Financial Statements
June 30, 2023

Chatom Union Elementary School District

Chatom Union Elementary School District
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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Chatom Union Elementary School District
Turlock, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S*. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Fresno, California
February 2, 2024

CHATOM
UNION SCHOOL DISTRICT
Learn. Lead. Succeed.

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Turlock, CA 95380
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FAX: (209) 664-8508

CHATOM PRESCHOOL
CHATOM ELEMENTARY
7221 Clayton Rd.
Turlock, CA 95380

MOUNTAIN VIEW
MIDDLE SCHOOL
10001 Crows Landing Rd.
Crows Landing, CA 95313

This section of Chatom Union School District's (District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal years that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District'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 Chatom Union School District (the District) using the integrated approach as prescribed by GASB Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT 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 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 Chatom Union School District.

DISTRICT
SUPERINTENDENT
Cherise Olvera

BOARD OF TRUSTEES
Anthony Avila
Karen Macedo
Rodney Machado
Dr. Rob Santos
Steve Soderstrom

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets, deferred outflows, liabilities, and deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. 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 present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and as well as local grants finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law. However, management establishes many other 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 District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District'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 the governmental fund financial statements.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The Local Control Funding Formula (LCFF) and the Local Control Accountability Plan (LCAP) have continued to be the funding model for the District revenue. The LCFF guarantees a minimum amount of state aid to school districts based on the amount of state aid they received in 2012-2013. The calculation is adjusted for changes in local revenue and ADA and it provides a uniform base grant for each school district per unit of average daily attendance (ADA), based on the grade span of the pupils, i.e. kindergarten through grade 3 (TK-3), grades 4-6, grades 7-8. The LCFF allows for supplemental and concentration dollars based on unduplicated student counts within the district. Each district has a "target" revenue, and the state fills the gap between this target and the calculated revenue. This "gap funding" is determined by the state each year and has since been fully funded as of 2018-2019 prior to the goal year of 2020-2021.

The District continues to experience positive financial solvency, as in past years, despite the economic ups and downs in both the State and the national scene. The District has also continued to meet all obligations and commitments during the year. The District did not have to borrow from other funds at the end of year, as it had done in prior years, for cash flow needs in the General Fund.

The After-School Programs that are operated on both campuses have made a significant impact on the education of students needing tutoring and enrichment. Fortunately, both campuses continued to receive funding in the 2022-2023 school year which allowed the programs to continue. LCAP funding assisted in transportation costs to allow students to stay after school with reliable and safe transportation home. The District also has a C.A.R.E. program which runs in conjunction to the after-school program providing its students with a safe environment at school until parental supervision is available.

Negotiations for both the Certificated and the Classified Staff were settled for 2022-2023. Classified settled in January 2023 and Certificated in May 2022. All bargaining unit members within the District have been major contributors to the financial well-being of the District. All Staff have been moved Step and/or Column appropriate to their tenure with the District.

The District's Fund 01 (General Fund) combined with Fund 17 (Reserve for Economic Uncertainties) remains with a reserve amount above the State required four percent of the total expenditures of the General Fund. As the economy nationwide continues to fluctuate, making school funding more nebulous, these reserves continue to help the District maintain its fiscal health in the out-years. These reserves will also continue to help maintain a positive cash flow, as the District funding model changed from a Revenue Limit per ADA to a Local Control Funding Formula. Along with the new funding model the District implemented the State Local Control Accountability Program. This has allowed the public, parents and staff to have input into the programs the District operates. The programs are monitored and reviewed annually by those involved to check effectiveness and the appropriate use of the funding.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $3,892,433 for the fiscal year ended June 30, 2023, and $598,130 for the fiscal year ended June 30, 2022; an increase in net position of $3,294,303. Of this amount, $4,464,948 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School 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 District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as Restated
Assets		
Current and other assets	$ 12,981,133	$ 10,070,709
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	6,136,645	6,263,172
Total assets	19,117,778	16,333,881
Deferred Outflows of Resources	1,825,910	1,644,404
Liabilities		
Current liabilities	2,536,462	2,799,351
Long-term liabilities	13,041,813	11,019,576
Total liabilities	15,578,275	13,818,927
Deferred Inflows of Resources	1,472,980	3,561,228
Net Position		
Net investment in capital assets	720,639	637,810
Restricted	4,464,948	2,285,499
Unrestricted (deficit)	(1,293,154)	(2,325,179)
Total net position	$ 3,892,433	$ 598,130

The $3,892,433 in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $1,032,025.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement and rearranges it 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	$ 19,827	$ 125,374
Operating grants and contributions	3,462,634	2,704,124
General revenues		
Federal and State aid not restricted	3,671,022	3,111,917
Property taxes	4,302,073	3,997,568
Other general revenues	1,950,146	378,745
Total revenues	13,405,702	10,317,728
Expenses		
Instruction-related	6,269,743	5,615,279
Pupil services	1,178,262	1,105,527
Administration	1,260,564	1,052,759
Plant services	870,342	757,557
All other services	532,488	470,769
Total expenses	10,111,399	9,001,891
Change in net position	$ 3,294,303	$ 1,315,837

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

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $10,111,399, while the prior year was $9,001,891. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $4,302,073 because the cost was paid by those who benefited from the programs $19,827 or by other governments and organizations who subsidized certain programs with grants and contributions of $3,462,634. We paid for the remaining "public benefit" portion of our governmental activities with $3,671,022 in unrestricted Federal and State funds and $1,950,146 in other revenues, like interest and general entitlements.

In Table 3, we have presented the total cost and net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 6,269,743	$ 5,615,279	$ (3,992,004)	$ (3,771,943)
Pupil services	1,178,262	1,105,527	(509,457)	(582,514)
Administration	1,260,564	1,052,759	(1,041,326)	(907,733)
Plant services	870,342	757,557	(766,630)	(610,365)
All other services	532,488	470,769	(319,521)	(299,838)
Total	$ 10,111,399	$ 9,001,891	$ (6,628,938)	$ (6,172,393)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $10,444,671, which is an increase of $3,173,313 from the prior year. The General Fund increased by $2,970,194 due primarily to an increase in State and Federal funding. The District's non-major governmental funds had a small net increase from prior year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 5,425,985	$ 11,854,361	$ 8,884,167	$ 8,396,179
Student Activities	39,815	74,785	55,728	58,872
Child Development	65,891	417,553	380,549	102,895
Cafeteria	161,142	692,536	646,867	206,811
Deferred Maintenance	280,712	87,833	55,364	313,181
Capital Facilities	660,596	27,130	-	687,726
Special Reserve Fund for Capital Outlay Projects	313,108	51,148	6,857	357,399
Bond Interest and Redemption	324,109	360,981	363,482	321,608
Total	$ 7,271,358	$ 13,566,327	$ 10,393,014	$ 10,444,671

General Fund Budgetary Highlights

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

- LCFF revenue, which is based on ADA, was calculated and funded using the prior 3-year average ADA. The District is in continued declining enrollment. Other state revenue appears inflated due to PERS/STRS on behalf entries and other local revenue is budgeted as received. These include interest, RDA taxes, CARE program income, donations and CRSIG Safety reimbursements.

- Revenue revisions were made to the 2022-2023 Budget mainly due to receiving one-time restricted COVID-19 funds.

- Expenditures in custodial/other supplies, equipment, and capital outlay increased from the original budget due to the world-wide coronavirus pandemic.

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

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $6,136,645 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, land improvements, buildings, equipment, as well as right-to-use leased net assets net of amortization, and right-to-use subscription IT assets. This amount represents a decrease of $126,527 from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 as Restated
Land and construction in progress	$ 166,556	$ 19,900
Buildings and improvements	5,610,832	5,820,539
Equipment	264,832	307,177
Right-to-use leased assets	4,491	5,691
Right-to-use subscription IT assets	89,934	109,865
Total	$ 6,136,645	$ 6,263,172

We present more detailed information regarding our Capital Assets, right-to-use leased assets, and right-to-use subscription IT assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of this year, the District had $13,041,813 in long-term liabilities outstanding compared to $11,019,576 on last year's financials. Those obligations consisted of:

Table 6

	Governmental Activities	
	2023	2022 as Restated
Long-Term Liabilities		
General obligation bonds	$ 5,928,037	$ 6,070,980
Unamortized premiums	111,016	117,183
Leases	4,523	5,699
Subscription-based IT arrangements	3,720	7,348
Compensated absences	13,783	17,221
Net OPEB liability	817,694	785,426
Aggregate net pension liability	6,163,040	4,015,719
Total	$ 13,041,813	$ 11,019,576

The District's general obligation bond insured S&P rating at the time of our last issuance was "AAA".

At year-end, the District has a net pension liability of $6,163,040 versus $4,015,719 last year, an increase of $2,022,237, or 18.4%. The District also reported deferred outflows of resources from pension activities of $1,673,152, and deferred inflows of resources from pension activities of $1,200,745. We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

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

Technology became the primary source for parent communication using Parent Square. Ninety-eight percent of parents now utilize technology to access communication through Parent Square. Additional technology growth includes great use of Epson projectors, OWL cameras, and interactive virtual forms of assessment.

The After-School program continues to have great success with students and staff. The staff and administration are always looking for educational enhancements, which will have a positive impact on students.

The District has continued to use Deferred Maintenance funds and LCAP Supplemental and Concentration monies to replace or repair its facilities throughout the year. Other projects are planned for the future.

The District-wide technology infrastructure is being addressed and will be updated as funding becomes available. The District received E-rate funding in 2022-2023 to assist with the costs of technology infrastructure.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

- Using the Local Control Funding Formula method of funding with adjustments at First and Second Interim using the most current information.
- Using the funding factors pursuant to the Governor's Adopted State Budget.
- Interest earnings budgeted lower than the prior year due to the uncertainty caused by the COVID-19 pandemic.
- Budgeting ADA to be funded at the prior 3-year average using the LCFF Calculator. Any changes will need to be addressed for the out-years and will be adjusted as needed at during Interim based on projected enrollment.
- Following the FCMAT LCFF Calculator Factors as a base for multiyear projections.
- District reserve levels will be maintained above the State required 4% of total General Fund expenditures.

Expenditures are based on the following forecasts:

- Step and Column are anticipated to increase by approximately three percent for certificated and four percent for classified bargaining units.
- No COLA is being budgeted for salaries.
- With the LCFF funding model, expenditures are being projected with the final expenditures being brought in line with revenue projections at midyear. There will need to be modifications to the budget based on the final data being used for funding.
- Budgeted contributions to restricted programs/funds will be revised as more information is available.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Superintendent, Cherise Olvera at Chatom Union School District, 7201 Clayton Rd., Turlock, California, 95380, or e-mail at colvera@chatom.k12.ca.us.

	Governmental Activities
Assets	
Deposits and investments	$ 10,339,861
Receivables	2,634,417
Stores inventories	6,855
Capital assets not depreciated	166,556
Capital assets, net of accumulated depreciation	5,875,664
Right-to-use leased assets, net of accumulated amortization	4,491
Right-to-use subscription IT assets, net of accumulated amortization	89,934
Total assets	19,117,778
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	152,758
Deferred outflows of resources related to pensions	1,673,152
Total deferred outflows of resources	1,825,910
Liabilities	
Accounts payable	732,217
Unearned revenue	1,804,245
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	264,909
Long-term liabilities other than OPEB and pensions due in more than one year	5,796,170
Net other postemployment benefits liability (OPEB)	817,694
Aggregate net pension liabilities	6,163,040
Total liabilities	15,578,275
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	272,235
Deferred inflows of resources related to pensions	1,200,745
Total deferred inflows of resources	1,472,980
Net Position	
Net investment in capital assets	720,639
Restricted for	
Debt service	321,608
Capital projects	687,726
Educational programs	3,196,786
Child nutrition	199,956
Student activities	58,872
Unrestricted (deficit)	(1,293,154)
Total net position	$ 3,892,433

Chatom Union Elementary School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 5,437,205	$ 11,999	$ 2,053,610	$ (3,371,596)
Instruction-related activities				
Supervision of instruction	35,360	-	7,773	(27,587)
Instructional library, media, and technology	165,763	-	93,110	(72,653)
School site administration	631,415	-	111,247	(520,168)
Pupil services				
Home-to-school transportation	347,628	-	-	(347,628)
Food services	649,649	-	627,070	(22,579)
All other pupil services	180,985	210	41,525	(139,250)
Administration				
Data processing	59,191	-	-	(59,191)
All other administration	1,201,373	122	219,116	(982,135)
Plant services	870,342	-	103,712	(766,630)
Ancillary services	175,324	7,496	164,743	(3,085)
Interest on long-term liabilities	220,706	-	-	(220,706)
Other outgo	136,458	-	40,728	(95,730)
Total governmental activities	$ 10,111,399	$ 19,827	$ 3,462,634	(6,628,938)
General Revenues and Subventions				
Property taxes, levied for general purposes				3,910,110
Property taxes, levied for debt service				358,183
Taxes levied for other specific purposes				33,780
Federal and State aid not restricted to specific purposes				3,671,022
Interest, investment earnings and fair market value adjustments				(28,738)
Interagency revenues				1,000
Miscellaneous and unspent State entitlement revenues				1,977,884
Subtotal, general revenues and subventions				9,923,241
Change in Net Position				3,294,303
Net Position - Beginning, as Restated				598,130
Net Position - Ending				$ 3,892,433

Chatom Union Elementary School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 8,493,425	$ 1,846,436	$ 10,339,861
Receivables	2,272,950	361,467	2,634,417
Due from other funds	72,460	-	72,460
Stores inventories	-	6,855	6,855
Total assets	$ 10,838,835	$ 2,214,758	$ 13,053,593
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 646,037	$ 86,180	$ 732,217
Due to other funds	-	72,460	72,460
Unearned revenue	1,796,619	7,626	1,804,245
Total liabilities	2,442,656	166,266	2,608,922
Fund Balances			
Nonspendable	5,000	6,855	11,855
Restricted	3,093,891	1,371,057	4,464,948
Committed	-	313,181	313,181
Assigned	1,099,585	357,399	1,456,984
Unassigned	4,197,703	-	4,197,703
Total fund balances	8,396,179	2,048,492	10,444,671
Total liabilities and fund balances	$ 10,838,835	$ 2,214,758	$ 13,053,593

Total Fund Balance - Governmental Funds		$ 10,444,671
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	$ 11,748,931	
Accumulated depreciation is	(5,706,711)	
Net capital assets		6,042,220
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	5,991	
Accumulated amortization is	(1,500)	
Net right-to-use leased assets		4,491
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	109,865	
Accumulated amortization is	(19,931)	
Net right-to-use subscription IT assets		89,934
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)	152,758	
Net pension liability	1,673,152	
Total deferred outflows of resources		1,825,910
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)	(272,235)	
Net pension liability	(1,200,745)	
Total deferred inflows of resources		(1,472,980)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(6,163,040)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(817,694)
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		
General obligation bonds including unamortized premiums	(5,407,763)	
Leases	(4,523)	
Subscription-based IT arrangements	(3,720)	
Compensated absences (vacations)	(13,783)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(631,290)	
Total long-term liabilities		(6,061,079)
Total net position - governmental activities		$ 3,892,433

Chatom Union Elementary School District

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

Year Ended June 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ 7,384,189	$ 60,000	$ 7,444,189
Federal sources	762,946	543,911	1,306,857
Other State sources	2,897,728	561,478	3,459,206
Other local sources	785,868	526,577	1,312,445
Total revenues	11,830,731	1,691,966	13,522,697
Expenditures			
Current			
Instruction	5,117,934	290,703	5,408,637
Instruction-related activities			
Supervision of instruction	23,475	-	23,475
Instructional library, media, and technology	169,006	-	169,006
School site administration	615,653	10,891	626,544
Pupil services			
Home-to-school transportation	337,153	-	337,153
Food services	7,862	623,237	631,099
All other pupil services	176,404	-	176,404
Administration			
Data processing	56,346	-	56,346
All other administration	1,156,366	27,460	1,183,826
Plant services	786,048	38,915	824,963
Ancillary services	118,440	55,728	174,168
Other outgo	136,458	-	136,458
Facility acquisition and construction	159,227	74,801	234,028
Debt service			
Principal	3,628	250,000	253,628
Interest and other	167	113,482	113,649
Total expenditures	8,864,167	1,485,217	10,349,384
Excess (Deficiency) of Revenues Over Expenditures	2,966,564	206,749	3,173,313
Other Financing Sources (Uses)			
Transfers in	23,630	20,000	43,630
Transfers out	(20,000)	(23,630)	(43,630)
Net Financing Sources (Uses)	3,630	(3,630)	-
Net Change in Fund Balances	2,970,194	203,119	3,173,313
Fund Balance - Beginning	5,425,985	1,845,373	7,271,358
Fund Balance - Ending	$ 8,396,179	$ 2,048,492	$ 10,444,671

See Notes to Financial Statements

Total Net Change in Fund Balances - Governmental Funds		$ 3,173,313
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	$ (360,555)	
Capital outlays	234,028	
Net expense adjustment		(126,527)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(107,057)
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.		3,438
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.		125,540
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.		(35,375)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		6,167

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	250,000
Leases	1,176
Subscription-based IT arrangements	3,628
Change in net position of governmental activities	$ 3,294,303

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Chatom Union Elementary School District was established on July 1, 1956, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades preschool - eighth as mandated by the State and/or Federal agencies. The District operates one preschool, one elementary school (K-5), and one middle school (6-8).

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Fund

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

Three funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 15, Pupil Transportation Fund, Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Postemployment Benefits Fund, 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 $740,075.

Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **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).

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*Education Code* Sections 15125-15262).

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, of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets and subscription IT 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 is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using 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 balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are

considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

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.

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

The District records the value of 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.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the Statement of Net Position.

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 as long-term liabilities.

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

Accrued Liabilities and Long-Term Liabilities including unamortized premiums

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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, compensated absences and 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 of Resources and Deferred Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 31 to 72 years.

Fund Balances - Governmental Funds

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

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or designee may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties including all unassigned amounts equal to no less than 8.33% 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $4,464,948 of restricted net position.

Interfund Activity

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

Estimates

The preparation of the financial statements in conformity with GAAS 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 Stanislaus bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 1 and the additional disclosures required by this standard are included in Notes 8 and 15.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 10,339,861

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

Cash on hand and in banks	$ 58,872
Cash with fiscal agent	110,152
Cash in revolving	5,000
Investments	10,165,837
Total deposits and investments	$ 10,339,861

Policies and Practices

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

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

General Authorizations

Limitations as they relate to interest rate risk 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 has 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 County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $10,165,837 in the Stanislaus County Treasury Investment Pool that has an average weighted maturity of 428 days.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Stanislaus County Treasury Investment Pool is currently not rated, nor is it required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, none of the District's bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent.

Note 3 - Receivables

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

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 1,735,124	$ 143,104	$ 1,878,228
State Government			
Categorical aid	433,497	189,386	622,883
Local Sources	104,329	28,977	133,306
Total	$ 2,272,950	$ 361,467	$ 2,634,417

Note 4 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

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

	Balance July 1, 2022	Additions	Balance June 30, 2023
Governmental Activities			
Capital assets not being depreciated			
Land	$ 19,900	$ -	$ 19,900
Construction in progress	-	146,656	146,656
Total capital assets not being depreciated	19,900	146,656	166,556
Capital assets being depreciated			
Land improvements	984,278	23,630	1,007,908
Buildings and improvements	9,103,817	41,035	9,144,852
Furniture and equipment	1,406,908	22,707	1,429,615
Total capital assets being depreciated	11,495,003	87,372	11,582,375
Total capital assets	11,514,903	234,028	11,748,931
Accumulated depreciation			
Land improvements	(361,983)	(51,557)	(413,540)
Buildings and improvements	(3,905,573)	(222,815)	(4,128,388)
Furniture and equipment	(1,099,731)	(65,052)	(1,164,783)
Total accumulated depreciation	(5,367,287)	(339,424)	(5,706,711)
Net depreciable capital assets	6,127,716	(252,052)	5,875,664
Right-to-use leased assets being amortized			
Furniture and equipment	5,991	-	5,991
Accumulated amortization			
Furniture and equipment	(300)	(1,200)	(1,500)
Net right-to-use leased assets	5,691	(1,200)	4,491
Right-to-use subscription IT assets being amortized			
Right-to-use subscription IT assets	109,865	-	109,865
Accumulated amortization	-	(19,931)	(19,931)
Net right-to-use subscription IT assets	109,865	(19,931)	89,934
Governmental activities capital assets and right-to-use leased assets, net	$ 6,263,172	$ (126,527)	$ 6,136,645

Depreciation and amortization expenses were charged to functional expenditures as follows:

Governmental Activities		
Instruction	$	178,017
Supervision of instruction		11,885
School site administration		24,991
Home-to-school transportation		15,567
Food services		24,491
All other pupil services		9,804
Ancillary		4,883
Data processing		2,845
All other administration		32,939
Plant services		55,133
Total depreciation and amortization expenses - governmental activities	$	360,555

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major governmental funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	$ 72,460	$ -
Non-Major Governmental Fund		
Child Development	-	72,460
Total	$ 72,460	$ 72,460

The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	$ 72,460

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2023, consist of the following:

The Cafeteria Non-Major Governmental Fund transferred to the General Fund to pay back a temporary fund balance loan.	$ 23,630
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital expenditures.	20,000
Total	$ 43,630

Note 6 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 255,670	$ 58,341	$ 314,011
LCFF apportionment	133,996	-	133,996
Salaries and benefits	256,371	27,839	284,210
Total	$ 646,037	$ 86,180	$ 732,217

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,522,702	$ -	$ 1,522,702
State categorical aid	134,088	7,626	141,714
Other local	139,829	-	139,829
Total	$ 1,796,619	$ 7,626	$ 1,804,245

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 6,070,980	$ 107,057	$ (250,000)	$ 5,928,037	$ 260,000
Unamortized debt premiums	117,183	-	(6,167)	111,016	-
Leases	5,699	-	(1,176)	4,523	1,189
Subscription-based IT arrangements	7,348	-	(3,628)	3,720	3,720
Compensated absences	17,221	-	(3,438)	13,783	-
Total	$ 6,218,431	$ 107,057	$ (264,409)	$ 6,061,079	$ 264,909

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The premiums will be amortized over the life of the related debt. The leases are paid by the fund using the right-to-use leased asset. The subscription-based IT arrangements are paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
11/16/2007	2033	4.71-5.13%	$ 234,999	$ 198,540	$ -	$ (11,039)	$ 187,501
11/16/2007	Accreted interest		-	333,368	34,439	(38,961)	328,846
2/20/2019	2040	3.125-5.0%	3,280,000	3,065,000	-	-	3,065,000
2/20/2019	2038	1.93-3.96%	2,231,592	2,231,592	-	(187,346)	2,044,246
2/20/2019	Accreted interest		-	242,480	72,618	(12,654)	302,444
Total				$ 6,070,980	$ 107,057	$ (250,000)	$ 5,928,037

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	$ 202,177	$ 57,823	$ 260,000	$ -	$ 260,000
2025	206,301	58,755	265,056	9,944	275,000
2026	213,624	60,031	273,655	21,345	295,000
2027	8,782	35,298	44,080	15,920	60,000
2028	26,579	31,126	57,705	12,603	70,308
2029-2033	817,482	249,331	1,066,813	310,688	1,377,501
2034-2038	756,802	138,926	895,728	549,272	1,445,000
Total	$ 2,231,747	$ 631,290	$ 2,863,037	$ 919,772	$ 3,782,809

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ -	$ 111,981	$ 111,981
2025	-	111,981	111,981
2026	-	111,981	111,981
2027	250,000	105,731	355,731
2028	265,000	92,856	357,856
2029-2033	295,000	364,780	659,780
2034-2038	1,290,000	247,295	1,537,295
2039-2040	965,000	26,855	991,855
Total	$ 3,065,000	$ 1,173,460	$ 4,238,460

Leases

The District has entered into agreements to lease equipment. The District's liability on lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Postage meter	$ 5,699	$ -	$ (1,176)	$ 4,523

Postage Meter Lease

The District entered into an agreement to lease a postage meter. Under the terms of the lease, the District paid a total principal and interest costs of $1,176 for the year ended June 30, 2023. The annual interest rate charged on the lease was 4%. At June 30, 2023, the District has recognized a right-to-use asset of $5,991 and a lease liability of $4,523 related to this agreement. During the fiscal year, the District recorded $1,200 in amortization expense and $56 in interest expense for the right-to-use the postage meter.

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	$ 1,189	$ 43	$ 1,232
2025	1,202	30	1,232
2026	1,214	18	1,232
2027	918	5	923
Total	$ 4,523	$ 96	$ 4,619

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the general operations of the District. At June 30, 2023, the District recognized a right-to-use subscriptions IT asset of $109,865 and a SBITA liability of $3,720 related to these agreements. During the fiscal year, the District recorded $19,931 in amortization expense and $167 in interest expense. The subscriptions have an interest rate of 3.0%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 3,720	$ 75	$ 3,795

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $13,783.

Note 9 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 795,759	$ 152,758	$ 272,235	$ 52,224
Medicare Premium Payment (MPP) Program	21,935	-	-	(6,049)
Total	$ 817,694	$ 152,758	$ 272,235	$ 46,175

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	6
Active employees	32
Total	38

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the

agreements with the District, CSEA, and the unrepresented groups. For measurement period of June 30, 2023, the District paid $10,800 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $795,759 was measured as of June 30, 2023, by applying certain roll-forward procedures to the valuation data completed as of June 30, 2022.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	4.00%

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

The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis. If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 757,442
Service cost	37,184
Interest	27,280
Contributions-employer	(10,800)
Changes of assumptions or other inputs	(15,347)
Net change in total OPEB liability	38,317
Balance, June 30, 2023	$ 795,759

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The discount rate changed from 3.54% to 3.65% since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 947,777
Current discount rate (3.65%)	795,759
1% increase (4.65%)	675,537

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3%)	$ 649,016
Current healthcare cost trend rate (4%)	795,759
1% increase (5%)	987,758

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

For the year ended June 30,2023, the District recognized OPEB expense of $52,224. At June 30, 2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 89,878
Changes of assumptions	152,758	182,357
Total	$ 152,758	$ 272,235

The deferred outflows of resources and deferred inflows of resources related to the change in differences between expected and actual experience in the measurement of the total OPEB 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	$ (12,240)
2025	(12,240)
2026	(12,240)
2027	(12,240)
2028	(12,240)
Thereafter	(58,277)
Total	$ (119,477)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $21,935 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0067% and 0.0070%, resulting in a net decrease in the proportionate share of 0.0003%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(6,049).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 23,913
Current discount rate (3.54%)	21,935
1% increase (4.54%)	20,222

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 20,126
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	21,935
1% increase (5.50% Part A and 6.40% Part B)	23,985

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	$ 5,000	$ -	$ 5,000
Stores inventories	-	6,855	6,855
Total nonspendable	5,000	6,855	11,855
Restricted			
Legally restricted programs	3,093,891	102,895	3,196,786
Food service	-	199,956	199,956
Capital projects	-	687,726	687,726
Student activities	-	58,872	58,872
Debt services	-	321,608	321,608
Total restricted	3,093,891	1,371,057	4,464,948
Committed			
Deferred maintenance program	-	313,181	313,181
Assigned			
One-time discretionary	446,797	-	446,797
Future facility needs	200,000	-	200,000
Bus reserve	82,054	-	82,054
Retiree benefits	76,971	-	76,971
Special education costs	200,000	-	200,000
Care program	93,763	-	93,763
Capital outlay projects	-	357,399	357,399
Total assigned	1,099,585	357,399	1,456,984
Unassigned			
Reserve for economic uncertainties	344,594	-	344,594
Remaining unassigned	3,853,109	-	3,853,109
Total unassigned	4,197,703	-	4,197,703
Total	$ 8,396,179	$ 2,048,492	$ 10,444,671

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with Central Region Schools' Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Central Region Schools' Insurance Group (CRSIG), an insurance purchasing pool. The intent of the CRSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the CRSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the CRSIG. 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. 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 CRSIG. Participation in the CRSIG is limited to districts that can meet the CRSIG selection criteria.

Employee Medical Benefits

The District has contracted with California's Valued Trust to provide employee health and dental. Benefits are self-funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and CTA or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The District pays Vision Service Plan for employee vision.

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 3,082,964	$ 641,026	$ 1,052,430	$ 240,729
CalPERS	3,080,076	1,032,126	148,315	338,888
Total	$ 6,163,040	$ 1,673,152	$ 1,200,745	$ 579,617

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

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

	STRP Defined Benefit Program	
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, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $283,051.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 3,082,964
State's proportionate share of the net pension liability	1,543,936
Total	$ 4,626,900

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0044% and 0.0047%, resulting in a net decrease in the proportionate share of 0.0003%.

For the year ended June 30, 2023, the District recognized pension expense of $240,729. In addition, the District recognized pension expense and revenue of $124,517 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 283,051	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	202,554	670,510
Differences between projected and actual earnings on pension plan investments	-	150,762
Differences between expected and actual experience in the measurement of the total pension liability	2,529	231,158
Changes of assumptions	152,892	-
Total	$ 641,026	$ 1,052,430

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred 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	$ (110,746)
2025	(119,975)
2026	(180,226)
2027	260,185
Total	$ (150,762)

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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	$ 16,161
2025	(131,202)
2026	(170,515)
2027	(93,892)
2028	(120,477)
Thereafter	(43,768)
Total	$ (543,693)

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 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 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 District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 5,236,016
Current discount rate (7.10%)	3,082,964
1% increase (8.10%)	1,295,283

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)	
Hire date	On or before December 31, 2012	On or after 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	25.370%	25.370%

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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $422,106.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $3,080,076. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0090% and 0.0093%, resulting in a net decrease in the proportionate share of 0.0003%.

For the year ended June 30, 2023, the District recognized pension expense of $338,888. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 422,106	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,580	71,678
Differences between projected and actual earnings on pension plan investments	363,673	-
Differences between expected and actual experience in the measurement of the total pension liability	13,920	76,637
Changes of assumptions	227,847	-
Total	$ 1,032,126	$ 148,315

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred 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	$ 60,649
2025	53,791
2026	27,478
2027	221,755
Total	$ 363,673

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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	$ 47,342
2025	31,652
2026	23,721
2027	(4,683)
Total	$ 98,032

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 4,449,326
Current discount rate (6.90%)	3,080,076
1% increase (7.90%)	1,948,442

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 District has elected to use Social Security as its alternative plan. The District 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 District. These payments consist of State General Fund contributions to CalSTRS in the amount of $247,679 (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 GAAS, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

The District is not currently a party to any legal proceedings.

Note 14 - Participation in Public Entity Risk Pools

The District is a member of the California's Valued Trust (CVT) and the Central Region Schools Insurance Group (CRSIG) public entity risk pools. The District pays annual premiums to each entity for its health, workers' compensation, and property and liability coverage. The relationship between the District and the pools is such that the pools are not component units of the District for financial reporting purposes.

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

The District has appointed no members to the Governing Board of CVT.

During the year ended June 30, 2023, the District made payments of $454,436 to CVT for employee medical and dental coverage.

The District is represented by the Superintendent on the Governing Board of CRSIG.

During the year ended June 30, 2023, the District made payments of $154,029 to CRSIG for workers' compensation and property liability coverage.

Note 15 - Adoption of New Accounting Standard

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

Governmental Activities		
Net Position - Beginning, as previously reported on June 30, 2022	$	495,613
Right-to-use subscription IT assets, net of amortization		109,865
Subscription liabilities		(7,348)
Net Position - Beginning as Restated on July 1, 2022	$	598,130

Required Supplementary Information
June 30, 2023

Chatom Union Elementary School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 6,523,667	$ 7,743,590	$ 7,384,189	$ (359,401)
Federal sources	1,832,823	1,773,044	762,946	(1,010,098)
Other State sources	551,069	1,266,220	2,897,728	1,631,508
Other local sources	591,651	592,017	785,868	193,851
Total revenues [1]	9,499,210	11,374,871	11,830,731	455,860
Expenditures				
Current				
Certificated salaries	2,774,580	2,864,841	2,870,581	(5,740)
Classified salaries	1,209,042	1,572,960	1,529,634	43,326
Employee benefits	1,952,698	2,036,455	1,778,635	257,820
Books and supplies	797,473	788,750	318,330	470,420
Services and operating expenditures	1,924,325	2,506,136	1,839,851	666,285
Other outgo	131,836	168,763	352,880	(184,117)
Capital outlay	270,698	41,405	170,461	(129,056)
Debt service				
Debt service - principal	-	-	3,628	(3,628)
Debt service - interest and other	-	-	167	(167)
Total expenditures [1]	9,060,652	9,979,310	8,864,167	1,115,143
Excess of Revenues Over Expenditures	438,558	1,395,561	2,966,564	1,571,003
Other Financing Sources (Uses)				
Transfers in	-	-	23,630	23,630
Transfers out	(20,000)	(20,000)	(20,000)	-
Net Financing Sources (Uses)	(20,000)	(20,000)	3,630	23,630
Net Change in Fund Balances	418,558	1,375,561	2,970,194	1,594,633
Fund Balance - Beginning	5,425,985	5,425,985	5,425,985	-
Fund Balance - Ending	$ 5,844,543	$ 6,801,546	$ 8,396,179	$ 1,594,633

[1] Due to the consolidation of Fund 15, Pupil Transportation Fund, Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Chatom Union Elementary School District

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

Year Ended June 30, 2023

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 37,184	$ 54,614	$ 52,544
Interest	27,280	21,466	20,286
Difference between expected and actual experience	-	(66,739)	-
Changes of assumptions	(15,347)	(212,981)	7,475
Benefit payments	(10,800)	(10,821)	(8,460)
Net change in total OPEB liability	38,317	(214,461)	71,845
Total OPEB Liability - Beginning	757,442	971,903	900,058
Total OPEB Liability - Ending	$ 795,759	$ 757,442	$ 971,903
Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Chatom Union Elementary School District

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

Year Ended June 30, 2023

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 30,424	$ 27,090	$ 26,365
Interest	25,100	22,730	23,510
Difference between expected and actual experience	(60,195)	-	-
Changes of assumptions	209,998	35,079	-
Benefit payments	(14,400)	(23,284)	(16,429)
Net change in total OPEB liability	190,927	61,615	33,446
Total OPEB Liability - Beginning	709,131	647,516	614,070
Total OPEB Liability - Ending	$ 900,058	$ 709,131	$ 647,516
Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Chatom Union Elementary School District

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

Year Ended June 30, 2023

Year ended June 30,	2023	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0067%	0.0070%	0.0088%	0.0085%	0.0096%	0.0091%
Proportionate share of the net OPEB liability	$ 21,935	$ 27,984	$ 37,171	$ 31,537	$ 36,802	$ 38,106
Covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Chatom Union Elementary School District

Schedule of the District'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	0.0044%	0.0047%	0.0050%	0.0048%	0.0054%
Proportionate share of the net pension liability	$ 3,082,964	$ 2,124,085	$ 4,878,206	$ 4,323,607	$ 4,923,161
State's proportionate share of the net pension liability	1,543,936	1,068,757	2,514,716	2,358,816	2,818,740
Total	$ 4,626,900	$ 3,192,842	$ 7,392,922	$ 6,682,423	$ 7,741,901
Covered payroll	$ 2,620,349	$ 2,555,412	$ 2,730,977	$ 2,657,574	$ 2,797,588
Proportionate share of the net pension liability as a percentage of its covered payroll	117.65%	83.12%	178.62%	162.69%	175.98%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.0090%	0.0093%	0.0093%	0.0090%	0.0096%
Proportionate share of the net pension liability	$ 3,080,076	$ 1,891,634	$ 2,857,118	$ 2,608,685	$ 2,563,359
Covered payroll	$ 1,382,444	$ 1,344,778	$ 1,380,711	$ 1,243,650	$ 1,310,238
Proportionate share of the net pension liability as a percentage of its covered payroll	222.80%	140.67%	206.93%	209.76%	195.64%
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.

See Notes to Required Supplementary Information

Chatom Union Elementary School District

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

Year Ended June 30, 2023

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0050%	0.0040%	0.0044%	0.0059%
Proportionate share of the net pension liability	$ 4,626,775	$ 3,912,895	$ 2,944,118	$ 3,437,847
State's proportionate share of the net pension liability	2,737,161	2,227,541	1,557,114	2,075,920
Total	$ 7,363,936	$ 6,140,436	$ 4,501,232	$ 5,513,767
Covered payroll	$ 2,582,623	$ 2,529,534	$ 2,656,318	$ 2,620,303
Proportionate share of the net pension liability as a percentage of its covered payroll	179.15%	154.69%	110.83%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.0098%	0.0103%	0.0100%	0.0107%
Proportionate share of the net pension liability	$ 2,342,061	$ 2,025,395	$ 1,479,164	$ 1,216,040
Covered payroll	$ 1,248,682	$ 1,234,912	$ 1,141,560	$ 1,124,463
Proportionate share of the net pension liability as a percentage of its covered payroll	187.56%	164.01%	129.57%	108.14%
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.

See Notes to Required Supplementary Information

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 283,051	$ 443,363	$ 412,699	$ 466,997	$ 432,653
Less contributions in relation to the contractually required contribution	283,051	443,363	412,699	466,997	432,653
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,481,942	$ 2,620,349	$ 2,555,412	$ 2,730,977	$ 2,657,574
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 422,106	$ 316,718	$ 278,369	$ 272,290	$ 224,628
Less contributions in relation to the contractually required contribution	422,106	316,718	278,369	272,290	224,628
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,663,800	$ 1,382,444	$ 1,344,778	$ 1,380,711	$ 1,243,650
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 403,692	$ 324,894	$ 271,419	$ 235,881
Less contributions in relation to the contractually required contribution	403,692	324,894	271,419	235,881
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,797,588	$ 2,582,623	$ 2,529,534	$ 2,656,318
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 203,493	$ 173,417	$ 146,300	$ 134,373
Less contributions in relation to the contractually required contribution	203,493	173,417	146,300	134,373
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,310,238	$ 1,248,682	$ 1,234,912	$ 1,141,560
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's changes in the 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.

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

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Chatom Union Elementary School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 101,080
COVID-19, Special Education - ARP IDEA Part B, Sec 611	84.027	15638	24,050
Total Special Education Cluster			125,130
Title I - Part A, Basic	84.010	14329	150,412
Title II - Part A, Supporting Effective Instruction	84.367	14341	23,089
Title III - English Language Acquisition - LEP	84.365	14346	39,943
Title IV - Part A, Student Support and Academic Enrichment Program	84.424	15396	11,797
Title IV - Part B, Rural and Low Income School Program	84.358	14356	30,471
COVID-19, Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	15536	11,325
COVID-19, Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	207,454
COVID-19, Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559	96,036
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	9,139
COVID-19, Expanded Learning Opportunities (ELO) Grant (ESSER II) State Reserve	84.425D	15618	68,266
COVID-19, Expanded Learning Opportunities (ELO) Grant (GEER II)	84.425C	15619	15,668
COVID-19, Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425	15535	58,616
Subtotal (84.425)			466,504
Total U.S. Department of Education			847,346
U.S. Department of Health and Human Services			
Passed Through California Department of Health Care Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19, Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time	93.575	15555	26,460

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
COVID-19, SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	2,723
National School Lunch Program	10.555	13396	328,702
National School Lunch Program - Meal Supplements - Snack	10.555	13755	15,931
National School Lunch Program - Commodity Supplemental Food	10.555	13391	24,570
Subtotal (10.555)			371,926
School Breakfast Program - Especially Needy Breakfast	10.553	13526	80,552
National School Lunch Program - Summer Food Program	10.559	13004	2,145
Total Child Nutrition Cluster			454,623
Passed Through California Department of Social Services			
COVID-19, CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	15577	8,288
Child and Adult Care Food Program	10.558	13393	51,115
Subtotal (10.558)			59,403
Total U.S. Department of Agriculture			514,026
Total Federal Financial Assistance			$ 1,387,832

Organization

The Chatom Union Elementary School District was established on July 1, 1956, and consists of an area comprising approximately 100 square miles. The District operates one preschool, one elementary school (K-5), and one middle school (6-8). There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Robert Santos	President	2026
Anthony Avila	Clerk	2026
Alison Carvalho	Member	2026
Karen Macedo	Member	2024
Steve Soderstrom	Member	2024

Administration

Cherise Olvera	Superintendent

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	240.97	241.30
Fourth through sixth	171.11	171.13
Seventh and eighth	114.33	114.43
Total regular ADA	526.41	526.86

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Traditional Calendar Number of Actual Days	Status
Kindergarten	36,000	52,480	180	Complied
Grades 1 - 3	50,400			
Grade 1		51,360	180	Complied
Grade 2		51,360	180	Complied
Grade 3		58,160	180	Complied
Grades 4 - 8	54,000			
Grade 4		58,160	180	Complied
Grade 5		58,160	180	Complied
Grade 6		55,980	180	Complied
Grade 7		55,980	180	Complied
Grade 8		55,980	180	Complied

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

	Non-Major Governmental Funds
Fund Balance	
Balance, June 30, 2023, Unaudited Actuals	$ 1,966,858
Increase in Receivables	81,634
Balance, June 30, 2023, Audited Financial Statements	$ 2,048,492

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 11,374,871	$ 11,574,031	$ 8,756,909	$ 8,065,787
Other sources	-	-	5,991	-
Total Revenues and Other Sources	11,374,871	11,574,031	8,762,900	8,065,787
Expenditures	9,979,310	8,616,488	7,994,776	7,888,297
Other uses and transfers out	20,000	(3,630)	43,630	20,000
Total Expenditures and Other Uses	9,999,310	8,612,858	8,038,406	7,908,297
Increase in Fund Balance	1,375,561	2,961,173	724,494	157,490
Ending Fund Balance	$ 9,031,665	$ 7,656,104	$ 4,694,931	$ 3,970,437
Available Reserves [2, 4]	$ 3,880,773	$ 4,197,703	$ 3,336,834	$ 3,251,007
Available Reserves as a Percentage of Total Outgo [4]	38.81%	48.74%	41.51%	41.11%
Long-Term Liabilities [5]	Not Available	$ 13,041,813	$ 11,019,576	$ 15,065,834
Average Daily Attendance at P-2	510	526	505	561

The General Fund balance has increased by $3,685,667 over the past two years. The fiscal year 2023-2024 budget projects an increase of $1,375,561 (17.97%). For a district this size, the State recommends available reserves of at least four percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $2,024,021 over the past two years.

Average daily attendance has decreased by 36 over the past two years. An additional decrease of 16 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of Fund 15, Pupil Transportation Fund, Fund 17, Special Reserve Non-Capital Fund, and Fund 20, Special Reserve Postemployment Benefits Fund as required by GASB Statement No. 54.
[4] On behalf payment of $82,644 relating to Senate Bill 90 has been excluded from the calculation of available reserves for the fiscal year ending June 30, 2020.
[5] Long-term liabilities balance was restated as of June 30, 2022, due to the implementation of GASB Statement No. 96. Long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statement No. 87.

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

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	$ 58,872	$ 52,250	$ 82,702	$ 288,431	$ 687,726	$ 354,847	$ 321,608	$ 1,846,436
Receivables	-	189,386	143,104	24,750	-	4,227	-	361,467
Stores inventories	-	-	6,855	-	-	-	-	6,855
Total assets	$ 58,872	$ 241,636	$ 232,661	$ 313,181	$ 687,726	$ 359,074	$ 321,608	$ 2,214,758
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ -	$ 58,655	$ 25,850	$ -	$ -	$ 1,675	$ -	$ 86,180
Due to other funds	-	72,460	-	-	-	-	-	72,460
Unearned revenue	-	7,626	-	-	-	-	-	7,626
Total liabilities	-	138,741	25,850	-	-	1,675	-	166,266
Fund Balances								
Nonspendable	-	-	6,855	-	-	-	-	6,855
Restricted	58,872	102,895	199,956	-	687,726	-	321,608	1,371,057
Committed	-	-	-	313,181	-	-	-	313,181
Assigned	-	-	-	-	-	357,399	-	357,399
Total fund balances	58,872	102,895	206,811	313,181	687,726	357,399	321,608	2,048,492
Total liabilities and fund balances	$ 58,872	$ 241,636	$ 232,661	$ 313,181	$ 687,726	$ 359,074	$ 321,608	$ 2,214,758

Chatom Union Elementary School District

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

Year Ended June 30, 2023

	Student Activities Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Local Control Funding Formula	$ -	$ -	$ -	$ 60,000	$ -	$ -	$ -	$ 60,000
Federal sources	-	-	543,911	-	-	-	-	543,911
Other State sources	-	415,529	145,220	-	-	-	729	561,478
Other local sources	74,785	2,024	3,405	27,833	27,130	31,148	360,252	526,577
Total revenues	74,785	417,553	692,536	87,833	27,130	31,148	360,981	1,691,966
Expenditures								
Current								
Instruction	-	290,703	-	-	-	-	-	290,703
Instruction-related activities								
School site administration	-	10,891	-	-	-	-	-	10,891
Pupil services								
Food services	-	-	623,237	-	-	-	-	623,237
Administration								
All other administration	-	27,460	-	-	-	-	-	27,460
Plant services	-	-	-	38,915	-	-	-	38,915
Ancillary services	55,728	-	-	-	-	-	-	55,728
Facility acquisition and construction	-	51,495	-	16,449	-	6,857	-	74,801
Debt service								
Principal	-	-	-	-	-	-	250,000	250,000
Interest and other	-	-	-	-	-	-	113,482	113,482
Total expenditures	55,728	380,549	623,237	55,364	-	6,857	363,482	1,485,217
Excess (Deficiency) of Revenues Over Expenditures	19,057	37,004	69,299	32,469	27,130	24,291	(2,501)	206,749
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	20,000	-	20,000
Transfers out	-	-	(23,630)	-	-	-	-	(23,630)
Net Financing Sources (Uses)	-	-	(23,630)	-	-	20,000	-	(3,630)
Net Change in Fund Balances	19,057	37,004	45,669	32,469	27,130	44,291	(2,501)	203,119
Fund Balance - Beginning	39,815	65,891	161,142	280,712	660,596	313,108	324,109	1,845,373
Fund Balance - Ending	$ 58,872	$ 102,895	$ 206,811	$ 313,181	$ 687,726	$ 357,399	$ 321,608	$ 2,048,492

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling $24,570 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The total federal expenditures reported on the schedule differs from the total federal revenue recognized within the financial statements due to: the ESSA: Title V, Part B, Rural & Low Income School Program, COVID-19, Child Development: ARP California State Preschool, COVID-19, CACFP Emergency Operational Costs Reimbursement (ECR), COVID-19, SNP Emergency Operational Costs Reimbursements (ECR), and COVID-19, CARES Act Supplemental Meal Reimbursement funds recorded revenue in the prior years, but expended in the current year; and the unspent portion of the Supply Chain Assistance (SCA) Funds. These unspent balances are reported as legally restricted ending balances within the Cafeteria Fund.

Description	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 1,306,857
ESSA: Title V, Part B, Rural & Low Income School Program	84.358	25,784
Supply Chain Assistance (SCA) Funds	10.555	(40,896)
COVID-19, Child Development: ARP California State Preschool Program	93.575	26,460
COVID-19, CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	8,288
COVID-19, SNP Emergency Operational Costs Reimbursement (ECR)	10.555	2,723
COVID-19, CARES Act Supplemental Meal Reimbursement	84.425	58,616
Total Federal Financial Assistance		$ 1,387,832

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2023

Chatom Union Elementary School District

EideBailly

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
Chatom Union Elementary School District
Turlock, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Chatom Union Elementary School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2024.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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

Eide Bailly LLP

Fresno, California
February 2, 2024

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Chatom Union Elementary School District
Turlock, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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



Fresno, California
February 2, 2024

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Chatom Union Elementary School District
Turlock, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

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

We did not perform procedures for Kindergarten Continuance because there were no Kindergarteners retained in 2022-2023 that were in Kindergarten in 2021-2022.

We did not perform Continuation Education procedures because the program is not offered by the District.

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

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

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

The District did not receive Home-to-School Transportation Reimbursement; therefore, we did not perform procedures related to Home-to-School Transportation Reimbursement.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Ede Bailly LLP

Fresno, California
February 2, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Chatom Union Elementary School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19, Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D
COVID-19, Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D
COVID-19, Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U
COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19, Expanded Learning Opportunities (ELO) Grant (ESSER II) State Reserve	84.425D
COVID-19, Expanded Learning Opportunities (ELO) Grant (GEER II)	84.425C
COVID-19, Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425
Title I - Part A, Basic	84.010

Federal Awards

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

State Compliance

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

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

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Internal Control Over Financial Reporting

Criteria or Specific Requirements

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

Condition

During our testing of the District's year end account balances, we noted the District does not have adequate year end closing procedures in place to ensure the financial statements are free from material misstatements.

- Two receivables were not accrued at year-end in the Child Development Fund, $59,122, and the Cafeteria Fund, $22,512.
- The District did not record the CalSTRS on behalf contribution in the amount of $247,679 under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures.
- An interfund activity transaction between the Cafeteria Fund and General Fund, in the amount of $23,630, was incorrectly recorded.
- A prior year audit adjustment entry, $89,291, in the General Fund to reconcile the clients unaudited actuals to the audited financial statements was not posted.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were found as a result of our initial audit of Accounts Receivable, Internal Balances, and Equity. During our revenue testing, we found that CalSTRS On-behalf entry was not recorded at year end.

Effect

The effect of the unrecorded items, as identified in the condition above, increased the ending fund balance of the Non-Major Governmental Funds by $81,634. In addition, the revenues and expenditures in the General Fund were understated by $247,679 due to the District not recording the CalSTRS on behalf contribution. The remaining conditions had no impact on ending fund balance.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of various transactions to determine their proper reporting period.

Repeat Finding (Yes or No)

No.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District. The District should also review entries posted by the Stanislaus County Office of Education. In addition, communication should be improved between the District and the County Office.

Corrective Action Plan and Views of Responsible Officials

As part of the year-end process, the District follows the County Office of Education and School Services of California's Year-End checklist. The District will implement a more in-depth review process to ensure and strengthen financial reporting and internal controls so that all transactions are properly entered and recorded.

None reported.

None reported.

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

State Compliance Findings

2022-001 10000 – Independent Study – Short Term

Criteria or Specific Requirements

According to *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in the California *Code of Regulations* and published by the Education Audit Appeals Panel, attendance reports must be amended for any change in Average Daily Attendance (ADA) [*Education Code* Sections 41341(a)(1) and 14503(a)].

Condition

During our audit of Chatom Union School District, we determined the Short-Term Independent Study attendance was un-auditable. At Mountain View Middle School, there were no independent study master agreements or work samples available to audit. At Chatom Elementary School, many students were missing both the master agreement and work samples. Of the contracts that were found, we determined they were missing several written elements necessary to be in compliance with State requirements.

Questioned Costs

There will be no questioned cost associated with this finding as the District will be funded on prior year average daily attendance. Had the District been funded on current year average daily attendance, the State general apportionment revenue would have been reduced by $256,026 ($148,729 for Grades TK-3, $61,828 for Grades 4-6, and $45,469 for Grades 7-8).

Effect

There is no fiscal impact from this Short-Term Independent Study attendance finding; however, based on the auditor's inability to audit the attendance for any of the students selected for testing, no reasonable level of assurance could be obtained that the Short-Term Independent Study attendance was accurately reported. Therefore, all ADA generated from the Short-Term Independent Study program is being disallowed. The table below reports the reduction in ADA for each District's P2 and Annual Attendance reports by grade span.

	Filed Second Period Report	Independent Study related Adjustments Per Audit	Adjusted Second Period Report	Filed Annual Report	Independent Study related Adjustments Per Audit	Adjusted Annual Report
Regular ADA						
Transitional kindergarten through third	240.33	(12.85)	227.48	245.65	(11.62)	234.03
Fourth through sixth	162.29	(5.81)	156.48	165.88	(5.15)	160.73
Seventh and eighth	125.00	(4.15)	120.85	127.77	(3.57)	124.20
Total regular ADA	527.62	(22.81)	504.81	539.30	(20.34)	518.96

Cause

It appears that the required Short-Term Independent Study attendance documentation (contracts and work samples) were either not completed, obtained from students, or retained by staff overseeing the student/program.

Repeat Finding

No

Recommendation

Chatom Union School District should ensure all independent study requirements are reviewed annually. Contracts should contain all required elements and be on file for all students in the program. Additionally, a sample of the student's work assignments should be kept with the contracts.

Current Status

Implemented.

2022-002 61000 - Classroom Teacher Salaries

Criteria

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60 percent (for elementary districts) of total expenditures of the District.

Condition

The Form CEA incorrectly reported the district as exempt from the requirements of the Classroom Teacher Salaries calculation. The District worked with the County Office of Education (COE) to prepare a new CEA Form which included the override adjustments to the calculation. Per the updated Form CEA, the District spent 61.11 percent of their current expense of education ($5,795,980.93) on classroom teacher salaries and benefits and appears to be in compliance with the minimum classroom compensation percentage.

Questioned Costs

There is no questioned costs associated with this finding.

Cause

Due to management being on a personal leave, the County Office of Education assisted in the financial closing process. Due to accidental oversight, the Form CEA was prepared incorrectly.

Effect

The District was in compliance with the minimum compensation percentage, however they were incorrectly marked exempt on the Form; therefore, the District is out of compliance with *Education Code* Section 41372.

Repeat Finding

No

Recommendation

The District should ensure the Forms in the Standardized Account Code Software (SACS) are completed accurately. A final review process should be implemented to ensure accuracy. Additionally, the District should ensure they are in compliance with the Classroom Teacher Salaries. If they are under the required percentage, the District should file for a waiver for exemption with the County Office of Education.

Current Status

Implemented.