Financial Statements
June 30, 2023

Eden Area Regional Occupational Program

Eden Area Regional Occupational Program
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Independent Auditor's Report

To the Governing Board
Eden Area Regional Occupational Program
Hayward, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund information of the Eden Area Regional Occupational Program (EAROP) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the EAROP'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 and each major fund information of the Eden Area Regional Occupational Program, as of June 30, 2023, 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 EAROP, 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.

Correction of Error

As discussed in Note 15 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for right-of-use assets and lease liabilities as of June 30, 2022, were discovered during the current year. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to correct the error. 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 EAROP'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 EAROP'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 EAROP'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, general fund budgetary comparison schedule, schedule of changes in the EAROP's net OPEB liability and related ratios, schedule of the EAROP's proportionate share of the net pension liability, and the schedule of EAROP's pension contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the EAROP's basic financial statements. The local education agency organization structure, schedule of average daily attendance, reconciliation of annual financial and budget report with audited financial statements, and the schedule of financial trends and analysis 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 auditing standards generally accepted in the United States of America. In our opinion, the local education agency organization structure, schedule of average daily attendance, reconciliation of annual financial and budget report with audited financial statements, and the schedule of financial trends and analysis is 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 January 26, 2024 on our consideration of EAROP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of EAROP'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 EAROP's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
January 26, 2024

This section of the Eden Area Regional Occupational Program's (EAROP) annual financial report presents our discussion and analysis of the EAROP's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the EAROP's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the EAROP using the integrated approach as prescribed by Governmental Accounting Standards Board Statement GASB No. 34.

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

The *Fund Financial Statements* include statements for the governmental activities.

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

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

The Primary unit of the government is the Eden Area Regional Occupational Program (EAROP).

Financial Highlights of 2022-2023

The General Fund revenues, including the Adult Education Fund (Fund 11) and Special Reserve Fund for Postemployment Benefits (Fund 20), reported as part of the General fund due to the requirements of GASB 54, were $20,458,847, including on-behalf payment of $304,413, for 2022-2023. EAROP receives approximately 43% of its revenue from funds provided by member districts from their Local Control Funding Formula. The remaining amount comes from Federal, State, and Local grants, donations, registration fees and interest income.

Salaries and benefits expenditures reflect the changes in staffing due to new grants received as well as annual step and column. The General Fund ending balance, including the consolidation of Funds 11 and 20, the Adult Education and Special Reserve Fund for Postemployment Benefits is $8,767,447. The reserve for economic uncertainty of 6% (not include consolidation of Funds 11 and 20) has been met.

Reporting the EAROP 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 EAROP as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the EAROP using the accrual basis of accounting, which is similar to the accounting 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 EAROP's net position and changes in it. 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 EAROP's financial health, or financial position. Over time, increases or decreases in the EAROP's net position will serve as a useful indicator of whether the financial position of the EAROP is improving or deteriorating. Other factors to consider are changes in the EAROP's funding as a result of the member districts Local Control Funding Formula provisions that fund the EAROP based on 2012-13 funding levels.

The relationship between revenues and expenses is the EAROP'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 EAROP. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the EAROP activities as follows:

Governmental Activities – All of the EAROP's services are reported in this category. This includes the education of high school Juniors and Seniors (or students who have reached the age of 16, with certain exceptions), adult education students, and the on-going effort to improve and maintain buildings and sites. The EAROP leases the buildings at the Hayward site. Property taxes, state income taxes, interest income, Federal, State, and local grants, finance these activities.

Reporting the EAROP's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the EAROP as a whole. Some funds are required to be established by State law. However, management establishes many funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the EAROP's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 EAROP's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the EAROP's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

The EAROP as a Whole

Net Position

The EAROP's net position was $7,566,900 for the fiscal year ended June 30, 2023. Of this amount, $4,688,736 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the EAROP's governmental activities.

Table 1

	2023	Restated 2022
Governmental Activites		
Current and Other Assets	$ 18,706,589	$ 20,125,251
Capital Assets and right-to use leased assets	2,608,437	2,655,549
Total assets	21,315,026	22,780,800
Deferred Outflows of Resources	3,231,961	2,779,767
Current Liabilities	6,923,535	9,925,815
Noncurrent liabilities	8,727,463	5,571,271
Total liabilities	15,650,998	15,497,086
Deferred Inflows of Resources	1,329,089	4,157,799
Net Position		
Net investment in capital assets	2,570,315	2,571,330
Restricted	307,849	371,868
Unrestricted	4,688,736	2,962,484
Total net position	$ 7,566,900	$ 5,905,682

The $4,688,736 in unrestricted net position of governmental activities represents the accumulated results of all past year's operations and includes amounts that are assigned by the board for specific purposes but not restricted by external funding sources.

Changes in Net Position

The results of this year's operations for the EAROP as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement 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	$ 719,302	$ 764,243
Operating grants and contributions	6,500,128	4,308,137
General revenues		
Federal and State aid not restricted to specific purposes	3,852,837	1,044,892
Interest and investment earnings	226,037	128,636
Interagency revenues	8,723,181	8,186,168
Other general revenues	331,672	-
Total revenues	20,353,157	14,432,076
Expenses		
Instruction	11,740,022	8,985,690
Instruction related activities	2,263,037	1,734,273
Pupil services	1,730,328	1,303,757
General administration	2,046,380	1,897,782
Plant services	910,994	853,694
All other services	1,178	-
Total expenses	18,691,939	14,775,196
Change in Net Position	$ 1,661,218	$ (343,120)

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $18,589,557. These costs were primarily funded through the State Regional Occupational Program apportionment received through member districts. The remainder was financed through other Federal and State Grant programs, fees, interest and other local sources.

In Table 3, we have presented the cost and net cost of each of the EAROP's largest functions: instruction, instruction related activities, pupil services, general administration, plant services and other outgo. As discussed above, the net cost represents the amount of expenditures that is funded through general revenues.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related	$ 11,740,022	$ 8,985,690	$ (5,817,932)	$ (5,176,412)
Instruction Related Activities	2,263,037	1,734,273	(1,397,024)	(834,978)
Pupil Services	1,730,328	1,303,757	(1,478,341)	(1,060,358)
General Administration	2,046,380	1,897,782	(1,931,908)	(1,824,735)
Plant Services	910,994	853,694	(846,126)	(806,333)
All other services	1,178	-	(1,178)	-
Total	$ 18,691,939	$ 14,775,196	$ (11,472,509)	$ (9,702,816)

The EAROP's Funds

As the EAROP completed this year, our governmental funds reported a combined fund balance of $11,783,054 which is an increase of $1,583,618 from last year.

The General fund, including consolidated adult education and special reserve for postemployment benefit funds, ending balance is $8,767,447 which is a net increase of $1,537,943.

Special Reserve - Capital Outlay fund consists of the Capital outlay, capital equipment and Center operation. The fund balance increased $45,675 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the EAROP revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 7, 2023. A schedule showing the EAROP's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

Any change in revenue from our original budget to our final adopted budget of $2,321,578 can be attributed to a change in new and/or expanded state and local grants.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023, the EAROP had $2,608,437 in a broad range of capital assets and right-to-use leased assets (net of depreciation and amortization), including buildings and improvements, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $47,112 (Table 4).

Table 4

	Governmental Activities	
	2023	2022 (Restated)
Buildings and Improvements	$ 4,213,452	$ 4,105,635
Furniture and Equipment	1,177,141	1,055,324
Leased assets	114,793	114,793
Total assets	5,505,386	5,275,752
Less total accumulated depreciation and amortization expenses	(2,896,949)	(2,620,203)
Total assets after depreciation and amortization	$ 2,608,437	$ 2,655,549

Please refer to Note 4 for more detailed information.

Long-Term Debt

At the end of the year the EAROP had $8,727,463 in long-term liabilities outstanding versus $5,571,271 last year, an increase of approximately 57%. Those long-term liabilities consisted of:

Table 5

	Governmental Activites	
	2023	2022 (restated)
Compensated absences	$ 68,511	$ 60,144
Net OPEB Obligation	254,432	84,406
Aggregate Net Pension Obligation	8,366,398	5,349,163
Lease assets	38,122	77,558
Totals	$ 8,727,463	$ 5,571,271

Significant Accomplishments of Fiscal Year 2022-2023

Educational Program Advancements

Student Organizations/Leadership Opportunities

The 2022-2023 school year showed a marked increase in student participation in Career Technical Student Organizations (CTSOs). This was an important initiative as it is not only a requirement for Career Technical Education, but it is an excellent component of students' education that builds leadership skills, experience and engagement. It was a struggle to reboot these programs after school closures. We had a five year in student participation numbers in Skills USA with a 50% increase from the 2021-2022 school year. Funding is always a struggle to be able to allow students to participate in the competitions at the state and national level. We are continuing to develop alternative leadership strategies for pathways in which the formal CTSOs don't necessarily meet the needs of the program.

Student Recognition

EAROP served approximately 5,000 students during the 2022-2023 school year. Our monthly student recognition program continued in virtual format that recognized 3-4 students at each of our monthly board meetings. Our annual "Student of the Year" program was brought back as an in-person event which each instructor recognized up to two outstanding students from their classes. We will be bringing this program back to in-person presentations in February 2024.

Center Tours and Open House

During the 2022-2023 school year, we brought back our sophomore presentations and sophomore tours to in-person status. This has had a powerful impact on our pre-enrollment and enrollment. We have experienced a five-year high in student interest, with interest far exceeding our seat capacity. EAROP staff goes to each of our partner high schools to present to sophomores all the many EAROP Pathways available to students. Our Student Ambassadors participate in these presentations. Similarly, our Student Ambassadors lead the sophomore tours that follow the presentations. Prospective students visit our Hayward Center, tour each Pathway, and are given demonstrations by students in the Pathways. This is followed by virtual presentation for families, that is also provided in Spanish, which in turn is followed by our Spring Showcase, an open house that welcomes students, families, prospective students and families, and the community.

Grants

EAROP also serves as the fiscal lead for the grants focused on Career Technical Education. Applying as a collaborative with EAROP as the lead, demonstrates the commitment our member districts have, to the regional delivery CTE model and the economies of scale it provides.

During FY 2022-2023 EAROP served as the fiscal lead for the following CTE grants:

- CTE Incentive Grant—an annual grant based on student enrollment and progress toward meeting the essential elements of a quality CTE program.
- Strong Workforce Program (SWP)—an annual competitive grant in which an LEA can submit up to three applications per year. The grant applications can have up to 30 months to implement the plan submitted in the application. EAROP served as the fiscal lead for three SWP grants on behalf of our partner districts during FY 2022-2023.

Business and Finance

The 2022-2023 Financial Report includes the documentation of all fiscal transactions of the EAROP. It presents EAROP's financial position for the period July 1, 2022, through June 30, 2023. Following notes and comments compare and explain noteworthy fiscal observations and facts regarding 2022-2023.

Funding for the EAROP comes from three sources:

- Partner districts
- State grants
- Federal grants

Partner Districts

Most of the funding comes from our four partner districts: Castro Valley USD, Hayward USD, San Leandro USD and San Lorenzo USD. Under the old Average Daily Attendance (ADA) model, ADA generated by the students enrolled in EAROP was split between the districts and the EAROP. With the creation of the Local Control Funding Formula (LCFF), EAROP ADA funds were folded into the base allocation of the partner districts, and it was up to each district to decide how to use these funds. All four districts elected to continue funding the EAROP at the 2008-2009 level with the agreement to pass on any state COLA received to the EAROP. To provide additional support for the implementation of Career Technical Education (CTE) among the four member districts, the EAROP continued to identify and apply for grants in support of CTE.

State Grants

State revenue is derived from five main sources:

CTE Incentive Grant

The new round for Career Technical Education Incentive Grant (CTEIG) funding should come out in the next couple of months.

Workability

EAROP continues to receive funding from Project Workability that supports students with learning needs, transitioning from schools to the workplace.

K12 Strong Workforce Program (SWP)

The K12 SWP is part of the Chancellor's Office Strong Workforce Program. EAROP served as the fiscal lead for a multitude of SWP grants on behalf of our partner districts during FY 2023-2024, one of which (PEACE) sunsets in 2023-2024, and another (Connections) sunsets in 2024-2025.

Direct Support Professional Program (DSP)

The DSP program is a statewide training program required of adults working in assisted living facilities. EAROP has contracted with Fresno County Office of Education to continue the program that is now being managed by Adult Education.

Federal Grants

Federal revenue is derived from two main sources:

South Hayward Promise Neighborhood (HPN)

Cal State East Bay continues to be the fiscal lead for the third round, of which is a five-year grant, allocated on a calendar year basis, that continues through FY 2027-2028.

Workforce Innovation Opportunity Act (WIOA)

Eden Area ROP was awarded the Workforce Innovation Opportunity Act (WIOA) program for in-school youth. This is a four year grant totaling $644,048 that runs through FY 2024-2025.

Adult Education Fund

The EAROP assumed the (CCTC) Electrical Trainee Program on October 1, 2016. The assumption increased the Adult Programs enrollment by 500 students. The Electrical Trainee program is a fee-based program with two fee schedules: $525 per trimester for the evening program, and $5,850 for the 6 month Accelerated Day Program. CCTC was an approved provider for "the Electrical Trainee Program" School #109. Completion of this entire program satisfied the Division of Apprenticeship Standards Curriculum Standards in whole, and the Electrician Trainee becomes eligible to take the California General Electrician Exam. The Electrical Trainee Program is an excellent complement to the initial Adult Programs' course offerings: Clinical Medical Assisting (CMA), Dental Assisting, Welding, and Direct Support Professional (DSP).

The adult Apprenticeship Program revenue continues to increase and EAROP also continues to partner with Associated Builders and Contractors. The State increased the rate and per hour funding for this program. This program was transferred to the Adult Education fund in FY 2016-2017 because this caters to the adult education population.

Economic Factors and Next Year's Budgets and Rates

In considering EAROP's budget for FY 2023-2024, the Governing Board and administration incorporates the assumptions:

Revenue

- Members of the JPA from the four partner districts have agreed to continue to fund EAROP at the same level, plus any COLA given by the State.
- HPN federal grant continues to fund EAROP until FY 2027-2028.
- New round of funding for CTEIG should be coming out in the next couple of months.
- New on-going CTEIG funding per Governor's approved budget.
- New on-going workforce development funding through California Community Colleges per Governor's approved budget.
- Calculated interest per ACOE report in investments.

Expenditures

- CalSTRS and CalPERS increases as projected by School Services of California.
- Increase in transportation costs for students to/from partner districts.
- Salaries and benefits projections driven by Board approved COLA and step & column increases.
- Sub agreements with partner districts and CTEIG grants work based learning.

Contacting the EAROP's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the EAROP's finances and to show the EAROP's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact EAROP's Fiscal Services Administrator Mr. Anthony Oum at 26316 Hesperian Blvd, Hayward, California. 94545, or at aoum@edenrop.org.

Eden Area Regional Occupational Program
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	$ 17,293,849
Receivables	1,412,740
Capital assets, net of accumulated depreciation/amortization	2,608,437
Total assets	21,315,026
Deferred Outflows of Resources	
OPEB related	144,592
Pension related	3,087,369
Total deferred outflows of resources	3,231,961
Liabilities	
Accounts payable	1,861,644
Unearned revenue	5,061,891
Noncurrent liabilities	
Due within one year	
Compensated absences and leases	54,680
Due in more than one year	
Compensated absences and leases	51,953
Net other post employment benefits liability	254,432
Aggregate net pension liability	8,366,398
Total liabilities	15,650,998
Deferred Inflows of Resources	
OPEB related	54,365
Pension related	1,274,724
Total deferred inflows of resources	1,329,089
Net Position	
Net investment in capital assets	2,570,315
Restricted for	
Educational programs	307,849
Unrestricted	4,688,736
Total net position	$ 7,566,900

Functions	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 11,740,022	$ 428,608	$ 5,493,482	$ (5,817,932)
Instruction-related services				
Supervision of instruction	495,912	30,082	360,293	(105,537)
Instructional library, media, and technology	5,484	5,173	658	347
School site administration	1,761,641	167,235	302,572	(1,291,834)
Pupil services				
Home-to-school transportation	1,305,464	-	-	(1,305,464)
All other pupil services	424,864	30,652	221,335	(172,877)
General administration				
Centralized data processing	258,030	-	-	(258,030)
All other general administration	1,788,350	-	114,472	(1,673,878)
Plant services	910,994	57,552	7,316	(846,126)
Interest on long-term liabilities	1,178	-	-	(1,178)
Total governmental activities	$ 18,691,939	$ 719,302	$ 6,500,128	(11,472,509)
General Revenues and Subventions				
Federal and State aid not restricted to specific purposes				3,852,837
Interest and investment earnings				226,037
Interagency revenues				8,723,181
Miscellaneous				331,672
Subtotal, general revenues and subventions				13,133,727
Change in Net Position				1,661,218
Net Position - Beginning as restated				5,905,682
Net Position - Ending				$ 7,566,900

	General Fund	Special Reserve Capital Outlay Fund	Total Governmental Funds
Assets			
Deposits and investments	$ 14,293,236	$ 3,000,613	$ 17,293,849
Receivables	1,397,746	14,994	1,412,740
Total assets	$ 15,690,982	$ 3,015,607	$ 18,706,589
Liabilities and Fund Balances			
Accounts payable	$ 1,861,644	$ -	$ 1,861,644
Unearned state grant revenue	5,061,891	-	5,061,891
Total liabilities	6,923,535	-	6,923,535
Fund Balances			
Nonspendable	15,000	-	15,000
Restricted	307,849	-	307,849
Assigned	7,399,212	3,015,607	10,414,819
Unassigned	1,045,386	-	1,045,386
Total fund balances	8,767,447	3,015,607	11,783,054
Total liabilities and fund balances	$ 15,690,982	$ 3,015,607	$ 18,706,589

Total Fund Balance - Governmental Funds		$ 11,783,054
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	$ 5,390,593	
Accumulated depreciation is	(2,817,539)	
Net capital assets		2,573,054
Right-to-use leased 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 leased assets is	114,793	
Accumulated amortization is	(79,410)	
Net right-to-use leased assets		35,383
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		
Other postemployment benefits (OPEB)	144,592	
Net pension liability	3,087,369	
Total deferred outflows of resources		3,231,961
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 (OPEB)	(54,365)	
Net pension liability	(1,274,724)	
Total deferred inflows of resources		(1,329,089)
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:		
Leases	(38,122)	
Compensated absences (vacations)	(68,511)	
Other postemployment benefits (OPEB)	(254,432)	
Aggregate net pension liability	(8,366,398)	
Total long-term liabilities		(8,727,463)
Total net position - governmental activities		$ 7,566,900

	General Fund	Special Reserve Capital Outlay Fund	Total Governmental Funds
Revenues			
Federal sources	$ 289,953	$ -	$ 289,953
Other state sources	7,607,404	-	7,607,404
Other local sources	12,561,490	45,675	12,607,165
Total revenues	20,458,847	45,675	20,504,522
Expenditures			
Current			
Instruction	12,004,433	-	12,004,433
Instruction-related activities			
Supervision of instruction	496,100	-	496,100
Instructional library, media and technology	5,503	-	5,503
School site administration	1,734,399	-	1,734,399
Pupil services			
Home-to-school transportation	1,285,459	-	1,285,459
All other pupil services	421,565	-	421,565
General administration			
Data processing	267,733	-	267,733
All other general administration	2,435,528	-	2,435,528
Capital outlay	229,634	-	229,634
Debt service			
Principal	39,436	-	39,436
Interest	1,114	-	1,114
Total expenditures	18,920,904	-	18,920,904
Net Change in Fund Balances	1,537,943	45,675	1,583,618
Fund Balances - Beginning	7,229,504	2,969,932	10,199,436
Fund Balances - Ending	$ 8,767,447	$ 3,015,607	$ 11,783,054

Total Net Change in Fund Balances - Governmental Funds		$ 1,583,618
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays 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 expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expenses exceed capital outlays in the period.		
Depreciation and amortization expenses	$ (276,746)	
Capital outlays	229,634	
Net expense adjustment		(47,112)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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 earned and used.		(8,367)
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.		151,058
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.		(57,415)
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		
Leases		39,436
Change in net position of governmental activities		$ 1,661,218

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Eden Area Regional Occupational Program (EAROP) was formed in 1971 under the laws of the State of California. The EAROP was formed by a joint powers agreement among the following School districts: Castro Valley Unified School District, San Leandro Unified School District, and San Lorenzo Unified School District. Hayward Unified School District joined the EAROP on January 1, 1991. The purpose of the EAROP is to provide career preparation and training to youths and adults residing in the member districts that formed the joint powers entity.

The EAROP is funded by each participating member district. The EAROP has the responsibility to develop, oversee and evaluate the course material presented.

The EAROP is governed by an appointed board and maintains its own paid operational staff. The board is comprised of one member selected by each participating district's governing board. The EAROP is fiscally responsible for its own operation, major financing arrangements and contracts. Its significant accounting policies, as detailed below, are the same as for any independent California local educational agency.

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 EAROP consists of all funds, departments, boards, and agencies that are not legally separate from EAROP. For EAROP, this includes general operations and student related activities of EAROP.

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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The EAROP's funds are grouped into governmental category.

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 EAROP's major funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all Local Education Agencies (LEAs). It is used to account for the ordinary operations of the EAROP. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as a special revenue funds in the California State Accounting Manuel (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically Fund 11, Adult Education Fund and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have 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 $424,099.

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds). The EAROP maintains the following capital project fund:

- **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).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each of the governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The EAROP does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting 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 EAROP. 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 use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other covenants 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 EAROP. 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. All of the EAROP funds are presented as major funds.

- **Governmental Funds** All governmental funds are accounted for using the 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 balance 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 financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded 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.

Non-exchange transactions, in which the EAROP 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. The EAROP 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.

Unearned Revenue

Unearned revenues arise when resources are received by the EAROP 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 EAROP has a legal claim to the resources, the liability for earned 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 long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures.

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 pool are determined by the program sponsor.

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. Capital assets are long-lived assets of the EAROP. The EAROP maintains a capitalization threshold of $5,000. The EAROP 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.

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 capital assets is historical cost, or where historical cost in not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 9 years; equipment and furniture, 5 to 20 years.

The EAROP 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 intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

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.

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 general fund.

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 EAROP's financial statements. However, credit for unused sick leave is applicable to all classified employees 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 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, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

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 EAROP reports deferred outflows of resources for pension and 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 EAROP reports deferred inflows of resources for pension and 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 deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EAROP Plan and additions to/deductions from the EAROP Plan have been determined on the same basis as they are reported by the EAROP Plan. For this purpose, the EAROP Plan 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 and Subscription-Based Information Technology Arrangements

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

As Lessor: The District is a lessor for two noncancellable building leases. Accordingly, the District recognizes a lease receivable and a deferred inflow of resources.

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.

Fund Balances - Governmental Funds

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

Non-spendable - amounts that cannot be spent either because they are in non-spendable 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 EAROP. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The EAROP currently does not have any committed funds.

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 EAROP's adopted policy, only the governing board or the superintendent 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 EAROP considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the EAROP 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 EAROP has a minimum fund balance policy for the General Fund in order to protect the EAROP against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than six 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 is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the EAROP or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The EAROP 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 $307,849 of restricted net position.

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

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 in the financial statements. Interfund transfers are eliminated in the governmental activities column 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 Alameda bills and collects the taxes on behalf of the EAROP. Local property tax revenues are recorded when received.

Effects of New Pronouncements

As of July 1, 2022, the District implemented the following GASB Statement:

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96*, Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation did not result in a material change to the District's financial statements.

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

GASB Statement No. 99 – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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 Activities	$ 17,293,849

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

Cash on Hand and in Banks	$ 55,170
Cash in Revolving	15,000
Investments	17,223,679
Total deposits and investments	$ 17,293,849

Policies and Practices

The EAROP 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 EAROP is considered to be an involuntary participant in an external investment pool as the EAROP is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code Section 41001*). The fair value of the EAROP's investment in the pool is reported in the accounting financial statements at amounts based upon the EAROP'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 Treasury, 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 Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Alameda County Pool. The weighted average maturity of the pool was 473 days on June 30, 2023.

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 EAROP's investments in the Alameda County Treasury Investment Pool are not rated as of June 30, 2023.

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 deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency.

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 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.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

Deposits and withdrawals in the Alameda County Treasury Investment Pool are made on the basis of $1 and not fair value. Accordingly, the District's investments with the pool at June 30, 2023 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

Note 3 - 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	Special Reserve Capital Outlay Fund	Total
Federal Government			
Categorical aid	$ 147,843	$ -	$ 147,843
State Government			
Categorical aid	1,188,017	-	1,188,017
Local Government			
Other local sources	61,886	14,994	76,880
Total	$ 1,397,746	$ 14,994	$ 1,412,740

Note 4 - Capital Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets being depreciated				
Buildings and improvements	$ 4,105,635	$ 107,817	$ -	$ 4,213,452
Furniture and equipment	1,055,324	121,817	-	1,177,141
Total capital assets being depreciated	5,160,959	229,634	-	5,390,593
Accumulated depreciation				
Buildings and improvements	(1,745,294)	(110,709)	-	(1,856,003)
Furniture and equipment	(835,204)	(126,332)	-	(961,536)
Total accumulated depreciation	(2,580,498)	(237,041)	-	(2,817,539)
Net depreciable assets	2,580,461	(7,407)	-	2,573,054
Right-to-use lease assets being amortized				
Buildings and improvements	72,852	-	-	72,852
Furniture and equipment	41,941	-	-	41,941
Total right-to-use leased assets being amortized	114,793	-	-	114,793
Accumulated amortization				
Buildings and improvements	(22,417)	(22,417)	-	(44,834)
Furniture and equipment	(17,288)	(17,288)	-	(34,576)
Total accumulated amortization	(39,705)	(39,705)	-	(79,410)
Net right-to-use leased assets	75,088	(39,705)	-	35,383
Governmental activities capital assets and right-to-use leased assets, net	$ 2,655,549	$ (47,112)	$ -	$ 2,608,437

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 150,391
Supervision of instruction	6,215
Instructional library, media, and technology	69
School site administration	21,729
Home-to-school transportation	16,104
Data Processing Services	3,354
All other pupil services	5,281
All other general administration	61,901
Plant Maintenance and Operations	11,702
Total depreciation and amortization expenses governmental activities	$ 276,746

Note 5 - Accounts Payable

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

	General Fund
Vendor Payables	$ 1,676,774
Salaries and Benefits	184,870
Total	$ 1,861,644

Note 6 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the EAROP's long-term liabilities at June 30, 2023 consisted of the following:

	July 1, 2022 As Restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Compensated absences	60,144	$ 31,204	$ (22,837)	68,511	$ 22,837
Leases	77,558	-	(39,436)	38,122	31,843
Total	$ 137,702	$ 31,204	$ (62,273)	$ 106,633	$ 54,680

Payments of accumulated vacation are paid by the funds for which the employees worked. Leases are paid by the General Fund.

Leases

The EAROP has entered into agreements to lease various facilities and equipment. The EAROP's liability on lease agreements is summarized below:

Leases	(Restated) Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Copiers	$ 19,997	$ -	$ (14,952)	$ 5,045
Postal Meter	4,844	-	(2,399)	2,445
Turlock Facility	52,717	-	(22,085)	30,632
Total	$ 77,558	$ -	$ (39,436)	$ 38,122

Copiers Lease

The EAROP entered an agreement to lease copiers for five years, beginning September 1, 2018, with one successive term of one year. The one successive term is deemed reasonably certain not to be exercise, the total term is five years. Under the terms of the lease, the EAROP paid the monthly payments of $1,266, which amounted to total principal and interest costs of $15,192. The annual interest rate charged on the lease is 1.82%. At June 30, 2023, the EAROP has recognized a right-to-use asset of $4,962 and a lease liability of $5,045 related to this agreement. During the fiscal year, the EAROP recorded $14,885 in amortization expense and $240 in interest expense for the right-to-use of the copiers. The EAROP also pays a tier rate of cost of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature. The EAROP paid $16,938 during the year toward those variable costs.

Postal Meter Lease

The EAROP entered an agreement to lease a postal meter for five years, beginning March 1, 2019, with one successive term of one year. The one successive term is deemed reasonably certain not to be exercise, the total term is five years. Under the terms of the lease, the EAROP paid the monthly payments of $206, which amounted to total principal and interest costs of $2,472. The annual interest rate charged on the lease is 1.96%. At June 30, 2023, the EAROP has recognized a right-to-use asset of $2,403 and a lease liability of $2,445 related to this agreement. During the fiscal year, the EAROP recorded $2,403 in amortization expense and $73 in interest expense for the right-to-use of the postal meter.

Turlock Facility Lease

The EAROP entered an agreement to lease facilities for the Electrical Trainee Program for one year, beginning October 2020. The lease terminates September 2021. The lease was extended for one year through September 2022 with a monthly base rent of $1,800. On June 4, 2021, the EAROP extended the lease to a two-year lease from October 2022 through September 2024 with an annual increase of $150 per year. At June 30, 2023, the EAROP has recognized a right-to-use asset of $28,020 and a lease liability of $30,631 related to this agreement. During the fiscal year, the District recorded $22,416 in amortization expense and $865 in interest expense for the right-to-use the facility. The EAROP used a discount rate of 2.02%, based on the SLGS rate over the same time period.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 31,843	$ 443	$ 32,286
2025	6,279	21	6,300
Total	$ 38,122	$ 464	$ 38,586

Variable Facility Lease

The EAROP has a variable facility lease agreement to lease office space for 10 years, beginning July 1, 2020. The lease terminates on June 30, 2030. Under the terms of the lease, the EAROP pays the rent annually in the amount of 1% of prior year's funding of the ROP Joint Powers Agency through the state-established Local Funding Formula (LCFF) based upon the block grant funding maintenance of effort established in the 2012-13 school year plus an annual increase based upon the Cost of Living Adjustment (COLA) average of all four member districts. EAROP paid $87,232 during the year ending June 30, 2023.

Note 7 - Net Other Post Employment Benefit (OPEB) Liability

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

Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
$ 254,432	$ 144,592	$ 54,365	$ 57,415

Plan Administration

The EAROP provides healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The EAROP's policy regarding the allocation of the plan's invested assets is established and may be amended by EAROP management. The primarily objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines.

Plan Membership

At July 1, 2021, the valuation date, the Plan membership consisted of 10 retirees and 13 active employees who may become eligible to retire and receive benefits in the future.

Benefits Provided

Employees who become eligible for retirement under CalPERS or CalSTRS are eligible to continue on the EAROP's medical plans under PEMHCA. The EAROP contribution towards retirees is the minimum employer contribution under the unequal method. The minimum employer contributions for 2022 and 2023 are $149 and $151, respectively. The unequal method is used to phase in benefit payments. The EAROP currently pays 100% of the minimum employer contribution for 2021 and later years.

Contributions

The contribution requirements of Plan members and the EAROP are established and amended by the EAROP. The required contribution is based on projected pay-as-you -go financing requirements. The EAROP has an irrevocable trust account with CERBT (an agent-multi-employer plan). For the fiscal year 2022-23, the EAROP contributed $44,899 to the Plan.

Net OPEB Liability of the EAROP

The EAROP's 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 July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Inflation rate	3.0 percent
Salary increases	3.0 percent
Investment rate of return	6.0 percent, net of OPEB plan investment expense
Health care cost trend rates	5.75 percent for 2022, 5.50 percent for 2023, 5.20 percent for 2024-2069, and 4.5 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.
Preretirement Mortality	CalPERS Experience Study (2000-2019)
Postretirement Mortality	CalPERS Experience Study (2000-2019)

Actuarial assumptions used in the July 1, 2021, valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

Investment Policy and Rate of Return

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the EAROP to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Target Allocation	Real Rate of Return
Global ex-U.S. equity	40%	4.8%
U.S. fixed	43%	1.8%
Treasury inflation protected securities (TIPS)	5%	1.6%
Real estate investment trusts	8%	3.7%
Commodities	4%	1.9%

Discount Rate

The discount rate used to measure the total OPEB liability was 6%. The projection of cash flows used to determine the discount rate assumed that the EAROP contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2021	$ 983,933	$ 899,527	$ 84,406
Service Cost	58,231	-	58,231
Interest	61,159	-	61,159
Employer Contributions	-	46,382	(46,382)
Net investment income	-	(96,790)	96,790
Administrative expense	-	(228)	228
Benefit payments	(46,382)	(46,382)	-
Net change in total OPEB liability	73,008	(97,018)	170,026
Balance at June 30, 2022	$ 1,056,941	$ 802,509	$ 254,432

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

The following presents the net OPEB liability of the EAROP, 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 (5.00%)	$ 356,315
Current discount rate (6.00%)	254,432
1% increase (7.00%)	167,452

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

The following presents the net OPEB liability of the EAROP, as well as what the net 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 rates:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease [1]	$ 152,188
Current healthcare cost trend rate	254,432
1% increase [2]	374,716

[1] Trend rate for each future year reduced by 1.00%.
[2] Trend rate for each future year increased by 1.00%.

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

For the year ended June 30, 2023, EAROP recognized OPEB expense of $57,415. At June 30, 2023, EAROP reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $44,899.

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

	Deferred Outflows of Resources	Deferred Intflows of Resources
OPEB contributions subsequent to measurement date	$ 44,899	$ -
Differences between Expected and actual experience	9,027	54,365
Differences between projected and actual return investments	82,354	-
Changes in assumptions and other inputs	8,312	-
Total	$ 144,592	$ 54,365

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining 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 of Resources	Deferred Inflows of Resources
2024	$ 30,945	$ 45,303
2025	20,369	9,062
2026	18,228	-
2027	30,151	-
Total	$ 99,693	$ 54,365

Note 8 - Fund Balances

	General Fund	Special Reserve Capital Outlay Fund	Total
Nonspendable			
Revolving cash	$ 15,000	$ -	$ 15,000
Restricted			
Education programs	307,849	-	307,849
Assigned			
Technology	350,000	-	350,000
Facilities	300,000	3,015,607	3,315,607
Education programs	4,853,080	-	4,853,080
Maintenance update and facilities improvement	200,000	-	200,000
Safety protection-supplies & protective gears	350,000	-	350,000
Distant Learning supplies & service	300,000	-	300,000
Increase bus routes-transportation	600,000	-	600,000
STRS & PERS increases	83,000	-	83,000
Instructional materials	150,000	-	150,000
Other - OPEB	213,132	-	213,132
Total assigned	7,399,212	3,015,607	10,414,819
Unassigned			
Reserve for economic uncertainties	1,045,386	-	1,045,386
Total unassigned	1,045,386	-	1,045,386
Total	$ 8,767,447	$ 3,015,607	$ 11,783,054

Note 9 - Risk Management

Property and Liability

The EAROP is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the EAROP contracted with East Bay Schools Insurance Group (EBSIG) for property and liability insurance coverage, which EBSIG goes through Northern California Regional Liability Fund (Nor-Cal ReLIEF) for excess 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 EAROP participated in the Alameda County School Insurance Group (ACSIG), an insurance purchasing pool. The intent of the ACSIG is to achieve the benefit of a reduced premium for the EAROP by virtue of its grouping and representation with other participants in the ACSIG. The workers' compensation experience of the participating member is calculated as one experience and a common premium rate is applied to all members in the ACSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of each participating school agency. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the ACSIG.

Employee Medical Benefits

The EAROP has contracted with CalPERS and administered through Alameda County Office of Education to provide employee health benefits. Rates are set through an annual calculation process. The EAROP pays an annual stipend, spread over monthly, to eligible employees, to pay for menu items of medical plans and dependent coverage, each of which has its own cost. If an employee enrolls into a plan that exceeds the monthly stipend, it is deducted from an employee’s gross pay. Employees can also waive the medical benefits if they have coverage elsewhere and keep the stipends.

Note 10 - 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 EAROP reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflow of Resources	Collective Deferred Inflow of Resources	Collective Pension Expense
CalSTRS	$ 3,789,362	$ 1,018,575	$ 981,916	$ 295,176
CalPERS	4,577,036	2,068,794	292,808	677,816
Total	$ 8,366,398	$ 3,087,369	$ 1,274,724	$ 972,992

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The EAROP 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 EAROP 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	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required 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, EAROP 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 EAROP's total contributions were $656,579.

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

At June 30, 2023, the EAROP reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the EAROP. The amount recognized by the EAROP 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 EAROP were as follows:

Total net pension liability, including State share:	
ROP's proportionate share of net pension liability	$ 3,789,362
State's proportionate share of the net pension liability associated with the ROP	1,897,699
Total	$ 5,687,061

The net pension liability was measured as of June 30, 2022. The EAROP's proportion of the net pension liability was based on a projection of the EAROP's long-term share of contributions to the pension plan relative to the projected contributions of all participating members and the State, actuarially determined. The EAROP's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.0055% and 0.0059%, resulting in a net decrease in the proportionate share of 0.0004.

For the year ended June 30, 2023, the EAROP recognized pension expense of $295,176. In addition, the EAROP recognized pension expense and revenue of $153,048 for support provided by the State. At June 30, 2023, the EAROP 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	$ 656,579	$ -
Change in proportionate share of net pension liability	170,963	512,486
Difference between projected and actual earnings on pension plan investments	-	185,307
Differences between expected and actual experience in the measurement of the total pension liability	3,108	284,123
Changes of assumptions	187,925	-
Total	$ 1,018,575	$ 981,916

The deferred outflows of resources related to pensions resulting from EAROP 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	$ (136,122)
2025	(147,466)
2026	(221,522)
2027	319,803
Total	$ (185,307)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and EAROP'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 (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	$ 79,494
2025	(79,473)
2026	(150,010)
2027	(101,864)
2028	(101,676)
Thereafter	(81,084)
Total	$ (434,613)

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, as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 un conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumptions 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, 2022 are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Public equity	42%	4.80%
Real estate	15%	3.60%
Private equity	13%	6.30%
Fixed income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation sensitive	6%	3.30%
Cash/liquidity	2%	(0.4%)

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 of 7.10% and assume 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 EAROP'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%)	$ 6,435,744
Current discount rate (7.10%)	$ 3,789,362
1% increase (8.10%)	$ 1,592,071

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	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
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 be 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 are calculated 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 EAROP 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 EAROP contributions were $467,470.

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

As of June 30, 2023, the EAROP reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $4,577,036. The net pension liability was measured as of June 30, 2022. The EAROP's proportion of the net pension liability was based on a projection of the EAROP's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The EAROP's proportionate share for the measurement period June 30, 2022, and June 30, 2021, respectively was 0.0133% and 0.0130%, resulting in a net increase in the proportionate share of 0.0003%.

For the year ended June 30, 2023, the EAROP recognized pension expense of $677,816 At June 30, 2023, the EAROP 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	$ 467,470	$ -
Net change in proportionate share of net pension liability	701,632	178,925
Difference between projected and actual earnings on pension plan investments	540,424	-
Differences between expected and actual experience in the measurement of the pension liability	20,685	113,883
Changes of assumptions	338,583	-
Total	$ 2,068,794	$ 292,808

The deferred outflows of resources related to pensions resulting from EAROP 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	$ 90,126
2025	79,935
2026	40,831
2027	329,532
Total	$ 540,424

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and EAROP'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 (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 271,819
2025	397,970
2026	101,937
2027	(3,634)
Total	$ 768,092

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
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 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 EAROP'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%)	$	6,611,760
Current discount rate (6.90%)	$	4,577,036
1% increase (7.90%)	$	2,895,411

Tax Deferred Annuity/Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The EAROP has elected to use the Social Security as its alternative plan. Contributions made by the EAROP and an employee vest immediately. The EAROP contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the EAROP. These payments consist of State General Fund contributions to CalSTRS in the amount of $304,413 (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 11 - Related Parties

The EAROP is operated under a Joint Power Agreement between the Castro Valley Unified School District, Hayward Unified School District, San Leandro Unified School District, and the San Lorenzo Unified School District. Revenues are based on the annual average daily attendance of the participants from these districts multiplied by the appropriate revenue apportionment per ADA. Upon receipt of the revenues, the districts make transfers to the EAROP. The total revenues transferred from the districts were $8,723,181 for fiscal year 2023.

Note 12 - Commitments and Contingencies

Grants

The EAROP 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 EAROP at June 30, 2023.

Litigation

The EAROP 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 EAROP at June 30, 2023.

Note 13 - Participation in Public Entity Risk Pools, Joint Power Authorities and Other Related Party Transactions

The EAROP is a member of the Alameda County School Insurance Group (ACSIG), and the East Bay School Insurance Group (EBSIG) public entity risk pools. The EAROP pays an annual premium to each entity for its workers' compensation, property and liability coverage. The relationships between the EAROP and the public entity risk pools are such that they are not component units of the EAROP 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 EAROP are included in these statements. Audited financial statements are generally available from the respective entities.

The EAROP has appointed one board member and alternate to the governing board of East Bay Schools Insurance Group and ACSIG.

During the year ended June 30, 2023, the EAROP made payments of $72,717 and $58,575 to ACSIG and EBSIG, public entity risk pools, respectively.

Note 14 - Correction of an Error

During the 2023 fiscal year, the EAROP identified misstatements within the fiscal year 2022 financial statements that effect the balance of the fiscal year 2023 financial statements related to certain lease related assets and liabilities. The effects of such restatement on the change in net position of the fiscal year 2022 is a net increase of $6,661.

The following is a summary of the effects of such restatement on the balance of net position as of the July 1, 2022, beginning balance date:

Governmental activities	
Net position, beginning, as previously reported at June 30, 2022	$ 5,899,021
Adjustments too	
Right-to-use intangible asset, net of amortization	(577,204)
Lease liability	583,865
Net change in net position	6,661
Net position, beginning, as restated	$ 5,905,682

Required Supplementary Information
June 30, 2023

Eden Area Regional Occupational Program

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 311,834	$ 268,025	$ 289,953	$ 21,928
Other state sources	7,297,147	7,749,061	7,607,404	(141,657)
Other local sources	12,101,151	14,014,624	12,561,490	(1,453,134)
Total revenues	19,710,132	22,031,710	20,458,847	(1,572,863)
Expenditures				
Current				
Certificated salaries	3,934,120	4,000,792	3,892,658	108,134
Classified salaries	1,663,295	1,957,485	1,795,085	162,400
Employee benefits	2,292,942	2,707,107	2,500,016	207,091
Books and supplies	988,843	804,797	628,446	176,351
Services and operating expenditures	10,096,493	11,636,188	9,834,422	1,801,766
Other outgo			-	-
Capital outlay	751,758	195,438	229,727	(34,289)
Principal	-	-	39,436	(39,436)
Interest	-	-	1,114	(1,114)
Total expenditures	19,727,451	21,301,807	18,920,904	2,380,903
Excess (Deficiency) of Revenues Over Expenditures	(17,319)	729,903	1,537,943	808,040
Net Changes in Fund Balances	(17,319)	729,903	1,537,943	808,040
Fund Balances - Beginning of Year	7,229,504	7,229,504	7,229,504	-
Fund Balances - End of Year	$ 7,212,185	$ 7,959,407	$ 8,767,447	$ 808,040

Eden Area Regional Occupational Program

Schedule of Changes in the EAROP's Net OPEB Liability and Related Ratios

Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Service Cost	$ 58,231	$ 37,712	$ 53,663	$ 47,249	$ 15,775	$ 15,775
Interest	61,159	55,469	51,888	41,311	37,032	37,032
Change of benefit terms	-	148,339	-	-	-	-
Difference between expected and actual experience	-	(144,971)	25,438	72,108	-	-
Changes of assumptions	-	21,676	-	7,528	-	-
Benefit payments	(46,382)	(41,515)	(18,661)	(28,734)	(28,734)	(28,734)
Net change in total OPEB liability	73,008	76,710	112,328	139,462	24,073	24,073
Total OPEB Liability - beginning	983,933	907,223	794,895	655,433	631,360	631,360
Total OPEB Liability - ending	$ 1,056,941	$ 983,933	$ 907,223	$ 794,895	$ 655,433	$ 655,433
Plan fiduciary net position						
Contributions - employer	$ 46,382	$ 41,515	$ 18,661	$ 28,734	$ 28,734	$ 28,734
Net investment income	(96,790)	107,445	47,199	50,064	44,412	44,412
Benefit payments	(46,382)	(41,515)	(18,661)	(28,734)	(28,734)	(28,734)
Administrative expense	(228)	(280)	(370)	(150)	(534)	(534)
Net change in plan fiduciary net position	(97,018)	107,165	46,829	49,914	43,878	43,878
Plan fiduciary net position - beginning	899,527	792,362	745,533	695,619	611,126	611,126
Plan fiduciary net position - ending (b)	$ 802,509	$ 899,527	$ 792,362	$ 745,533	$ 655,004	$ 655,004
ROP's net OPEB - ending (a) - (b)	$ 254,432	$ 84,406	$ 114,861	$ 49,362	$ 429	$ 429
Plan fiduciary net position as a percentage of the total liability	76%	91%	87%	94%	100%	100%
Covered-employee payroll	$ 1,688,481	$ 1,688,481	$ 1,885,403	$ 2,089,892	$ 924,703	$ 924,703
EAROP's net OPEB liability as a percentage of covered payroll	15%	5%	6%	2%	0%	0%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

See Notes to Required Supplementary Information

Eden Area Regional Occupational Program

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

Year Ended June 30, 2023

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0055%	0.0059%	0.0058%	0.0058%	0.0057%
Proportionate share of the net pension liability	$ 3,789,363	$ 2,700,503	$ 5,610,464	$ 5,211,110	$ 5,280,664
State's proportionate share of the net pension liability associated with EAROP	1,897,698	1,358,788	2,892,195	2,843,008	3,023,427
Total	$ 5,687,061	$ 4,059,291	$ 8,502,659	$ 8,054,118	$ 8,304,091
Covered payroll	$ 3,021,637	$ 3,228,743	$ 3,188,170	$ 3,116,683	$ 2,997,263
Proportionate share of the net pension liability as a percentageof its covered payroll	125.41%	83.64%	175.98%	167.20%	176.18%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
CalPERS					
Proportion of the net pension liability	0.0133%	0.0130%	0.0079%	0.0103%	0.0116%
Proportionate share of the net pension liability	$ 4,577,036	$ 2,648,660	$ 2,418,122	$ 2,991,055	$ 3,098,031
Covered payroll	$ 1,688,481	$ 1,425,705	$ 1,301,937	$ 1,317,794	$ 1,421,608
Proportionate share of the net pension liability as a percentage of its covered payroll	271.07%	185.78%	185.73%	226.97%	217.92%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0055%	0.0054%	0.0053%	0.0052%
Proportionate share of the net pension liability	$ 5,097,295	$ 4,273,797	$ 3,583,085	$ 3,049,843
State's proportionate share of the net pension liability associated with EAROP	3,015,517	2,489,924	1,895,057	1,841,627
Total	$ 8,112,812	$ 6,763,721	$ 5,478,142	$ 4,891,470
Covered payroll	$ 2,937,186	$ 2,746,188	$ 2,415,518	$ 2,336,680
Proportionate share of the net pension liability as a percentageof its covered payroll	173.54%	155.63%	148.34%	130.52%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
Proportion of the net pension liability	0.0132%	0.0115%	0.0112%	0.0175%
Proportionate share of the net pension liability	$ 3,141,608	$ 2,278,383	$ 1,644,780	$ 1,982,343
Covered payroll	$ 1,284,512	$ 1,056,985	$ 907,884	$ 768,293
Proportionate share of the net pension liability as a percentage of its covered payroll	244.58%	215.55%	181.17%	258.02%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
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.

Eden Area Regional Occupational Program
Schedule of the EAROP's Pension Contributions
Year Ended June 30, 2023

	2023	2022	2021	2020
CalSTRS				
Contractually required contribution	$ 656,579	$ 511,261	$ 521,442	$ 545,177
Contributions in relation to the contractually required contribution	(656,579)	(511,261)	(521,442)	(545,177)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
EAROP's covered payroll	$ 3,437,586	$ 3,021,637	$ 3,228,743	$ 3,188,170
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%
CalPERS				
Contractually required contribution	$ 467,470	$ 386,831	$ 295,121	$ 256,755
Contributions in relation to the contractually required contribution	(467,470)	(386,831)	(295,121)	(256,755)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
EAROP's covered payroll	$ 1,842,609	$ 1,688,481	$ 1,425,705	$ 1,301,937
Contributions as a percentage of covered payroll	25.37%	22.91%	20.70%	19.72%

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

	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	$ 507,396	$ 432,505	$ 369,498	$ 294,666	$ 214,498
Contributions in relation to the contractually required contribution	(507,396)	(432,505)	(369,498)	(294,666)	(214,498)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
EAROP's covered payroll	$ 3,116,683	$ 2,997,263	$ 2,937,186	$ 2,746,188	$ 2,415,518
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS					
Contractually required contribution	$ 238,020	$ 220,790	$ 178,393	$ 125,221	$ 106,867
Contributions in relation to the contractually required contribution	(238,020)	(220,790)	(178,393)	(125,221)	(106,867)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
EAROP's covered payroll	$ 1,317,794	$ 1,421,608	$ 1,284,512	$ 1,056,985	$ 907,884
Contributions as a percentage of covered payroll	18.06%	15.53%	13.89%	11.85%	11.77%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The EAROP 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.

Schedule of Changes in the EAROP's Net OPEB Asset and Related Ratios

This schedule presents information on the EAROP's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net 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 benefit terms since the previous valuation.
- Changes in Assumptions – There were no changes in assumptions from the previous valuation.

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

This schedule presents information on the EAROP's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the EAROP. 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 plans 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 EAROP's Contributions

This schedule presents information on the EAROP'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

Eden Area Regional Occupational Program

Organization

The Eden Area Regional Occupational Program was established in 1971 and was formed by a joint powers agreement among the following school districts: Castro Valley Unified School District, San Leandro Unified School District, and San Lorenzo Unified School District. Hayward Unified School District joined the EAROP on January 1, 1991. The EAROP operates one school in the leased site from Hayward Unified School District at 26316 Hesperian Blvd, Hayward, California. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Gary Howard	President	2024
Juan Campos	Vice President	2023
Evelyn Gonzalez	Member	2024
Joe Ramos	Member	2023

Administration

NAME	TITLE
Blaine Torpey	Superintendent/Clerk
Anthony Oum	Fiscal Services Administrator

Due to the implementation of the Local Control Funding Formula (LCFF), the funding is provided to member districts for this program instead of to the EAROP and is maintained at the same level from fiscal year 2012-13. The EAROP is not required to report the ADA in an annual attendance report.

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

	General Fund	Special Reserve For Capital Project
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	$ 9,117,309	$ 3,089,417
Decrease in		
County cash fair market value adjustments	(349,862)	(73,810)
Balance, June 30, 2023, Audited Financial Statements	$ 8,767,447	$ 3,015,607

	(Budget) 2024[1]	2023	2022[1]	2021[1]
General Fund				
Revenues	$ 17,194,384	$ 20,458,847	$ 14,843,751	$ 13,519,804
Expenditures	17,992,925	18,920,904	15,189,633	12,962,101
Increase (Decrease) in Fund Balance	$ (798,541)	$ 1,537,943	$ (345,882)	$ 557,703
Ending Fund Balance	$ 7,968,906	$ 8,767,447	$ 7,229,504	$ 7,575,386
Available Reserves [2]	$ 1,079,576	$ 1,045,386	$ 1,364,162	$ 1,289,815
Available Reserves as a Percentage of Total Outgo	6.00%	5.53%	8.98%	9.95%
Long Term Liabilities	N/A	$ 8,727,463	$ 6,155,136	$ 8,197,242
K-12 Average Daily Attendance at Annual	n/a	n/a	n/a	n/a

The General Fund balance has increased by $1,192,061 over the past two years. The fiscal year 2023-2024 budget projects a slight decrease of $798,541 (9%). For the EAROP this size, the State recommends available reserves of at least six percent of total General Fund expenditures, transfers out, and other uses (total outgo). Available reserve of 5.53% for the current year is due to the expenditures included $1,497,816 from the consolidated funds.

The EAROP had incurred operating deficit in one of the past three years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by $1,048,284 over the past two years.

[1] Financial information for 2024, 2022, and 2021 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 within the General Fund.

Note 1 - Purpose of Schedules

Local Education Agency Organization Structure

This schedule provides information about the EAROP'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 EAROP. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to the EAROP. This schedule provides information regarding the attendance of students at various grade levels and in different programs. This schedule is not applicable to EAROP.

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

Independent Auditor's Reports
June 30, 2023

Eden Area Regional Occupational Program

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CPAs & BUSINESS ADVISORS

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
Eden Area Regional Occupational Program
Hayward, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities and each major fund information of Eden Area Regional Occupational Program (the EAROP), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the EAROP's basic financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the EAROP'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 EAROP's internal control. Accordingly, we do not express an opinion on the effectiveness of the EAROP's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 responses as item 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 EAROP'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*.

EAROP's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the EAROP's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The EAROP'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 EAROP'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 EAROP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
January 26, 2024

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	Not applicable
State Awards	Not applicable

The following findings represent material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Material Weakness in Internal Control Over Financial Reporting, Correction of Error

Criteria

Management is responsible for designing, implementing, and maintaining internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Additionally, management is responsible for the preparation and fair presentation of the financial statements following generally accepted accounting principles (GAAP).

Condition

During the 2023 fiscal year, the EAROP identified misstatements within the fiscal year 2022 financial statements that affect the balance of the fiscal year 2023 financial statements related to certain lease-related assets and liabilities.

Furthermore, in conjunction with completing the audit, we were requested to draft the financial statements and related notes to the financial statements. Management reviewed, approved, and accepted responsibility for the financial statements and notes before issuance.

Cause

Fiscal year 2022 was the first year under the new lease accounting standard (GASB 87). As a new accounting standard, there was confusion regarding certain technical interpretations involving variable leases that became clearer during the fiscal year 2023.

Effect

Restatement of the beginning balance of the fiscal year 2022 financial statements was necessary for EAROP's financial statements to be fairly stated in all material effects. The effect of the restatement is further described in Note 14 to the financial statements.

Furthermore, relying on the external auditors to prepare the financial statements and disclosures is considered a material weakness because action of our Firm cannot be viewed as part of the Districts internal control.

Recommendation

The correcting audit adjustments were posted to the financial statements, and no additional corrective action is necessary.

Corrective Action Plan and Views of Responsible Officials

The variable property lease, that was driven by the annual COLA, was incorrectly recorded in the financial statement causing this restatement. Now knowing that variable leases are to be excluded under GASB 87, we will ensure that it is excluded going forward to ensure accurate financial reporting.

None reported.