned revenue	2,386,155
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	793,325
Long-term liabilities other than OPEB and pensions due in more than one year	8,742,140
Other postemployment benefit liability (OPEB)	21,587,033
Aggregate net pension liabilities	88,466,330
Total liabilities	143,882,244
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,419,873
Deferred inflows of resources related to pensions	9,531,243
Deferred inflows of resources related to leases	166,653
Total deferred inflows of resources	13,117,769
Net Position	
Net investment in capital assets	144,418,106
Restricted for	
Debt service	1,848,432
Capital projects	18,320,073
Educational programs	43,983,185
Child Nutrition	4,087,356
Other activities	63,292
Unrestricted (deficit)	(73,143,556)
Total net position	\$ 139,576,888

Adelanto Elementary School District

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
Governmental Activities					
Instruction	\$ 84,452,151	\$ -	\$ 23,664,642	\$ 2,017,067	\$ (58,770,442)
Instruction-related activities					
Supervision of instruction	2,390,564	-	565,525	-	(1,825,039)
Instructional library, media, and technology	2,452,304	-	821,467	-	(1,630,837)
School site administration	9,208,789	-	2,981,235	-	(6,227,554)
Pupil services					
Home-to-school transportation	4,280,298	-	1,170,406	-	(3,109,892)
Food services	7,976,439	21,190	8,675,149	-	719,900
All other pupil services	8,076,010	6,040	1,210,617	-	(6,859,353)
Administration					
Data processing	2,203,705	-	1,213,562	-	(990,143)
All other administration	8,318,764	1,579	2,107,204	-	(6,209,981)
Plant services	14,813,798	178,706	5,090,596	-	(9,544,496)
Ancillary services	150,481	125,812	431,882	-	407,213
Community services	440,561	-	455,427	-	14,866
Interest on long-term liabilities	408,430	-	-	-	(408,430)
Other outgo	3,587,724	380,674	814,218	-	(2,392,832)
Total governmental activities	<u>\$ 148,760,018</u>	<u>\$ 714,001</u>	<u>\$ 49,201,930</u>	<u>\$ 2,017,067</u>	<u>(96,827,020)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					9,621,110
Property taxes, levied for debt service					811,254
Taxes levied for other specific purposes					1,462,951
Federal and State aid not restricted to specific purposes					92,765,937
Interest and investment earnings					480,273
Interagency revenues					29,425
Miscellaneous					17,389,512
Subtotal, general revenues and subventions					<u>122,560,462</u>
Change in Net Position					25,733,442
Net Position - Beginning, as Restated					<u>113,843,446</u>
Net Position - Ending					<u>\$ 139,576,888</u>

Adelanto Elementary School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 65,588,623	\$ 29,522,826	\$ 95,111,449
Receivables	17,914,865	1,240,460	19,155,325
Due from other funds	695,483	44,720	740,203
Prepaid expenditures	13,267	-	13,267
Stores inventories	235,721	90,597	326,318
Lease receivables	170,413	-	170,413
Total assets	\$ 84,618,372	\$ 30,898,603	\$ 115,516,975
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 20,696,300	\$ 1,115,128	\$ 21,811,428
Due to other funds	44,720	695,483	740,203
Unearned revenue	2,210,772	175,383	2,386,155
Total liabilities	22,951,792	1,985,994	24,937,786
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	166,653	-	166,653
Fund Balances			
Nonspendable	308,988	91,517	400,505
Restricted	43,983,185	24,414,986	68,398,171
Committed	-	205,889	205,889
Assigned	5,153,738	4,200,217	9,353,955
Unassigned	12,054,016	-	12,054,016
Total fund balances	61,499,927	28,912,609	90,412,536
Total liabilities, deferred inflows of resources, and fund balances	\$ 84,618,372	\$ 30,898,603	\$ 115,516,975

Adelanto Elementary School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds \$ 90,412,536

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

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

The cost of capital assets is	\$ 253,995,662	
Accumulated depreciation is	<u>(102,663,630)</u>	

Net capital assets		151,332,032
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Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of right-to-use subscription IT assets is	31,416	
Accumulated amortization is	<u>(15,708)</u>	

Net right-to-use subscription IT assets		15,708
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In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.

(95,833)

Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to

Deferred amount on refunding	305,997	
Other postemployment benefits (OPEB)	561,333	
Aggregate net pension liability	<u>29,585,059</u>	

Total deferred outflows of resources		30,452,389
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Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to

Other postemployment benefits	(3,419,873)	
Aggregate net pension liability	<u>(9,531,243)</u>	

Total deferred inflows of resources		(12,951,116)
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Adelanto Elementary School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	\$ (88,466,330)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(21,587,033)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of	
Certificates of participation	\$ (5,750,000)
Unamortized premium on certificates of participation	(627,420)
Financed purchase agreement	(843,107)
Subscription-based IT arrangements	(15,104)
Compensated absences (vacations)	(1,559,701)
Early retirement incentive	(740,133)
Total long-term liabilities	(9,535,465)
Total net position - governmental activities	\$ 139,576,888

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Local Control Funding Formula	\$ 97,871,270	\$ -	\$ 97,871,270
Federal sources	23,540,028	7,022,324	30,562,352
Other State sources	37,831,871	3,281,709	41,113,580
Other local sources	4,473,246	3,254,860	7,728,106
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>163,716,415</u>	<u>13,558,893</u>	<u>177,275,308</u>
Expenditures			
Current			
Instruction	81,625,350	-	81,625,350
Instruction-related activities			
Supervision of instruction	2,304,189	-	2,304,189
Instructional library, media, and technology	2,457,920	-	2,457,920
School site administration	9,341,295	-	9,341,295
Pupil services			
Home-to-school transportation	4,250,449	-	4,250,449
Food services	370,542	7,580,026	7,950,568
All other pupil services	8,105,910	-	8,105,910
Administration			
Data processing	2,156,001	-	2,156,001
All other administration	7,975,232	191,615	8,166,847
Plant services	14,479,547	1,197,848	15,677,395
Ancillary services	250	150,231	150,481
Community services	445,526	-	445,526
Other outgo	2,721,724	866,000	3,587,724
Facility acquisition and construction	72,821	1,407,343	1,480,164
Debt service			
Principal	143,652	5,830,000	5,973,652
Interest and other	26,023	238,588	264,611
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>136,476,431</u>	<u>17,461,651</u>	<u>153,938,082</u>
Net Change in Fund Balances	27,239,984	(3,902,758)	23,337,226
Fund Balance - Beginning	<u>34,259,943</u>	<u>32,815,367</u>	<u>67,075,310</u>
Fund Balance - Ending	<u>\$ 61,499,927</u>	<u>\$ 28,912,609</u>	<u>\$ 90,412,536</u>

Adelanto Elementary School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 23,337,226

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which depreciation and amortization expense exceed capital outlay in the period.

Depreciation and amortization expense	\$	(6,204,589)
Capital outlay		<u>2,595,289</u>

Net expense adjustment		(3,609,300)
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(609,020)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and special termination benefits earned and used.		(530,559)
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		2,111,972
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In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(796,710)
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Adelanto Elementary School District

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

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	\$ 46,476
Deferred amount on refunding amortization	(22,666)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	5,530,000
Certificates of participation	300,000
Financed purchase agreement	127,944
Subscription-based IT arrangements	15,708

Interest on long-term liabilities is recorded as an expenditure in the the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(167,629)

Change in net position of governmental activities

\$ 25,733,442

Adelanto Elementary School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 2,719,696</u>
Net Position	
Restricted for CFD debt service	<u>\$ 2,719,696</u>

Adelanto Elementary School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2023

	<u>Custodial Funds</u>
Additions	
Contributions	
Special assessment	\$ 2,064,801
Other local	<u>866,000</u>
Total contributions	<u>2,930,801</u>
Investment earnings	
Interest	<u>63,336</u>
Total additions	<u>2,994,137</u>
Deductions	
Principal payments to bond holders	1,130,000
Interest payments to bond holders	755,175
Other services	69,863
Contributions to other governments	<u>471,747</u>
Total deductions	<u>2,426,785</u>
Net Increase In Fiduciary Net Position	567,352
Net Position - Beginning	<u>2,152,344</u>
Net Position - Ending	<u><u>\$ 2,719,696</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Adelanto Elementary School District is an elementary school district established in 1873 and is comprised of an area of approximately 330 square miles located in San Bernardino County, encompassing a portion of the City of Adelanto and surrounding areas. There were no changes in the boundaries of the District during the current year. During the fiscal year, the District operated seven elementary schools (K-6), three K-8 schools, and two middle schools (7-8).

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Adelanto Elementary School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below has a financial and operational relationship, which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method, as if it were part of the District's operations, and because the governing board of the component units are essentially the same as the governing board of the District, and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Adelanto School District and the Public Property Financing Corporation of California (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as component units of the District. Accordingly, the financial statements of the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's financial activities within the Debt Service Fund for Blended Component Units. Debt instruments issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Other Related Entities

Charter School The District has approved a charter for Taylton High Desert Academy pursuant to *Education Code* Section 47605. The Taylton High Desert Academy is operated independently and is not considered a component unit of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the regular operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements. Additionally, the District uses Fund 67, Self-Insurance Fund, to account for payroll withholding and related vendor payments. As this fund does not meet the definition of a self-insurance fund and is essentially an extension of the General Fund, it has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$2,132.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food services program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purpose (*Education Code* Section 17582).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a local education agency (*Education Code* Section 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District of the District under generally accepted accounting principles (GAAP).

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are related to funds held for various Community Facilities Districts.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for amortization of subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net Position should be reported as restricted when constraints placed on Net Position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Net Position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

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.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The cost of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. 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, but are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 20 years; equipment, two to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, Statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for leases, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from one to three years.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other actions as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than eight percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report \$68,302,338 of restricted Net Position, which is restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

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.

Property Tax

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

Change in Accounting Principles**Implementation of GASB Statement No. 96**

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard are included in Notes 5 and 10.

Note 2 - Deposits and Investments**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 95,111,449
Fiduciary funds	<u>2,719,696</u>
Total deposits and investments	<u><u>\$ 97,831,145</u></u>

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

Cash on hand and in banks	\$ 105,288
Cash in revolving	60,920
Investments	<u>97,664,937</u>
Total deposits and investments	<u><u>\$ 97,831,145</u></u>

Policies and Practices

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

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Treasury Investment Pool. The San Bernardino County Treasury Investment Pool purchases a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the Fidelity Institutional Money Market Funds and the San Bernardino County Treasury Investment Pool are rated Aaa by Moody's Ratings.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation and the actual rating as of year-end for each investment is provided by the following schedule that shows the distribution of the District's investment by type and maturity:

Investment Type	Reported Amount	Average Maturity in Date
San Bernardino County Treasury Investment Pool	\$ 94,945,241	539
Fidelity Institutional Money Market Fund - Government Portfolio Class III	2,719,696	28
Total	<u>\$ 97,664,937</u>	

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was fully insured.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Adelanto Elementary School District

Notes to Financial Statements

June 30, 2023

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
Fidelity Institutional Money Market Fund - Government Portfolio Class III	\$ 2,719,696	\$ 2,719,696	\$ -
San Bernardino County Treasury Investment Pool	94,945,241	-	94,945,241
Total	<u>\$ 97,664,937</u>	<u>\$ 2,719,696</u>	<u>\$ 94,945,241</u>

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

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	\$ 13,260,177	\$ 892,353	\$ 14,152,530
State Government			
Categorical aid	2,084,028	187,060	2,271,088
Lottery	484,902	-	484,902
Local Government			
Interest	416,951	155,666	572,617
Due from SELPA	1,247,675	-	1,247,675
Other local sources	421,132	5,381	426,513
Total	<u>\$ 17,914,865</u>	<u>\$ 1,240,460</u>	<u>\$ 19,155,325</u>

Note 5 - Capital Assets and Right-to-Use Subscription IT Assets

Capital assets and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 17,806,485	\$ 156,338	\$ -	\$ 17,962,823
Construction in progress	35,176	940,136	-	975,312
Total capital assets not being depreciated	17,841,661	1,096,474	-	18,938,135
Capital assets being depreciated				
Land improvements	10,590,191	1,109,216	-	11,699,407
Buildings and improvements	207,034,669	131,573	-	207,166,242
Furniture and equipment	17,014,815	258,026	(1,080,963)	16,191,878
Total capital assets being depreciated	234,639,675	1,498,815	(1,080,963)	235,057,527
Total capital assets	252,481,336	2,595,289	(1,080,963)	253,995,662
Accumulated depreciation				
Land improvements	(6,478,229)	(458,955)	-	(6,937,184)
Buildings and improvements	(77,741,972)	(5,199,520)	-	(82,941,492)
Furniture and equipment	(12,726,491)	(530,406)	471,943	(12,784,954)
Total accumulated depreciation	(96,946,692)	(6,188,881)	471,943	(102,663,630)
Net depreciable capital assets	137,692,983	(4,690,066)	(609,020)	132,393,897
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	31,416	-	-	31,416
Accumulated amortization	-	(15,708)	-	(15,708)
Net right-to-use subscription IT assets	31,416	(15,708)	-	15,708
Governmental activities				
Capital assets and right-to-use subscription IT assets, net	\$ 155,566,060	\$ (3,609,300)	\$ (609,020)	\$ 151,347,740

Depreciation and amortization expense were allocated to governmental functions as follows:

Governmental Activities	
Instruction	\$ 5,384,952
Supervision of instruction	136,050
School site administration	111,313
Home-to-school transportation	30,920
All other pupil services	129,865
Data processing	40,445
All other administration	123,681
Plant services	247,363
Total depreciation and amortization expense	<u><u>\$ 6,204,589</u></u>

Note 6 - Lease Receivable

The District has entered into several lessor relationships with local charter schools. The agreements allow for 2.0% annual increases to the lease payments. The final payment for the leases in place as of June 30, 2023 is expected in June 2026. During the fiscal year, the District recognized \$248,998 in lease revenues and \$2,951 in interest revenue related to these agreements. At June 30, 2023, the District recorded \$170,413 in lease receivables and \$166,653 in deferred inflows of resources for the arrangements. The District used its incremental borrowing rate of 0.2% at the inception of the lease arrangements.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, are as follows:

Due To	Due From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 695,483	\$ 695,483
Non-Major Governmental Funds	44,720	-	44,720
Total	<u><u>\$ 44,720</u></u>	<u><u>\$ 695,483</u></u>	<u><u>\$ 740,203</u></u>

The balance of \$695,483 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs, salaries, and benefits reimbursement.

A balance of \$44,720 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from summer enrichment camp meals reimbursement.

Note 8 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 8,092,439	\$ 1,673	\$ 8,094,112
LCFF apportionment	1,624,073	-	1,624,073
Due to charter	540,582	-	540,582
Due to CDE	4,339,117	67,500	4,406,617
Vendor payables	6,100,089	1,045,955	7,146,044
Total	<u>\$ 20,696,300</u>	<u>\$ 1,115,128</u>	<u>\$ 21,811,428</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 218,350	\$ 175,383	\$ 393,733
State categorical aid	1,992,422	-	1,992,422
Total	<u>\$ 2,210,772</u>	<u>\$ 175,383</u>	<u>\$ 2,386,155</u>

Note 10 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 5,377,537	\$ 152,463	\$(5,530,000)	\$ -	\$ -
Certificate of Participation	6,050,000	-	(300,000)	5,750,000	315,000
Unamortized debt premiums	673,896	-	(46,476)	627,420	-
Financed purchase agreements	971,051	-	(127,944)	843,107	131,372
Subscription-based IT arrangements	30,812	-	(15,708)	15,104	15,104
Supplemental early retirement plan	693,188	232,585	(185,640)	740,133	331,849
Compensated absences	1,076,087	483,614	-	1,559,701	-
Total	<u>\$ 14,872,571</u>	<u>\$ 868,662</u>	<u>\$(6,205,768)</u>	<u>\$ 9,535,465</u>	<u>\$ 793,325</u>

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund. Payments for the certificates of participation are made from the Debt Service Fund for Blended Component Units. Payments for financed purchase agreements, subscription-based IT arrangements, and supplemental early retirement plan are made by the General Fund. The compensated absences will be paid by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
9/9/1997	9/1/2022	3.9 - 5.67%	7,499,622	<u>\$ 5,377,537</u>	<u>\$ -</u>	<u>\$ 152,463</u>	<u>\$ (5,530,000)</u>	<u>\$ -</u>

On September 9, 1997, the District issued \$7,499,622 in General Obligation Bonds. The bonds were issued as capital appreciation bonds with the value of the capital appreciation bonds accreting to \$13,930,338 and an aggregate principal debt service balance of \$21,430,000. The bonds were issued at an aggregate price of \$7,499,622. The bonds have a final maturity to occur on September 1, 2022 and interest rates of 3.90 to 5.67%. Proceeds from the sale of bonds were used to construct new school facilities. As of June 30, 2023, the bonds have been fully retired.

Certificates of Participation

On December 18, 2019, Public Property Financing Corporation of California issued the 2019 Refunding Certificates of Participation in the amount of \$6,745,000. The certificates were issued at an aggregate price of \$7,230,883 (representing the principal amount of \$6,745,000 with an issuance premium of \$790,085, less cost of issuance of \$304,202). The certificates have a final maturity to occur on September 1, 2036 and a fixed interest rate of 4.00%. Proceeds from the sale of certificates were used to refund the Corporation's outstanding certificates from 2007 Certificates of Participation and to pay the cost of issuance. At June 30, 2023, the principal outstanding was \$5,750,000.

The certificates mature through 2037 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 315,000	\$ 223,700	\$ 538,700
2025	325,000	210,900	535,900
20260	340,000	197,600	537,600
2027	355,000	183,700	538,700
2028	370,000	169,200	539,200
2029-2033	2,065,000	609,100	2,674,100
2034-2037	1,980,000	162,400	2,142,400
Total	<u>\$ 5,750,000</u>	<u>\$ 1,756,600</u>	<u>\$ 7,506,600</u>

Financed Purchase Agreements

The District has entered into various agreements in the acquisition of buses. As of June 30, 2023, the District a total outstanding liability of \$843,107.

The financed purchase agreements mature through 2029 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 131,372	\$ 22,595	\$ 153,967
2025	134,892	19,075	153,967
2026	138,508	15,459	153,967
2027	142,220	11,747	153,967
2028	146,031	7,936	153,967
2029	150,084	3,882	153,966
Total	<u>\$ 843,107</u>	<u>\$ 80,694</u>	<u>\$ 923,801</u>

Subscription-Based Information Technology Arrangement (SBITAs)

The District entered into a SBITA for the use of a virtual learning platform. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of \$15,708 and a SBITA liability of \$15,104 related to this agreement. During the fiscal year, the District recorded \$15,708 in amortization expense. The subscription has an interest rate of 4.00%.

Supplemental Early Retirement Plan (SERP)

The District has adopted an early retirement incentive program. The District has entered into contracts with certain eligible employees where the employees would receive portion of their salaries as an annuity payments over a five-year period. Outstanding balance as of June 30, 2023 was \$740,133.

The annual requirements for annuity payments at June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	\$ 331,667
2025	250,536
2026	111,413
2027	46,517
Total	<u>\$ 740,133</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$1,559,701.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 21,200,061	\$ 561,333	\$ 3,419,873	\$ 1,707,090
Medicare Premium Payment (MPP) Program	386,972	-	-	(60,519)
Total	<u>\$ 21,587,033</u>	<u>\$ 561,333</u>	<u>\$ 3,419,873</u>	<u>\$ 1,646,571</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	51
Active employees	647
Total	698

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Adelanto District Teachers Association (ADTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ADTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2023, the District contributed \$849,861 to the Plan, of which \$610,955 was used for current premiums and \$238,906 was used for implicit rate subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of \$21,200,061 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.65%
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2022	<u>\$ 20,220,732</u>
Service cost	1,279,082
Interest	723,411
Changes of assumptions	(173,303)
Benefit payments	<u>(849,861)</u>
Net change in total OPEB liability	<u>979,329</u>
Balance, June 30, 2023	<u><u>\$ 21,200,061</u></u>

There were no changes to the benefit terms.

Changes of assumptions reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	\$ 22,675,900
Current discount rate (3.65%)	21,200,061
1% increase (4.65%)	19,838,678

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 18,823,630
Current healthcare cost trend rate (4.00%)	21,200,061
1% increase (5.00%)	23,985,628

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,707,090. In addition, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,615,158
Changes of assumptions	561,333	1,804,715
Total	<u>\$ 561,333</u>	<u>\$ 3,419,873</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (295,403)
2025	(295,403)
2026	(295,403)
2027	(295,403)
2028	(295,403)
Thereafter	(1,381,525)
Total	<u>\$ (2,858,540)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of \$386,972 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1175%, and 0.1122%, resulting in a net increase in the proportionate share of 0.0053%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(60,519).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, 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 discount rate increased 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated 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 percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	\$ 421,874
Current discount rate (3.54%)	386,972
1% increase (4.54%)	356,752

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the 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 percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 355,061
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	386,972
1% increase (5.50% Part A and 6.40% Part B)	423,145

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$15,535,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the financial statements.

Adelanto Elementary School District

Notes to Financial Statements

June 30, 2023

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	\$ 60,000	\$ 920	\$ 60,920
Stores inventories	235,721	90,597	326,318
Prepaid expenditures	13,267	-	13,267
Total nonspendable	308,988	91,517	400,505
Restricted			
Legally restricted programs	43,983,185	-	43,983,185
Student activity	-	63,292	63,292
Food service	-	4,087,356	4,087,356
Capital projects	-	18,320,073	18,320,073
Debt services	-	1,944,265	1,944,265
Total restricted	43,983,185	24,414,986	68,398,171
Committed			
Deferred maintenance	-	205,889	205,889
Assigned			
Capital Projects	-	4,200,217	4,200,217
Electric buses	250,000	-	250,000
Textbook adoption	3,000,000	-	3,000,000
Camera project	1,900,000	-	1,900,000
Other	3,738	-	3,738
Total assigned	5,153,738	4,200,217	9,353,955
Unassigned			
Reserve for economic uncertainties	4,098,123	-	4,098,123
Remaining unassigned	7,955,893	-	7,955,893
Total unassigned	12,054,016	-	12,054,016
Total	\$ 61,499,927	\$ 28,912,609	\$ 90,412,536

Note 14 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the Southern California Schools Risk Management (SCSRM) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Southern California Schools Risk Management (SCSRM) public risk entity pool for workers' compensation coverage. The intent of SCSRM is to achieve the benefit of a reduced premiums for the District by virtue of its grouping and representation with other participants in SCSRM. Each participant pays its workers' compensation premium based on its individual rate. Excess coverage is provided by Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

The District has contracted with High Desert and Inland Employee/Employer Trust to provide employee medical, vision, and life insurance benefits. Additionally, the District participates in Southern California Schools Employee Benefits Association (SCEBA) public risk entity pool to provide dental benefits for its management employees.

Note 15 - Employee Retirement Systems

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).

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 54,389,787	\$ 18,426,644	\$ 8,071,043	\$ 7,824,324
CalPERS	34,076,543	11,158,415	1,460,200	3,798,244
Total	<u>\$ 88,466,330</u>	<u>\$ 29,585,059</u>	<u>\$ 9,531,243</u>	<u>\$ 11,622,568</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.

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

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 exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
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%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions 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. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$9,274,432.

Pension Liabilities, Pension Expense, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 54,389,787
State's proportionate share of the net pension liability	27,238,193
Total	<u>\$ 81,627,980</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. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0783% and 0.0746%, resulting in a net increase in the proportionate share of 0.0037%.

Adelanto Elementary School District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$7,824,324. In addition, the District recognized pension expense and revenue of \$2,196,742 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,274,432	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,410,258	1,333,177
Differences between projected and actual earnings on pension plan investments	-	2,659,766
Differences between expected and actual experience in the measurement of the total pension liability	44,616	4,078,100
Changes of assumptions	2,697,338	-
Total	<u>\$ 18,426,644</u>	<u>\$ 8,071,043</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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,953,795)
2025	(2,116,606)
2026	(3,179,574)
2027	4,590,209
Total	<u>\$ (2,659,766)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability and changes of assumption will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 3,369,752
2025	797,698
2026	229,465
2027	(159,076)
2028	(570,174)
Thereafter	73,270
Total	<u>\$ 3,740,935</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. 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 general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred 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 total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 92,374,032
Current discount rate (7.10%)	54,389,787
1% increase (8.10%)	22,851,444

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	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%	8.00%
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 are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions 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 presented above and the total District contributions were \$4,460,108.

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 \$34,076,543. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0990% and 0.1006%, resulting in a net decrease in the proportionate share of 0.0016%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,798,244. 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	\$ 4,460,108	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	612,332
Differences between projected and actual earnings on pension plan investments	4,023,512	-
Differences between expected and actual experience in the measurement of the total pension liability	154,006	847,868
Changes of assumptions	2,520,789	-
Total	<u>\$ 11,158,415</u>	<u>\$ 1,460,200</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 subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 670,993
2025	595,125
2026	303,997
2027	<u>2,453,397</u>
Total	<u>\$ 4,023,512</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 443,077
2025	400,272
2026	407,656
2027	<u>(36,410)</u>
Total	<u>\$ 1,214,595</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. 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, 1997 through June 30, 2015
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

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement 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 asset 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%	4.45%
Global Equity non-cap-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%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool 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 the School Employer Pool 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 percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 49,225,292
Current discount rate (6.90%)	34,076,543
1% increase (7.90%)	21,556,659

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,369,570 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 16 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

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

Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of Southern California Schools Risk Management (SCSRM), Southern California Schools Employee Benefits Association (SCSEBA) public entity risk pools. The District pays an annual premium/contribution to each entity for its property and liability, workers' compensation, and dental benefits. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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 generally available from the respective entities.

During the year ended June 30, 2023, the District made payments of \$1,485,151, and \$19,866 to SCSRM and SCSEBA, respectively.

Note 18 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ 113,842,842
Right-to-use subscription IT assets, net of amortization	31,416
Subscription liabilities	<u>(30,812)</u>
Net Position - Beginning as Restated on July 1, 2022	<u><u>\$ 113,843,446</u></u>



Required Supplementary Information
June 30, 2023

Adelanto Elementary School District

Adelanto Elementary School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 92,844,824	\$ 98,599,248	\$ 97,871,270	\$ (727,978)
Federal sources	16,254,655	26,437,748	23,540,028	(2,897,720)
Other State sources	15,569,472	39,938,954	37,831,871	(2,107,083)
Other local sources	1,159,185	2,782,998	4,473,246	1,690,248
Total revenues ¹	125,828,136	167,758,948	163,716,415	(4,042,533)
Expenditures				
Current				
Certificated salaries	41,365,427	50,619,546	50,649,806	(30,260)
Classified salaries	15,453,592	17,569,741	19,381,555	(1,811,814)
Employee benefits	32,272,465	34,653,375	35,591,845	(938,470)
Books and supplies	9,358,406	14,998,563	8,008,212	6,990,351
Services and operating expenditures	18,933,667	26,366,767	19,764,087	6,602,680
Capital outlay	203,576	2,606,978	509,880	2,097,098
Other outgo	1,473,198	1,445,429	2,401,371	(955,942)
Debt service				
Debt service - principal	-	-	143,652	(143,652)
Debt service - interest and other	-	-	26,023	(26,023)
Total expenditures ¹	119,060,331	148,260,399	136,476,431	11,783,968
Net Change in Fund Balances	6,767,805	19,498,549	27,239,984	7,741,435
Fund Balance - Beginning	34,259,943	34,259,943	34,259,943	-
Fund Balance - Ending	<u>\$ 41,027,748</u>	<u>\$ 53,758,492</u>	<u>\$ 61,499,927</u>	<u>\$ 7,741,435</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 67, Self-Insurance Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Adelanto Elementary School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 1,279,082	\$ 1,562,506	\$ 1,512,036
Interest	723,411	483,470	467,159
Difference between expected and actual experience	-	(925,146)	-
Changes of assumptions	(173,303)	(1,985,653)	64,013
Benefit payments	<u>(849,861)</u>	<u>(1,032,118)</u>	<u>(808,060)</u>
Net change in total OPEB liability	979,329	(1,896,941)	1,235,148
Total OPEB Liability - Beginning	<u>20,220,732</u>	<u>22,117,673</u>	<u>20,882,525</u>
Total OPEB Liability - Ending	<u>\$ 21,200,061</u>	<u>\$ 20,220,732</u>	<u>\$ 22,117,673</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 1,769,773	\$ 1,647,967	\$ 1,603,861
Interest	721,184	648,492	643,942
Difference between expected and actual experience	(1,242,654)	-	-
Changes of assumptions	314,466	481,839	-
Benefit payments	<u>(801,234)</u>	<u>(723,327)</u>	<u>(695,507)</u>
Net change in total OPEB liability	761,535	2,054,971	1,552,296
Total OPEB Liability - Beginning	<u>20,120,990</u>	<u>18,066,019</u>	<u>16,513,723</u>
Total OPEB Liability - Ending	<u>\$ 20,882,525</u>	<u>\$ 20,120,990</u>	<u>\$ 18,066,019</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Adelanto Elementary School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1175%	0.1122%	0.1159%
Proportionate share of the net OPEB liability	\$ 386,972	\$ 447,491	\$ 491,066
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1139%	0.1095%	0.1047%
Proportionate share of the net OPEB liability	\$ 424,085	\$ 419,116	\$ 440,413
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Adelanto Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2023

CalSTRS	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	<u>0.0783%</u>	<u>0.0746%</u>	<u>0.0765%</u>	<u>0.0737%</u>	<u>0.0696%</u>
Proportionate share of the net pension liability	\$ 54,389,787	\$ 33,965,788	\$ 74,097,350	\$ 66,546,350	\$ 63,994,436
State's proportionate share of the net pension liability	<u>27,238,193</u>	<u>17,090,267</u>	<u>38,197,193</u>	<u>36,305,477</u>	<u>36,639,808</u>
Total	<u>\$ 81,627,980</u>	<u>\$ 51,056,055</u>	<u>\$ 112,294,543</u>	<u>\$ 102,851,827</u>	<u>\$ 100,634,244</u>
Covered payroll	<u>\$ 44,862,683</u>	<u>\$ 42,879,153</u>	<u>\$ 41,060,165</u>	<u>\$ 38,892,890</u>	<u>\$ 38,434,304</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>121.24%</u>	<u>79.21%</u>	<u>180.46%</u>	<u>171.10%</u>	<u>166.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability		<u>0.0658%</u>	<u>0.0640%</u>	<u>0.0620%</u>	<u>0.0530%</u>
Proportionate share of the net pension liability		\$ 60,826,865	\$ 51,763,840	\$ 41,740,880	\$ 30,971,610
State's proportionate share of the net pension liability		<u>35,984,659</u>	<u>29,472,569</u>	<u>22,076,265</u>	<u>18,702,183</u>
Total		<u>\$ 96,811,524</u>	<u>\$ 81,236,409</u>	<u>\$ 63,817,145</u>	<u>\$ 49,673,793</u>
Covered payroll		<u>\$ 34,593,625</u>	<u>\$ 31,428,472</u>	<u>\$ 30,042,489</u>	<u>26,275,442</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		<u>175.83%</u>	<u>164.70%</u>	<u>138.94%</u>	<u>117.87%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Adelanto Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0990%	0.1006%	0.1016%	0.1027%	0.1080%
Proportionate share of the net pension liability	<u>\$ 34,076,543</u>	<u>\$ 20,458,039</u>	<u>\$ 31,173,689</u>	<u>\$ 29,920,383</u>	<u>\$ 28,801,123</u>
Covered payroll	<u>\$ 10,905,356</u>	<u>\$ 14,485,787</u>	<u>\$ 15,190,041</u>	<u>\$ 14,303,543</u>	<u>\$ 14,329,515</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>312.48%</u>	<u>141.23%</u>	<u>205.22%</u>	<u>209.18%</u>	<u>200.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.1016%	0.0990%	0.1012%	0.0976%
Proportionate share of the net pension liability		<u>\$ 24,265,105</u>	<u>\$ 19,552,561</u>	<u>\$ 14,916,980</u>	<u>\$ 11,079,976</u>
Covered payroll		<u>\$ 13,430,170</u>	<u>\$ 11,895,341</u>	<u>\$ 11,210,492</u>	<u>\$ 10,210,863</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		<u>180.68%</u>	<u>164.37%</u>	<u>133.06%</u>	<u>108.51%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Adelanto Elementary School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 9,274,432	\$ 7,590,766	\$ 6,924,983	\$ 7,021,288	\$ 6,331,763
Less contributions in relation to the contractually required contribution	<u>9,274,432</u>	<u>7,590,766</u>	<u>6,924,983</u>	<u>7,021,288</u>	<u>6,331,763</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 48,557,236</u>	<u>\$ 44,862,683</u>	<u>\$ 42,879,152</u>	<u>\$ 41,060,164</u>	<u>\$ 38,892,893</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution		\$ 5,546,070	\$ 4,351,878	\$ 3,372,275	\$ 2,667,773
Less contributions in relation to the contractually required contribution		<u>5,546,070</u>	<u>4,351,878</u>	<u>3,372,275</u>	<u>2,667,773</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 38,434,304</u>	<u>\$ 34,593,625</u>	<u>\$ 31,428,472</u>	<u>\$ 30,042,489</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

Adelanto Elementary School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 4,460,108	\$ 2,498,417	\$ 2,998,558	\$ 2,995,628	\$ 2,583,506
Less contributions in relation to the contractually required contribution	4,460,108	2,498,417	2,998,558	2,995,628	2,583,506
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,580,244	\$ 10,905,356	\$ 14,485,787	\$ 15,190,041	\$ 14,303,543
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.0620%
		2018	2017	2016	2015
Contractually required contribution		\$ 2,225,517	\$ 1,865,182	\$ 1,409,241	\$ 1,319,587
Less contributions in relation to the contractually required contribution		2,225,517	1,865,182	1,409,241	1,319,587
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 14,329,515	\$ 13,430,170	\$ 11,895,341	\$ 11,210,492
Contributions as a percentage of covered payroll		15.5310%	13.8880%	11.8470%	11.7710%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 3.54% in 2022 to 3.65% in 2023.

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2023

Adelanto Elementary School District

Adelanto Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	\$ 733,374
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund - Expanded Learning Opportunities	84.425D	15618	837,156
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	7,481,349
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Emergency Needs	84.425U	15620	554,848
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - Learning Loss	84.425U	10155	4,925,162
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Learning Loss	84.425U	15621	956,462
COVID-19 Governor's Emergency Education Relief Fund II - Expanded Learning Opportunities	84.425C	15619	<u>188,940</u>
Subtotal			<u>15,677,291</u>
Title I Grants to Local Educational Agencies	84.010	14329	3,691,705
Title I Grants to Local Educational Agencies - School Improvement Funding for LEAs	84.010	15438	<u>1,019,683</u>
Subtotal			<u>4,711,388</u>
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	370,884
Student Support and Academic Enrichment Program	84.424	15396	469,064
Passed Through Desert Mountain SELPA			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	<u>1,326,326</u>
Total Special Education (IDEA) Cluster			<u>1,326,326</u>
Total U.S. Department of Education			<u>22,554,953</u>
Federal Communication Commissions (FCC)			
COVID-19 Emergency Connectivity Fund Program	32.009	[1]	<u>562,913</u>
Total Federal Communication Commission			<u>562,913</u>

[1] Direct award

Adelanto Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	\$ 836,587
National School Lunch Program - Section 11	10.555	13524	3,427,039
National School Lunch Program - Commodities	10.555	13524	451,745
National School Lunch Program - Meal Supplements	10.555	13755	235,103
Subtotal			4,950,474
School Breakfast Program - Especially Needy Breakfast	10.553	13526	1,033,459
Fresh Fruit and Vegetable Program	10.582	14968	236,111
Total Child Nutrition Cluster			6,220,044
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	746,695
Child and Adult Care Food Program - Cash in Lieu of Commodities	10.558	13534	55,586
Subtotal			802,281
Total U.S. Department of Agriculture			7,022,325
Total Federal Financial Assistance			\$ 30,140,191

ORGANIZATION

The Adelanto Elementary School District is an elementary school district established in 1873 and is comprised of an area of approximately 330 square miles located in San Bernardino County, encompassing a portion of the City of Adelanto and surrounding areas. There were no changes in the boundaries of the District during the current year. During the fiscal year, the District operated seven elementary schools (K-6), three K-8 schools, and two middle schools (7-8). There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
LaShawn Love-French	President	November 2026
Stephanie Webster	Clerk	November 2024
Christina Bentz	Member	November 2025
Christine Turner	Member	November 2024
Miguel Soto	Member	November 2024

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Michael Krause	Superintendent
Dr. Tasha Doizon Ed.D.	Chief Academic Officer Assistant Superintendent, Academic Services
Carlos Moran	Chief Personnel Officer Assistant Superintendent, Human Resources

Adelanto Elementary School District

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	2,947.53	2,958.59	2,925.47	2,936.63
Fourth through sixth	2,345.72	2,336.26	2,323.75	2,312.77
Seventh and eighth	1,593.72	1,575.46	1,564.78	1,544.67
Total Regular ADA	6,886.97	6,870.31	6,814.00	6,794.07
Extended Year Special Education				
Transitional kindergarten through third	2.33	2.33	2.33	2.33
Fourth through sixth	3.49	3.49	3.49	3.49
Seventh and eighth	1.15	1.15	1.15	1.15
Total Extended Year Special Education	6.97	6.97	6.97	6.97
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	-	0.22	-	0.22
Fourth through sixth	2.53	2.04	2.53	2.04
Seventh and eighth	-	0.56	-	0.56
Total Special Education, Nonpublic, Nonsectarian Schools	2.53	2.82	2.53	2.82
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Fourth through sixth	0.11	0.22	0.11	0.22
Total ADA	6,896.58	6,880.32	6,823.61	6,804.08

Adelanto Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	52,555	-	52,555	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,555	-	52,555	180	-	180	-	-	-	Complied
Grade 2		52,555	-	52,555	180	-	180	-	-	-	Complied
Grade 3		52,555	-	52,555	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		55,995	-	55,995	180	-	180	-	-	-	
Grade 5		55,995	-	55,995	180	-	180	-	-	-	Complied
Grade 6		55,995	-	55,995	180	-	180	-	-	-	Complied
Grade 7		55,995	-	55,995	180	-	180	-	-	-	Complied
Grade 8		55,995	-	55,995	180	-	180	-	-	-	Complied

Adelanto Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>
Fund Balance	
Balance, June 30, 2023, Unaudited Actuals (with GASB 54 Consolidation)	\$ 62,139,282
Increase in	
Receivables	238,735
Accounts payable	(726,618)
Unearned revenue	(153,548)
Decrease in	
Lease receivable	(248,998)
Deferred inflows of resources - leases	<u>251,074</u>
Balance, June 30, 2023, Audited Actuals (with GASB 54 Consolidation)	<u><u>\$ 61,499,927</u></u>

Adelanto Elementary School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 130,478,413	\$ 163,716,377	\$ 134,430,627	\$ 117,635,557
Expenditures	141,773,658	136,476,431	126,217,334	111,044,238
Other uses and transfers out	1,540,200	-	7,102,243	-
Total expenditures and other uses	143,313,858	136,476,431	133,319,577	111,044,238
Increase/(Decrease) in Fund Balance	(12,835,445)	27,239,946	1,111,050	6,591,319
Ending Fund Balance	\$ 48,662,350	\$ 61,497,795	\$ 34,257,849	\$ 33,146,799
Available Reserves ²	\$ 5,921,432	\$ 12,054,016	\$ 17,497,989	\$ 13,283,900
Available Reserves as a Percentage of Total Outgo	4.13%	8.83%	13.12%	11.96%
Long-Term Liabilities	N/A	\$ 119,588,828	\$ 89,964,621	\$ 148,195,214
K-12 Average Daily Attendance at P-2	6,966	6,897	6,729	7,671

The General Fund balance has increased by \$28,350,996 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$12,835,445 (20.9%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in each of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by \$28,606,386 over the past two years.

Average daily attendance has decreased by 774 over the past two years. An increase of 69 ADA is anticipated during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2022 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

Adelanto Elementary School District

Schedule of Charter Schools

Year Ended June 30, 2023

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Taylion High Desert Academy	1520	No

Adelanto Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	\$ 63,292	\$ 4,077,225	\$ 204,290	\$ 5,990,960	\$ 5,881,054
Receivables	-	1,106,960	1,599	43,890	46,065
Due from other funds	-	44,720	-	-	-
Stores inventories	-	90,597	-	-	-
Total assets	\$ 63,292	\$ 5,319,502	\$ 205,889	\$ 6,034,850	\$ 5,927,119
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 269,763	\$ -	\$ -	\$ -
Due to other funds	-	695,483	-	-	-
Unearned revenue	-	175,383	-	-	-
Total liabilities	-	1,140,629	-	-	-
Fund Balances					
Nonspendable	-	91,517	-	-	-
Restricted	63,292	4,087,356	-	6,034,850	5,927,119
Committed	-	-	205,889	-	-
Assigned	-	-	-	-	-
Total fund balances	63,292	4,178,873	205,889	6,034,850	5,927,119
Total liabilities and fund balances	\$ 63,292	\$ 5,319,502	\$ 205,889	\$ 6,034,850	\$ 5,927,119

Adelanto Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 5,003,636	\$ 6,358,104	\$ 1,506,085	\$ 438,180	\$ 29,522,826
Receivables	41,946	-	-	-	1,240,460
Due from other funds	-	-	-	-	44,720
Stores inventories	-	-	-	-	90,597
Total assets	\$ 5,045,582	\$ 6,358,104	\$ 1,506,085	\$ 438,180	\$ 30,898,603
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 845,365	\$ -	\$ -	\$ -	\$ 1,115,128
Due to other funds	-	-	-	-	695,483
Unearned revenue	-	-	-	-	175,383
Total liabilities	845,365	-	-	-	1,985,994
Fund Balances					
Nonspendable	-	-	-	-	91,517
Restricted	-	6,358,104	1,506,085	438,180	24,414,986
Committed	-	-	-	-	205,889
Assigned	4,200,217	-	-	-	4,200,217
Total fund balances	4,200,217	6,358,104	1,506,085	438,180	28,912,609
Total liabilities and fund balances	\$ 5,045,582	\$ 6,358,104	\$ 1,506,085	\$ 438,180	\$ 30,898,603

Adelanto Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

Year Ended June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Federal sources	\$ -	\$ 7,022,324	\$ -	\$ -	\$ -
Other State sources	-	1,314,960	-	-	1,964,780
Other local sources	133,687	67,951	6,317	649,098	52,287
Total revenues	133,687	8,405,235	6,317	649,098	2,017,067
Expenditures					
Current					
Pupil services					
Food services	-	7,580,026	-	-	-
Administration					
All other administration	-	177,000	-	14,615	-
Plant services	-	8,333	-	-	-
Ancillary services	150,231	-	-	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	150,231	7,765,359	-	14,615	-
Net Change in Fund Balances	(16,544)	639,876	6,317	634,483	2,017,067
Fund Balance - Beginning	79,836	3,538,997	199,572	5,400,367	3,910,052
Fund Balance - Ending	\$ 63,292	\$ 4,178,873	\$ 205,889	\$ 6,034,850	\$ 5,927,119

Adelanto Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

Year Ended June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 7,022,324
Other State sources	-	-	1,969	-	3,281,709
Other local sources	140,089	240,603	990,649	974,179	3,254,860
Total revenues	140,089	240,603	992,618	974,179	13,558,893
Expenditures					
Current					
Pupil services					
Food services	-	-	-	-	7,580,026
Administration					
All other administration	-	-	-	-	191,615
Plant services	1,189,515	-	-	-	1,197,848
Ancillary services	-	-	-	-	150,231
Other outgo	-	866,000	-	-	866,000
Facility acquisition and construction	1,407,343	-	-	-	1,407,343
Debt service					
Principal	-	-	5,530,000	300,000	5,830,000
Interest and other	-	-	2,588	236,000	238,588
Total expenditures	2,596,858	866,000	5,532,588	536,000	17,461,651
Net Change in Fund Balances	(2,456,769)	(625,397)	(4,539,970)	438,179	(3,902,758)
Fund Balance - Beginning	6,656,986	6,983,501	6,046,055	1	32,815,367
Fund Balance - Ending	\$ 4,200,217	\$ 6,358,104	\$ 1,506,085	\$ 438,180	\$ 28,912,609

Note 1 - Purpose of Schedules**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 Adelanto Elementary School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities as inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Supply Chain Assistance for School Meals where the funds have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the General Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		\$ 30,562,352
Supply Chain Assistance for School Meals	10.555	(422,161)
Total federal financial assistance		<u>\$ 30,140,191</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2023

Adelanto Elementary School District



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

To the Governing Board
Adelanto Elementary School District
Adelanto, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adelanto Elementary 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 April 19, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Adelanto Elementary School District's Response to Findings

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

Purpose of this Report

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

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

Rancho Cucamonga, California
April 19, 2024



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

To the Governing Board
Adelanto Elementary School District
Adelanto, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the 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 (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, as item 2023-002, 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.

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

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.



Rancho Cucamonga, California
April 19, 2024



Independent Auditor's Report on State Compliance

To the Governing Board
Adelanto Elementary School District
Adelanto, California

Report on Compliance

Opinion on State Compliance

We have audited Adelanto Elementary School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to 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 (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 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 *2022-2023 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	N/A
After/Before School Education and Safety Program	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer Continuation Education; therefore, we did not perform procedures related to Continuation Education.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not offer Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not offer Middle or Early College; therefore, we did not perform procedures related to Middle or Early College.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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 described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, and 2023-006.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, and 2023-006 to be significant deficiencies.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
April 19, 2024



Schedule of Findings and Questioned Costs
June 30, 2023

Adelanto Elementary School District

Adelanto Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2023

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 (a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund - Expanded Learning Opportunities	84.425D
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Emergency Needs	84.425U
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - Learning Loss	84.425U
COVID-19 Elementary and Secondary Emergency Relief III (ESSER III) Fund - ELO State Reserve Learning Loss	84.425U
COVID-19 Governor's Emergency Education Relief Fund II - Expanded Learning Opportunities	84.425C
Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - School Improvement Funding for LEAs	84.010
Child Nutrition Cluster	10.555, 10.553, 10.582
Dollar threshold used to distinguish between type A and type B programs	\$904,206
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness in internal controls related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

2023-001 30000 – Year-End Closing and Financial Statement Preparation (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, the following observations were made with respect to the District's year-end balances:

General Fund receivables were understated by \$238,735.

General Fund accounts payable was understated by \$726,618.

General Fund unearned revenue was understated by \$153,548.

General Fund deferred inflows of resources was understated by \$251,074.

General Fund lease receivables were overstated by \$248,998.

General Fund federal revenues of \$562,913 were misclassified as local revenues.

General Fund unearned revenues of \$1,061,903 were misclassified as accounts payable.

Cafeteria Fund federal revenues of \$275,173 were misclassified as state revenues.

Questioned Costs

There were questioned costs with the condition identified.

Context

The condition was identified through inquiry with District personnel and through review of supporting documents for the above account balances reported on the District's 2022-2023 Unaudited Actuals.

Effect

As a result of the condition identified, the ending balance of the District's General Fund was materially overstated by \$639,355. The misclassification of revenues in the Cafeteria Fund did not have an impact on the reported ending fund balance. Both errors resulted in misstatements that were not detected or prevented by the District's internal controls that are in place to address year-end closing and financial statement preparation.

Cause

The cause of the condition identified appears to be due to inadequate internal control processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Repeat Finding

No.

Recommendation

The District should implement adequate internal controls over financial statement preparation. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The fiscal department will implement internal controls and procedures for year-end closing and for appropriate controls over financial statement preparation. Multiple reviews will be completed to ensure the accuracy of all financial statements before finalizing the Unaudited Actuals.

The following finding represent a significant deficiency in internal control and an instance of noncompliance including questioned costs that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

	Five Digit Code	AB 3627 Finding Type
	50000	Federal Compliance
2023-002	5000 (Allowable Costs/Cost Principles and Equipment Real Property Management, Significant Deficiency)	
	Federal Program Affected	
	Federal Agency: U.S. Department of Education Pass-through Entity: California Department of Education Federal Program: Education Stabilization Fund (ESF) ALN: 84.425C, 84.425D, 84.425U (FY 2022-2023) Compliance Requirement: Allowable Costs/Cost Principles Type of Finding: Significant Deficiency and Non-Compliance	
	Criteria or Specific Requirements	
	The Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1) states:	
	“Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.”	
	Furthermore, the California Department of Education’s (CDE) FAQs on Capital Expenditures state the following:	
	“In accordance with 2 CFR 200.439, prior approval is required for any single big-ticket purchases at the cost of \$5,000 or more using the funding sources cited above. These purchases can include general purpose equipment, buildings, and land, including material improvements. This means one costly item (or several items which make up one unit) and the cost includes all the ancillary expenses such as design costs, new electrical circuit for the item, and other related fees. To obtain approval, an LEA must fill out the Capital Expenditures Pre-Approval Application Form.”	
	Condition	
	The District had a total of \$20,760 in capital expenditures charged to the program that was not preapproved by CDE.	

Questioned Costs

A total of \$20,760 in questioned costs were noted based on the condition identified.

Context

The condition was identified as a result of our review and testing of expenditures charged to each of the programs audited.

Effect

As a result of the condition identified, the District was not in compliance with the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1).

Cause

The cause appears to be attribute to the District's improper monitoring and lack of knowledge over this specific compliance requirement. Additionally, a contributing factor appears to be a turnover in a key position that provides oversight for this program.

Repeat Finding

Yes. See prior year finding 2022-002.

Recommendation

The District should become familiar with all of the compliance requirements of this program and other Federal programs. As a resource, the District should utilize a combination of guidance provided by CDE and also by Subpart E of the Uniform Guidance that provides guidance on cost principles. Additionally, the District should establish more effective control activities and monitoring over how Federal funds are spent to ensure compliance, moving forward.

Corrective Action Plan and Views of Responsible Officials

The District will implement Federal Uniform Guidance procurement procedures to ensure all compliance requirements are being implemented for Federal funds expenditures. Purchasing controls will be implemented to receive prior approval for capital purchases with Federal funds.

The following findings represent significant deficiencies in internal control and instances of noncompliance including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2023-003 10000 – Attendance & Independent Study (Significant Deficiency & Non-Compliance)

Criteria or Specific Requirements

California *Education Code* Section 51749.6 states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in California *Education Code* Section 51749.6.

Condition

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the written learning agreements for independent study were missing some of the required elements identified in California *Education Code* Section 51749.6.

Questioned Costs

Questioned costs associated with this condition resulted in a potential decrease of \$926,486 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's Derived Value of ADA by Grade Span. However, there is no fiscal impact since the District was funded on the average ADA from the three prior years rather than the current year ADA.

Context

The condition was identified through our review of written learning agreement for the District's long-term independent study program.

Effect

As a result of the condition identified, the District has overstated a total of 72.73 and 76.05 on its Second Period Report of Attendance (P2) and Annual Report of Attendance, respectively. The calculated penalty at P2 by grade is as follows:

Grade Span	Disallowed ADA	Derived Value of ADA	Penalty
TK-3	21.78	\$13,354	\$290,850
4-6	21.97	\$12,278	\$269,748
7-8	28.94	\$12,643	\$365,888
Total:			\$926,486

Cause

The condition has materialized due to lack of sufficient internal controls over compliance related the independent study requirements.

Repeat Finding

Yes. See prior year finding 2022-004.

Recommendation

The District should implement sufficient internal controls over compliance related to independent study requirements. The District should ensure that management obtains the training and information necessary to ensure that school sites are operated under the applicable sections of the California *Education Code* and appoint a responsible member or members of management to monitor independent study requirements.

Corrective Action Plan and Views of Responsible Officials

The District will revise current learning agreements for independent study and include required elements from California *Education Code* Section 51749.6, to ensure compliance requirements.

2023-004 40000 – Unduplicated Local Control Funding Formula Pupil Counts (Significant Deficiency & Non-Compliance)

Criteria or Specific Requirements

California *Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District misclassified and reported eligibilities of 23 known students (based on sampling) and eligibilities of 308 likely misclassified students (extrapolated error rate to the population) for Free or Reduced-Price Meals on CALPADS Form 1.18 - FRPM/English Learner/Foster Youth Student List.

Questioned Costs

Using the California Department of Education's Audit Penalty Calculator, the estimated penalty was determined to be \$825,142 by taking the likely misclassified figure of 308 student.

Context

The condition identified was determined through a selection of students from Form 1.18 based on the criteria as stated in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and verifying the supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the designation, or a direct certification list obtained from the county welfare department, or COE, that matches enrolled students against those children/households receiving CalFresh (or CalWORKs) benefits." Our initial sample selection resulted in 20 students who did not have documentation on file to support FRPM eligibility. We expanded our sample and noted three additional exceptions. We observed an overall exception of 23 samples out of the 69 that we tested which resulted in an error rate of 33.33%. We took the error rate and applied the rate to the applicable population to derive the likely misclassified eligibility determinations of 308 students.

Effect

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by 308 for a decrease in funding of approximately \$825,142. The schedule below shows the District-wide exceptions:

	Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
District-Wide	7,740	6,265	0	(308)	7,740	5,957

Cause

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed based on nutrition services records from free/reduced to paid or paid to free/reduced.

Repeat Finding

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Corrective Action Plan and Views of Responsible Officials

The District will implement additional controls and reviews to ensure the pupil counts and classification are accurate before the certification of data submitted in the California Longitudinal Pupil Achievement Data System (CALPADS) Form 1.18.

2023-005 40000 – Comprehensive School Safety Plans (Significant Deficiency & Non-Compliance)

Criteria or Specific Requirements

California *Education Code* Section 32286(a) requires each school site to annually review and update its comprehensive school safety plan (CSSP) by March 1. California *Education Code* Section 32288(a) requires each school site to forward its comprehensive school safety plan to the District office for approval annually.

Condition

In our review of comprehensive school safety plans, we noted that three schools did not review and update the comprehensive school safety plan by March 1 in accordance with California *Education Code* Section 32286(a).

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of inquiry with the District's management and review of available documentation related to comprehensive school safety plans. In a sample of three school sites, all sampled sites were noted to have updated their plan after the March 1 deadline.

Effect

The District has not complied with requirements identified in California *Education Code* Sections 32286(a).

Cause

The condition identified appears to have materialized primarily due to the lack of a monitoring process to ensure that all site plans are updated timely.

Repeat Finding

Yes. See prior year finding 2022-009.

Recommendation

The District should implement internal controls over compliance to ensure that they meet the requirements identified in California *Education Code* Section 32286(a) each year.

Corrective Action Plan and Views of Responsible Officials

The District will ensure timelines for CSSPs are met and approved before the March 1st deadline along with developing proper internal controls.

2023-006 40000 – Immunizations (Significant Deficiency & Non-Compliance)

Criteria or Specific Requirements

Title 17, California Code of Regulations, Section 6025 requires that each pupil admitted to a school district must have received two doses of a varicella vaccine and two doses of a measles vaccine prior to admission. Alternatively, the pupil should have a current medical exemption from varicella and measles immunization on file. Pupils who do not meet these requirements should be excluded from attendance until the parent or guardian provides the required documentation indicating compliance.

Condition

During the audit of immunization records for 12 sampled students, we identified 1 student was admitted without having received any of the required doses of the varicella and measles vaccines prior to admission. Furthermore, the identified student did not possess a current medical exemption. As the immunization records were not compliant under Title 17, California Code of Regulations Section 6025, the District should not have claimed average daily attendance (ADA) in relation to the student until both doses of each vaccination had been received.

Questioned Costs

The District has overclaimed 0.24 and 0.18 units of average daily attendance (ADA) for apportionment on its Second Period and Annual Attendance reports, respectively. The penalty results in a decrease of approximately \$3,205. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span.

Context

The condition was identified through review of immunization records for sampled students.

Effect

The ADA claimed for the identified student must be disallowed for the number of school days from the date that they enrolled through the date that they received all required doses. Through review of the students' attendance records, the total disallowed ADA was determined to be 0.24 and 0.18 ADA for Second Period and Annual Attendance reports, respectively.

Cause

It appears that the necessary checks and documentation procedures were not diligently followed, resulting in the admission of students who did not meet the vaccination requirements.

Repeat Finding

No.

Recommendation

It is recommended that the District review and strengthen the immunization verification processes to ensure strict adherence to Title 17, California Code of Regulations, Section 6025 requirements.

Corrective Action Plan and Views of Responsible Officials

The District will implement proper internal controls when verifying student immunizations before enrollment. Additionally, the District will host immunization fairs to support immunization access to student families.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statements Findings

2022-001 Internal Controls over Expenditures (30000)

Criteria or Specific Requirements

The accounts payable function in an LEA is intended to ensure that invoices for purchases of goods and services are preapproved and for appropriate business purposes. Credit cards should be used in accordance with District policies.

Condition

During a test of expenditures, we noted 12 exceptions out of 45 disbursements as follows:

- 8 expenditures were approved after the expenditure had already been incurred.
- 2 Credit card charges included costs for non-district employees such as an employee spouse.
- 1 credit card charge was a purchase of Amazon gift cards.
- 1 credit card charge was not supported by original receipts.

Context

Out of 45 expenditures sampled, we identified 12 exceptions.

Effect

Approval of expenditures are a control to ensure that the purchase is reasonable and necessary and for the purpose intended. It is also a control to ensure that the planned expenditure is budgeted appropriately, and a funding source exists to pay for the cost.

Credit card use should be limited for appropriate District business purposes only and not for personal use under any circumstances. Original receipts should be provided for all credit card purchases.

Cause

The District did not have sufficient internal controls in place.

Recommendations

We recommend the District preapprove all purchases prior to committing to a purchase or use of a credit card. We recommend the District clarify or emphasize the credit card policy with all employees to ensure that they are used appropriately.

Current Status

Implemented.

Federal Award Findings

2022-002 Education Stabilization Fund (50000)

Federal Agency: U.S. Department of Education

Pass through Entity: California Department of Education

Program Names: Elementary and Secondary School Emergency Relief I, II, III (ESSER, ESSER II, ESSER III) (Assistance Listing 84.425, D, U)

Criteria

Consistent with 2CFR Section 200.311 (real property), Section 200.313 (equipment), and Section 200.439 (equipment and other capital expenditures) Education Stabilization Funds may be used to purchase equipment. Capital expenditures for general and special purpose equipment purchases are subject to prior approval by the Department of Education or the pass-through entity.

Condition

The District purchased numerous equipment items above the capital threshold for federal purchases but did not obtain approval from the California Department of Education.

Questioned Costs

Purchases totaling \$329,699.90 were made for equipment above the capital threshold without CDE approval.

Context

The finding is limited to purchases above the capital threshold requiring approval.

Cause

The District was unaware of the requirement.

Effect

The funds spent on this purchase may be subject to review or return to the awarding agency.

Recommendation

We recommend the District submit requests for approval for the equipment or find another allowable funding source for the purchases. CDE has stated that it will accept requests after the fact.

Current Status

Not implemented. See current year finding 2023-002.

2022-003 Inadequate Support for Salaries and Wages- Time Certifications Not Maintained (50000)

Federal Agency: U.S. Department of Education

Pass through Entity: California Department of Education

Program Names: Elementary and Secondary School Emergency Relief I, II, III (ESSER, ESSER II, ESSER III) (Assistance Listing 84.425, D, U). Title I (Assistance Listing 84.010)

Criteria

2 CFR 200.430 requires that an LEA must maintain time and effort distribution records that support the distribution of the employee's salary or wages among specific activities or cost objectives.

2CFR, section 225, appendix B, Section 8(h) states in part:

Support of salaries and wages—These standards regarding time distribution are in addition to the standards for payroll documentation.

1. Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
2. No further documentation is required for salaries and wages of employees who work in a single indirect cost activity.
3. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

CSAM Procedure 905 states, in part:

Periodic (Semiannual) Certification

Employees who work solely on a single federal award or cost objective need only complete a periodic certification. The periodic certification must:

- Be prepared at least semiannually.
- Be signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employee.
- State the employee worked solely on that single federal program or cost objective during the period covered by the certification.

Where multiple employees work on the same cost objective, a blanket certification may be used as the documentation for all employees who worked on the cost objective.

Personnel Activity Report

Except as provided in "Substitute Systems for Time Accounting," employees who work on multiple activities or cost objectives of which at least one is federal must complete a personnel activity report (PAR) or equivalent documentation.

A PAR may be as detailed as a document that identifies the employee's activity daily by hours, or it may be as simple as a report of the total hours or percentage of hours spent in each categorical program or cost objective. The level of detail can generally be determined by the diversity and variation of the employee's work activities. The safest approach is to provide more documentation rather than less.

Condition

The District provided approved time sheets for only 3 employees out of 20 selected that were paid from ESSER funding.

The District provided 9 of 10 time accounting records that included PARS for Title I.

Context/Questioned Cost/Effect

The District did not provide time certification records for 17 of the 20 employees selected for review, who were paid with Education Stabilization Funds. As a result, the amount of \$736,116.27 is in question. This finding occurred in the 2021-22 fiscal year and is not a repeat finding.

The District did not provide time certification records for 1 of 8 employees selected for review, who was paid with Title I funds, as a result, the amount of \$ 91,794 is in question.

Cause

The District does not have adequate controls in place to ensure that time certification documentation is prepared and maintained to support all employees who are paid with federal funds.

Recommendations:

We recommend the District comply with Title 2, CFR 200.303, and CSAM Procedure 905 which require that employee time certification forms be maintained for employees who charge time to federal programs.

Current Status

Implemented.

State Award Findings

2022-004 Attendance-Independent Study (10000)

Criteria

Assembly Bill (AB) 130 and Amendments in AB 167 impacted independent study programs for the fiscal year 2021-2022. Pursuant to *Education Code* 51744-51749.6 written independent study agreements are required to contain specific elements which must include:

1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.
2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work.
3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)
4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work.

5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of *Education Code* section 51747:
 1. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
 2. The level of satisfactory educational progress as defined in *Education Code* Section 51747(b)(2)(A)-(D); and
 3. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.
6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year.
7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.
8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to *Education Code* Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.
9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

 Signatures must be affixed prior to the commencement no later than 30 days after the first day of independent study instruction or October 15, whichever date comes later, by the pupil; the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years old; the certificated employee who has been designated as having responsibility for the general supervision of independent study; and all other persons, if any, who had direct responsibility for providing assistance to the pupil.
10. Verify that no days of attendance were reported without meeting the requirements of *Education Code* Section 51747(g)(9)(F) for dates prior to the signing of the agreement by all parties.

 Attendance records must be supported by the teacher's register, record of the pupil's work completed, and the corresponding work assignment record. Pupil work samples must be retained in the file.

The LEA must document each pupil's participation in live interaction and synchronous instruction pursuant to *Education Code* section 51747.5(c) and maintain written or computer-based evidence of each pupil's engagement, that includes, but is not limited to, a grade book or summary document that, for each class, list all assignments, assessment, and associated grades.

Both 'short term' and 'long term' independent study are subject to *Education Code* 51745 (g) 'a requirement that a current written agreement for each independent study pupil shall be maintained on file...'

Signed written agreements, supplemental agreements, assignment records, work samples, and attendance records assessing time value of work or evidence that an instructional activity occurred may be maintained as an electronic file.

Condition

The District could produce only 2 (partial) written agreements from the sample of 25 agreements selected for 'long term' independent study. The District only provided work samples for 9 students. The long-term agreements provided consisted of two pages that cut off mid-sentence indicating we did not receive a complete agreement.

At four sites, George Magnet School, Theodore Vick Elementary, West Creek Elementary and Mesa Linda Middle Schools we noted students on short term agreements had contracts that did not include the following elements:

- Specific resources, including materials and personnel, to be made available by the District and shall include confirming or providing access to the connectivity and devices adequate to participate in the program and complete work.
- The number of assignments a pupil may miss before there must be an evaluation of whether Independent Study is in the pupils' best interest.
- A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Section 504 of the Federal Rehabilitation Act of 1973, pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

Adelanto Elementary School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

The total ADA by grade span for non-compliant independent study is summarized below:

<u>Grade Span</u>	<u>P2 ADA</u>	<u>Annual ADA</u>	<u>Amount*</u>
Independent Study Short Term:			
TK-3	(10.93)	(8.64)	\$ 130,450
4-6	(7.24)	(10.72)	77,910
7-8	(7.75)	12.33	86,542
Long Term			
TK-3	(119.22)	(115.43)	\$ 1,422,893
4-6	(88.85)	(91.72)	974,975
7-8	(75.67)	(83.23)	854,909

*District Funded by P-2 ADA

Derived Value of ADA

TK-3	\$ 11,935.02
4-6	10,973
7-8	11,298

Context

'Short term' master agreements were lacking the required elements at each of the four sites tested - George Magnet School, Theodore Vick Elementary, West Creek Elementary and Mesa Linda Middle Schools.

We selected 25 master agreements for testing of 'long term' independent study. The District was unable to provide a contract for 23 of the 25 selections, with 2 of the contracts missing after page two. We inquired and determined the District had no records for the long term independent study program to support P2 or annual ADA claimed.

Cause

The District did not revise independent study contracts in accordance with AB130 and amendments under AB167 and did not maintain records.

Effect

The calculation based on derived value of ADA totals a questioned cost of \$3,547,679. However, based on ADA yield flexibilities enacted for the 2021-2022 fiscal year, impact of funding is uncertain.

Recommendation

We recommend that all independent study contracts be updated to reflect all required elements annually to adjust for any changes in law. We further recommend the District retain all attendance records as required.

Current Status

Not implemented. See current year finding 2023-003.

2022-005

In Person Instruction Grant (40000)

Criteria

If the LEA did not provide in-person instruction on or before May 15, 2021, for the specified subgroups pursuant to *Education Code* section 43521(c)(3), subparagraphs (A) to (C), or did not provide continuous in-person instruction pursuant to *Education Code* section 43521(c)(2)(B)(iii), the full amount of the In-Person Instruction Grant received is disallowed.

Condition

The District elected not to re-open instruction during the 2020-2021 school year and knew it would have to return the funds.

Context

The requirement applied for the 2020-2021 school year only but is part of 2021-2022 audit procedures.

Cause

The District elected not to re-open for in-person instruction during the 2021-2022 school year.

Effect

The full amount of the in-person instruction grant, \$1,346,916, is disallowed. The District already accounted for this in its' financial statements.

Recommendation

Not applicable.

Current Status

Implemented.

2022-006 Classroom Teacher Salaries (61000)

Criteria

Education Code 41372 states that elementary school districts shall expend an amount equal to or greater than 60% of the District's current expense of education on classroom teacher salaries.

Condition

The District did not meet the minimum requirement, having spent \$64,343,794.70 on total salaries and benefits (54.29%). The deficiency amount was determined to be \$6,767,223.92.

Context

The deficiency is for the 2021-2022 fiscal year.

Cause

Increased spending from COVID-19 related funds created larger education expenses without proportional salary and benefit costs.

Effect

The District did not meet the required percentage of classroom compensation required for elementary school districts under E.C. 41372.

Recommendation

The District should comply with *Education Code 41372*.

Current Status

Implemented.

2022-007 Instructional Materials (70000)

Criteria

California *Education Code* Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. The public hearing must be held on or before the 8th week of school.

Condition

The District's sufficiency of instructional materials public hearing was held on October 12, 2020. This was after the 8th week of school which began on August 9, 2021. The 8th week of school occurred between September 27 and October 1st. This is a repeat finding from the 2020-2021 school year.

Context

This is a repeat finding from 2020-2021 that occurred in the 2021-2022 school year.

Cause

Due to a scheduling error, the District failed to hold the public hearing for instructional materials on or before the 8th week of school.

Effect/Cost

There is no financial penalty associated with this finding.

Recommendation

We recommend that the District ensure that the instructional material public hearing is completed on or before the 8th week of school per EC 60119.

Current Status

Implemented.

2022-008 California Clean Energy (40000)

Criteria

Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan.

Condition

The District completed their project March 3, 2019 but did not submit a final report until October 16, 2020. Additionally, the District has \$38,329 in restricted ending balance (resource 6230). These funds were required to be spent by June 30, 2021.

Question Costs

\$38,329

Context

This is not a repeat finding.

Cause

The District was behind schedule in preparing and submitting this report.

Effect

The California Energy Commission was not informed as to the most up to date status of projects.

Recommendation

We recommend the District file reports timely to the California Energy Commission. We also recommend the District return the unused funds now that the program has ended.

Current Status

Implemented.

2022-009 Comprehensive School Safety Plan (40000)

Criteria

According to *Education Code* section 32281 “each school district and county office of education is responsible for the overall development of all comprehensive school safety plans for its schools operating kindergarten or any of grades 1 to 12, inclusive.” Furthermore, per section 32282, the comprehensive school safety plan “shall be evaluated at least once a year, to ensure that the comprehensive school safety plan is properly implemented.”

Condition

During our testing of the comprehensive school safety plan, it was noted that several sites did not update their plans by March 1, as required by the Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. George Magnet was not reviewed and updated; Theodore Vick and Mesa Linda Middle were not reviewed and approved by the due date.

Context

The District did not prepare an annual update for its site safety plans for any of the three sites tested. This is not a repeat finding.

Cause

The district was unaware of the update requirements for comprehensive school safety plans until after the passing of the deadline, and therefore did not complete an update.

Effect

Without timely review and update, the District’s safety plan may become outdated and ineffective.

Recommendation

We recommend that the District implement a procedure to ensure that their plan is reviewed and updated annually by the March 1 deadline.

Current Status

Not implemented. See current year finding 2023-005.

2022-010 Afterschool Education and Safety (40000)

Criteria

The After School Education and Safety Program (ASES) was established to serve pupils in kindergarten through grade nine. In accordance with *Education Code* Section 8483 (a)(1), there are stringent regulations in operating and reporting attendance for the program.

Condition

The semi-annual report of attendance was not consistent with the supporting summary reports. The semi-annual report claimed 5,104 total student days of attendance. At the three sites selected, the District reported 365, 543 and 338 student days of attendance on the semiannual report. However, the supporting attendance report from an attendance system provided totaled 4,356; 5,104 and 4,706 respectively for the three sites for the period of July-December 2021. The discrepancy could not be resolved.

Context

The exceptions were noted at the representative sample of three sites, but we believe the issue occurred at all sites that offer the program. This is not a repeat finding.

Questioned Cost

Unknown.

Effect

The District is revising the report, we believe the District has underreported the number of students that attended the program.

Cause

Controls over reporting need to be strengthened.

Recommendation

We recommend the District reconcile the attendance report with records and submit an amendment to the semi annual report filed with CDE.

Current Status

Implemented.