Financial Statements
June 30, 2023

Cuyama Joint Unified School District

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Independent Auditor's Report

To the Governing Board
Cuyama Joint Unified School District
New Cuyama, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyama Joint Unified School District, as of June 30, 2023, and the respective changes in financial position 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.

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 the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions -

CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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, 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 March 1, 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.

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2024

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This section of Cuyama Joint Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ending June 30, 2022. Please read it in conjunction with the District's financial statements, notes and other supplemental information, 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 Cuyama Joint Unified School District using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. 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 twelve students and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, 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 and by bond covenants. 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

- In the 2022-2023, the District was able to implement a 7% salary increase as a result of implementing a fiscal recovery plan to restore unrestricted General Fund reserves that had been depleted as a result of past structural deficits. Significant progress has been made in restoring reserve levels, mainly through one-time and ongoing budget reductions. Maintaining the District's Special Reserve Fund (Fund 17) to meet its minimum Reserve for Economic Uncertainty (REU) is crucial. While the state's current fiscal outlook has improved, continued uncertainty related to ongoing COLA increases, as well as other factors unique to the District, require the district to remain committed to its fiscal recovery plan. During the 2022-2023 fiscal year, the District noted a continued decline in enrollment and a corresponding decline in attendance. Therefore, enrollment and attendance trends are being carefully monitored. These issues all pose ongoing and significant cash flow and solvency concerns for the district.

- A key element to a sound fiscal plan is the creation and implementation of strong internal controls. This task is an ongoing process to correct past deficiencies and prevent future findings. Time constraints, staffing challenges, training, and the review of past practices continue to present a variety of unique challenges to the District. The District continues to develop, refine, and implement strong internal controls, as this is key to the long-term fiscal health of the district. It is the District's goal to execute processes and procedures that will ensure financial data is transparent and reliable. Continued improvement of all internal controls is one of the District's highest priorities. The District continues to work closely with the Santa Barbara County Education Office to support and monitor its fiscal operations.

- With the closure of the A3 charter schools and subsequent nullification of their 2018-2019 attendance data by the California Department of Education (CDE), the District received a one-time increase to the General Fund balance in 2019-2020 resulting from this unforeseen adjustment for the prior year. Due to the significant risks still associated with the A3 charter schools, the District set aside these one-time funds in the Special Reserve Fund for potential liabilities that may arise. This legal contingency reserve continues to remain in effect.

- As revenues decrease due to ADA loss and expenditures continue to rise, mainly due to statutory benefit increases, unrestricted deficit spending remains. If deficit spending continues, it will become necessary to transfer additional funds to the General Fund from the Special Reserve Fund to maintain the District's minimum REU. It is important to note that the Special Reserve Fund is a one-time resource. If the Special Reserve Fund is drawn down to support General Fund obligations, the district may not have sufficient balances set aside for potential liabilities. Lack of additional reserves will leave the District vulnerable to various issues, including potential liabilities associated with resolution of the A3 charter schools, District cash flow liquidity, and the ability to withstand potential decreases in revenues.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $1,876,014 for the fiscal year ended June 30, 2023. Of this amount, $(1,136,559) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use the 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
Assets		
Current and other assets	$ 4,301,253	$ 3,633,680
Capital assets, right-to-use leased assets	6,090,468	6,324,198
Total assets	10,391,721	9,957,878
Deferred outflows of resources	900,326	635,194
Liabilities		
Current liabilities	1,067,858	666,340
Long-term liabilities other than OPEB and pensions	5,180,246	5,334,996
Net other postemployment benefits liability	8,497	10,710
Aggregate net pension liability	2,466,281	1,525,459
Total liabilities	8,722,882	7,537,505
Deferred inflows of resources	693,151	1,668,493
Net Position		
Net investment in capital assets	2,083,107	2,193,520
Restricted	929,466	500,258
Unrestricted (deficit)	(1,136,559)	(1,306,704)
Total net position	$ 1,876,014	$ 1,387,074

The $(1,136,559) in unrestricted (deficit) net position of governmental activities represents the accumulated results of all past years' operations. The change in net position of governmental activities is due in part to the District's increased revenues for operating grants and Federal and State aid. One-time funding that resulted from the impact of the Coronavirus pandemic needs to be carefully monitored to effectively meet the unique needs of the district. The District needs to monitor actual and potential future expenditures due to the uncertainty of future or potential state reductions related to enrollment, unduplicated pupil count, and attendance.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 18. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	$ 21,186	$ 10,145
Operating grants and contributions	1,746,160	1,028,627
General revenues		
Federal and State aid not restricted	1,139,541	1,186,750
Property taxes	2,075,518	1,804,511
Other general revenues	58,678	100,717
Total revenues	5,041,083	4,130,750
Expenses		
Instruction-related	1,922,194	1,751,662
Pupil services	720,709	455,659
Administration	528,196	464,842
Plant services	403,807	381,937
All other services	977,237	926,849
Total expenses	4,552,143	3,980,949
Change in net position	$ 488,940	$ 149,801

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was $4,552,143. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $2,075,518 because the cost was paid by those who benefited from the programs ($21,186) or by other governments and organizations who subsidized certain programs with grants and contributions ($1,746,160). We paid for the remaining "public benefit" portion of our governmental activities with $1,198,219 in other revenues, such as Federal and State unrestricted aid, as well as interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related	$ 1,922,194	$ 1,751,662	$ (1,050,481)	$ (1,127,852)
Pupil services	720,709	455,659	(43,952)	(145,119)
Administration	528,196	464,842	(384,307)	(411,530)
Plant services	403,807	381,937	(362,361)	(349,714)
All other services	977,237	926,849	(943,696)	(907,962)
Total	$ 4,552,143	$ 3,980,949	$ (2,784,797)	$ (2,942,177)

Much of the increase in revenue is from Federal and State revenues which are one time and/or to provide relief as a result of the Coronavirus pandemic; therefore, there is a corresponding increase in expenditures. Instructional materials, supplies, services, and other expenditures were more than expected due to the availability of learning loss mitigation funds.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $3,312,301 which is an increase of $265,555, or 8.7% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	$ 1,335,656	$ 4,652,290	$ 4,362,085	$ 1,625,861
Student Activity Fund	41,206	33,384	41,292	33,298
Cafeteria Fund	(14,400)	279,839	240,443	24,996
Building Fund	1,196,055	20,763	55,190	1,161,628
Special Reserve Fund for Capital Outlay Projects	227,536	3,708	-	231,244
Bond Interest and Redemption Fund	260,693	196,250	221,669	235,274
Total	$ 3,046,746	$ 5,186,234	$ 4,920,679	$ 3,312,301

The primary reasons for these changes are:

- The 8.7% increase is attributed to new one-time revenues.

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 on June 22, 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 on page 57.)

- Revenue revisions made to the 2022-2023 budget were due to the receipt of one-time and Federal and State increases in restricted revenue.
- Budgeted expenditures were increased to cover the costs of salary increases. Unexpected facility and maintenance repairs continue to be an ongoing concern due to the increased cost of deferred maintenance.

Revenues were $114,180 less than expected and expenditures were $275,771 less than originally projected. Much of the decrease in revenue is from Federal and State revenues which are one time and/or to provide relief as a result of the Coronavirus pandemic; these revenues are not earned until expended and thus, will not be reflected until spent in subsequent years. Therefore, there is a corresponding decrease in expenditures.

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

Capital Assets and Right-to-Use Leased Assets

At June 30, 2023, the District has $6,090,468 in a broad range of capital assets and right-to-use leased assets (net of depreciation and amortization), including land, construction in progress, buildings and improvements, furniture, equipment, and vehicles, and right-to-use leased assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of $233,730 from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land	$ 120,668	$ 120,668
Construction in progress	185,936	185,936
Buildings and improvements	4,602,291	4,763,295
Furniture, equipment, and vehicles	1,159,021	1,218,216
Right-to-use leased assets	22,552	36,083
Total	$ 6,090,468	$ 6,324,198

This year's decrease of $233,730, or 3.7%, is the net result of equipment purchases, accumulated depreciation and amortization, and deductions.

Long-Term Liabilities

At the end of this year, the District had $5,180,246 in long-term liabilities other than OPEB and pension versus $5,334,996, a decrease of $154,750, or 2.9% last year. The long-term liabilities decrease is primarily due to:

- An increase in the District's compensated absence balance occurred.
- A decrease in GO Bond balance as a result of payments being made to reduce principal.

Table 6

	Governmental Activities	
	2023	2022
General obligation bonds	$ 3,875,000	$ 3,905,000
Premium on issuance	403,211	420,001
Qualified zone academy bonds	866,779	964,753
Leases	23,999	36,979
Compensated absences	11,257	8,263
Total	$ 5,180,246	$ 5,334,996

We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

Net Other Postemployment Benefits (OPEB) and Pension Liabilities

At year end, the District had a net OPEB liability of $8,497 versus $10,710 last year, a decrease of $2,213 or 20.7%. We present more detailed information regarding our net OPEB liability in Note 10 of the financial statements.

At year end, the District had an aggregate net pension liability of $2,466,281 versus $1,525,459 last year, an increase of $940,822 or 61.7%. We present more detailed information regarding our aggregate net pension liability in Note 13 of the financial statements.

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

- The District continues to monitor spending to ensure its fiscal solvency and improve structural deficits.
- The nutrition program will benefit from the new kitchen infrastructure grant to make much needed improvements.
- Athletics and student activities continued to provide a variety of program opportunities.
- The District retained its staff positions.
- The District maintained its low student to teacher staffing ratio.
- The District implemented its new science textbook adoption.

- The District continued to provide summer school.
- The District continued to staff a full-time, K-12 counselor to address the social, emotional, and academic needs of the K-12 student population.
- The District purchased additional educational software, implemented new courses, and enhanced its counseling program to meet the A-G course requirements to help ensure high school students are eligible and prepared for college.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The District's ongoing commitment to fiscal solvency, the increasing costs of salaries and benefits, the availability of one-time restricted Federal and State revenue, projected textbook adoptions, CTE program, athletics program, the nutrition program, and the maintenance and repair of aging equipment and facilities.

The key assumptions in our revenue forecast are:

- Revenue associated with the Expanded Learning Opportunities Program used to provide additional instructional support for students.
- ESSER funds and other one-time Federal and State funding to address learning loss and instructional support as well as other allowable uses to meet the unique needs of a small rural school district.
- Funding awards for CTE program.
- Student enrollment, unduplicated pupil count, and attendance.

Expenditures are based on the following forecasts:

- Increases to salaries and benefits including minimum wage, step and column movement, and pension rates.
- Ongoing support of the nutrition services program.
- Retain one 50% teacher for Sierra Madre Continuation School as needed.
- Retain a school counselor and continue to develop the school-wide counseling program.
- Hire a Community Schools Resource Coordinator - grant funded.
- Spend down of CTE program carryover for funding Round 7 and 8.
- The implementation of the new science textbook adoption.
- Additional computer replacements for students and/or staff.
- Facility and equipment repairs and maintenance.

	Staffing Ratio	Enrollment
TK/K through 8^{th} grade	15 : 1	120
Grades nine through twelve	12.8 : 1	58

The new items specifically addressed in the budget are:

- The Expanded Learning Opportunities Program used to provide additional instructional support for students.
- ESSER III and other one-time funding sources to address learning loss and instructional support as well as other allowable uses to meet the unique needs of a small rural school district.
- Community Services Planning Grant.
- New funding round awards for the CTE program.
- District plans for textbook adoption(s).

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 Theresa King at Cuyama Joint Unified School District, 661-766-4104, or by e-mail at tking@cuyamaunified.org.

	Governmental Activities
Assets	
Deposits and investments	$ 4,038,864
Receivables	259,878
Prepaid expenses	1,398
Stores inventories	1,113
Capital assets not depreciated	306,604
Capital assets, net of accumulated depreciation	5,761,312
Right-to-use leased assets, net of accumulated amortization	22,552
Total assets	10,391,721
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	900,326
Liabilities	
Accounts payable	833,954
Accrued interest payable	78,906
Unearned revenue	154,998
Long-term liabilities	
Long-term liabilities other than pensions due within one year	112,960
Long-term liabilities other than pensions due in more than one year	5,067,286
Net other postemployment benefits liability	8,497
Aggregate net pension liability	2,466,281
Total liabilities	8,722,882
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	693,151
Net Position	
Net investment in capital assets	2,083,107
Restricted for	
Debt service	156,368
Educational programs	715,917
Other activities	57,181
Unrestricted (deficit)	(1,136,559)
Total net position	$ 1,876,014

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	$ 1,677,991	$ -	$ 853,069	$ (824,922)
Instructional library, media, and technology	23,817	-	1,827	(21,990)
School site administration	220,386	-	16,817	(203,569)
Pupil services				
Home-to-school transportation	221,889	-	40,132	(181,757)
Food services	284,544	255	319,527	35,238
All other pupil services	214,276	-	316,843	102,567
Administration				
Data processing	27,255	-	-	(27,255)
All other administration	500,941	6	143,883	(357,052)
Plant services	403,807	-	41,446	(362,361)
Ancillary services	70,567	20,925	12,616	(37,026)
Interest on long-term liabilities	189,735	-	-	(189,735)
Other outgo	405,234	-	-	(405,234)
Depreciation and amortization (unallocated)	311,701	-	-	(311,701)
Total governmental activities	$ 4,552,143	$ 21,186	$ 1,746,160	(2,784,797)
General revenues and subventions				
Property taxes, levied for general purposes				1,883,386
Property taxes, levied for debt service				192,132
Federal and State aid not restricted to specific purposes				1,139,541
Interest and investment earnings				31,360
Interagency revenues				24,018
Miscellaneous				3,300
Subtotal, general revenues and subventions				3,273,737
Change in Net Position				488,940
Net Position - Beginning				1,387,074
Net Position - Ending				$ 1,876,014

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 2,374,651	$ 1,155,256	$ 508,957	$ 4,038,864
Receivables	224,698	6,372	28,808	259,878
Due from other funds	4,700	5,000	-	9,700
Prepaid expenditures	1,398	-	-	1,398
Stores inventories	-	-	1,113	1,113
Total assets	$ 2,605,447	$ 1,166,628	$ 538,878	$ 4,310,953
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 819,588	$ 5,000	9,366	$ 833,954
Due to other funds	5,000	-	4,700	9,700
Unearned revenue	154,998	-	-	154,998
Total liabilities	979,586	5,000	14,066	998,652
Fund Balances				
Nonspendable	1,398	-	1,113	2,511
Restricted	715,917	1,161,628	292,455	2,170,000
Assigned	363,724	-	231,244	594,968
Unassigned	544,822	-	-	544,822
Total fund balances	1,625,861	1,161,628	524,812	3,312,301
Total liabilities and fund balances	$ 2,605,447	$ 1,166,628	$ 538,878	$ 4,310,953

Total Fund Balance - Governmental Funds		$ 3,312,301
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources; therefore, they are not reported as assets in governmental funds.		
The cost of capital assets is	$ 13,123,579	
Accumulated depreciation is	(7,055,663)	
Net capital assets		6,067,916
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	49,614	
Accumulated amortization is	(27,062)	
Net right-to-use leased assets		22,552
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(78,906)
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		
Aggregate net pension liability		900,326
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		
Aggregate net pension liability		(693,151)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(2,466,281)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(8,497)
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	(3,875,000)	
Premium on issuance	(403,211)	
Qualified zone academy bonds	(866,779)	
Leases	(23,999)	
Compensated absences	(11,257)	
Total long-term liabilities		(5,180,246)
Total net position - governmental activities		$ 1,876,014

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 2,885,315	$ -	$ -	$ 2,885,315
Federal sources	410,957	-	153,145	564,102
Other State sources	1,212,958	-	34,557	1,247,515
Other local sources	143,060	20,763	234,032	397,855
Total revenues	4,652,290	20,763	421,734	5,094,787
Expenditures				
Current				
Instruction	1,884,535	-	-	1,884,535
Instruction-related activities				
Instructional library, media, and technology	28,168	-	-	28,168
School site administration	240,652	-	-	240,652
Pupil services				
Home-to-school transportation	232,991	-	-	232,991
Food services	62,654	-	235,498	298,152
All other pupil services	236,323	-	-	236,323
Administration				
Data processing	27,255	-	-	27,255
All other administration	532,764	-	4,945	537,709
Plant services	464,053	55,190	-	519,243
Ancillary services	29,699	-	41,292	70,991
Other outgo	405,234	-	-	405,234
Debt service				
Principal	110,954	-	30,000	140,954
Interest and other	15,356	-	191,669	207,025
Total expenditures	4,270,638	55,190	503,404	4,829,232
Excess (Deficiency) of Revenues over Expenditures	381,652	(34,427)	(81,670)	265,555
Other Financing Sources (Uses)				
Transfers in	-	-	91,447	91,447
Transfers out	(91,447)	-	-	(91,447)
Net Financing Sources (Uses)	(91,447)	-	91,447	-
Net Change in Fund Balances	290,205	(34,427)	9,777	265,555
Fund Balances - Beginning	1,335,656	1,196,055	515,035	3,046,746
Fund Balances - Ending	$ 1,625,861	$ 1,161,628	$ 524,812	$ 3,312,301

Total Net Change in Fund Balances - Governmental Funds		$ 265,555
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.		
This is the amount by which depreciation and amortization expense exceed capital outlay in the period.		
Depreciation and amortization expense	$ (325,232)	
Capital outlay	97,511	
Net expense adjustment		(227,721)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(6,009)
In the Statement of Activities, certain operating expenses - 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). Compensated absences (vacation) used was less than the amounts earned by $2,994.		(2,994)
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 aggregate net pension liability during the year.		299,652
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 net OPEB liability during the year.		2,213
Government 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.		
General obligation bonds		
Amortization of bond premium		16,790

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	30,000
Qualified zone academy bonds	97,974
Leases	12,980
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	500
Change in net position of governmental activities	$ 488,940

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Cuyama Joint Unified School District (the District) was organized in the late 1800s, 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 K-12 as mandated by the State and/or Federal agencies. The District operates one elementary school, one high school, and one continuation high school.

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 Cuyama Joint Unified 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 one broad fund category: governmental.

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

Major Governmental Funds

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

Two 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 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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 $490,237.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

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

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

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food 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).

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).

- **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* Section 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, and program revenues for each governmental function. 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 of capital assets and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the 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 a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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 on 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.

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 the county investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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 financial 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 is computed using 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.

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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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 funds.

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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 by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, OPEB expense, information about the CalSTRS Medicare Premium Payment (MPP) Program, additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, 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 net 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.

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. At June 30, 2023, the District did not have any committed balances.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

It has been the practice of the governing board to adopt a budget and also to ensure throughout the year that interim budget reports are built reflecting a minimum fund balance for the General Fund which is sufficient to protect the District against revenue shortfalls, unexpected expenditures, and to meet the cash-flow needs of the office, recognizing the impact of state deferrals and the practice of advancing cash to programs that begin before funding is received. This practice of reserving for economic uncertainties necessitates starting with the State's recommended minimum reserve of five percent and adding to its sufficient unassigned reserves to meet the unique cash needs of the District.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 $928,518 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 statement of activities.

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 4,038,864

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

Cash on hand and in banks	$ 68,948
Investments	3,969,916
Total deposits and investments	$ 4,038,864

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Treasurer’s Investment Pool. The Pool purchases shorter term investments and attempts to time cash flows from maturities to provide the cash flow and liquidity needed for operations. The District maintains an investment of $3,969,916, with the Santa Barbara County Treasurer’s Investment Pool with an average weighted maturity of 643 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investment in the Santa Barbara County Treasurer’s Investment Pool is not required to be rated, nor has it been rated as of June 30, 2023

Custodial Credit Risk - Deposits

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

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

As of June 30, 2023, the District's investments of $3,969,916 in the Santa Barbara County Treasurer's Investment Pool are uncategorized.

Note 4 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 115,211	$ -	$ 25,077	$ 140,288
State Government				
Categorical aid	70,665	-	1,515	72,180
Lottery	8,353	-	-	8,353
Local Government				
Interest	12,369	6,372	2,216	20,957
Other local sources	18,100	-	-	18,100
Total	$ 224,698	$ 6,372	$ 28,808	$ 259,878

Note 5 - Capital Assets and Right-to-Use Leased Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 120,668	$ -	$ -	$ 120,668
Construction in process	185,936	55,190	(55,190)	185,936
Total capital assets not being depreciated	306,604	55,190	(55,190)	306,604
Capital Assets Being Depreciated				
Buildings and improvements	9,845,187	66,589	(8,845)	9,902,931
Furniture, equipment, and vehicles	2,883,122	30,922	-	2,914,044
Total capital assets being depreciated	12,728,309	97,511	(8,845)	12,816,975
Less Accumulated Depreciation				
Buildings and improvements	(5,081,892)	(221,584)	2,836	(5,300,640)
Furniture, equipment, and vehicles	(1,664,906)	(90,117)	-	(1,755,023)
Total accumulated depreciation	(6,746,798)	(311,701)	2,836	(7,055,663)
Net depreciable capital assets	5,981,511	(214,190)	(6,009)	5,761,312
Total Capital Assets	6,288,115	(159,000)	(61,199)	6,067,916
Right-to-use leased assets being amortized				
Furniture, equipment, and vehicles	49,614	-	-	49,614
Accumulated amortization				
Furniture, equipment, and vehicles	(13,531)	(13,531)	-	(27,062)
Net right-to-use leased assets	36,083	(13,531)	-	22,552
Governmental activities Capital assets and right-to-use leased assets, net	$ 6,324,198	$ (172,531)	$ (61,199)	$ 6,090,468

The District does not allocate depreciation expense to the various functions. The District allocated amortization expense to instructions.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 4,700	$ 4,700
Building Fund	5,000	-	5,000
Total	$ 5,000	$ 4,700	$ 9,700

The balance of $1,625 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for reimbursement of expenditures.

A balance of $3,075 is due from the Student Activity Non-Major Governmental Fund to the General Fund for Wilson scholarship clean-up.

The balance of $5,000 is due from the General Fund to the Building Fund for audit expenses.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The General Fund transferred $97,447 to the Cafeteria Non-Major Governmental Fund for an operating contribution.	$ 91,447

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
LCFF apportionment	$ 93,616	$ -	$ 1,652	$ 95,268
Salaries and benefits	24,632	-	-	24,632
Due to CDE	46,299	-	-	46,299
Other vendor payables	655,041	5,000	7,714	667,755
Total	$ 819,588	$ 5,000	$ 9,366	$ 833,954

Note 8 - Unearned Revenue

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

	General Fund
State categorical aid	$ 150,750
Other local	4,248
Total	$ 154,998

Note 9 - Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pensions

Summary

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation bonds	$ 3,905,000	$ -	$ (30,000)	$ 3,875,000	$ -
Premium on issuance	420,001	-	(16,790)	403,211	-
Qualified zone academy bonds	964,753	-	(97,974)	866,779	99,452
Leases	36,979	-	(12,980)	23,999	13,508
Compensated absences	8,263	2,994	-	11,257	-
	$ 5,334,996	$ 2,994	$ (157,744)	$ 5,180,246	$ 112,960

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the Qualified Zone Academy Bonds and leases are made from the General Fund. Compensated absences will be paid by the General Fund and the Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Redeemed	Bonds Outstanding June 30, 2023
11/8/2016	8/1/2046	2.00-5.00%	$ 2,000,000	$ 1,950,000	$ -	$ 1,950,000
2/12/2019	8/1/2048	3.00-5.25%	2,000,000	1,955,000	(30,000)	1,925,000
				$ 3,905,000	$ (30,000)	$ 3,875,000

General Obligation Bonds, Election of 2016, Series A

On November 8, 2016, the District issued General Obligation Bonds, Election of 2016, Series A, in the amount of $2,000,000. The bonds were issued to finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District. The bonds have a final maturity date to occur on August 1, 2046, with interest rates ranging from 2.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $1,950,000.

General Obligation Bonds, Election of 2016, Series B

On February 12, 2019, the District issued General Obligation Bonds, Election of 2016, Series B, in the amount of $2,000,000. The bonds were issued to finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District. The bonds have a final maturity date to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.25%. At June 30, 2023, the principal balance outstanding was $1,925,000.

Debt Service Requirements to Maturity

The bonds mature through 2049 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2024	$ -	$ 189,375	$ 189,375
2025	-	189,375	189,375
2026	-	189,375	189,375
2027	-	189,375	189,375
2028	-	189,375	189,375
2029-2033	160,000	935,475	1,095,475
2034-2038	410,000	879,775	1,289,775
2039-2043	975,000	736,869	1,711,869
2044-2048	1,840,000	385,656	2,225,656
2049	490,000	12,863	502,863
	$ 3,875,000	$ 3,897,513	$ 7,772,513

Qualified Zone Academy Bond

On October 10, 2013, the District issued a Qualified Zone Academy Bond (QZAB) to finance a solar facility valued at $1,589,060 with Public Property Financing Corporation of California. The lease qualifies under the 2013 QZAB program and the lease provides for title to pass under expiration of the lease period. At June 30, 2023, the principal balance outstanding was $866,779.

The QZAB has minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 99,452	$ 12,444	$ 111,896
2025	100,952	10,944	111,896
2026	102,475	9,421	111,896
2027	104,020	7,875	111,895
2028	105,590	6,306	111,896
2029-2033	354,290	9,369	363,659
	$ 866,779	$ 56,359	$ 923,138

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
Copiers	$ 36,979	$ -	$ (12,980)	$ 23,999

Copier Lease

The District entered an agreement to lease copiers for 63 months, beginning December 2019. The lease terminates March 2025. Under the terms of the lease, the District pays a monthly base fee of $1,185. At June 30, 2023, the District has recognized a right-to-use asset of $22,552 and a lease liability of $23,999 related to this agreement. During the fiscal year, the District recorded $13,531 in amortization expense and $1,243 in interest expense for the right to use the copiers. The District used a discount rate of 4.0%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

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	$ 13,508	$ 714	$ 14,222
2025	10,491	176	10,667
Total	$ 23,999	$ 890	$ 24,889

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $11,257.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

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 $8,497 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 0.0026%, and 0.0027%, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(2,213).

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%)	$ 9,263
Current discount rate (3.54%)	8,497
1% increase (4.54%)	7,833

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 7,796
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	8,497
1% increase (5.50% Part A and 6.40% Part B)	9,291

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Stores inventories	$ -	$ -	$ 1,113	$ 1,113
Prepaid expenditures	1,398	-	-	1,398
Total nonspendable	1,398	-	1,113	2,511
Restricted				
Legally restricted programs	715,917	-	57,181	773,098
Capital projects	-	1,161,628	-	1,161,628
Debt service	-	-	235,274	235,274
Total restricted	715,917	1,161,628	292,455	2,170,000
Assigned				
A3 Charter legal contingencies	335,687	-	-	335,687
Textbook adoption	15,417	-	-	15,417
Capital projects	-	-	231,244	231,244
Deferred maintenance	12,620	-	-	12,620
Total assigned	363,724	-	231,244	594,968
Unassigned				
Reserve for economic uncertainties	544,822	-	-	544,822
Total	$ 1,625,861	$ 1,161,628	$ 524,812	$ 3,312,301

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the Self-Insured Schools of California II (SISC II) 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.

Employee Medical Benefits

For fiscal year 2023, the District participated in the Self-Insured Schools of California III (SISC III), an insurance purchasing pool. The intent of SISC III is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC III.

Workers' Compensation

For fiscal year 2023, the District participated in the Santa Barbara Self-Insurance Program for Employees (SIPE). The intent of the SIPE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SIPE. 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 SIPE. 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. Participation in the SIPE is limited to districts that can meet the SIPE's selection criteria.

Note 13 - 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	$ 1,194,238	$ 410,333	$ 610,210	$ 7,002
CalPERS	1,272,043	489,993	82,941	100,057
Total	$ 2,466,281	$ 900,326	$ 693,151	$ 107,059

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 $210,616.

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:

District's proportionate share of net pension liability	$ 1,194,238
State's proportionate share of the net pension liability associated with the District	598,070
Total	$ 1,792,308

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, was 0.0.0017% and 0.0018%, respectively, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2023, the District recognized pension expense of $7,002. In addition, the District recognized pension expense and revenue of $48,234 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	$ 210,616	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	139,511	462,266
Differences between projected and actual earnings on pension plan investments	-	58,401
Differences between projected and actual experience in the measurement of the total pension liability	980	89,543
Changes of assumptions	59,226	-
Total	$ 410,333	$ 610,210

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (42,899)
2025	(46,475)
2026	(69,815)
2027	100,788
	$ (58,401)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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	$ (51,491)
2025	(74,000)
2026	(51,852)
2027	(93,827)
2028	(66,964)
Thereafter	(13,958)
	$ (352,092)

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
Global equity	42%	4.8%
Fixed income	15%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
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%)	$ 2,028,259
Current discount rate (7.10%)	1,194,238
1% increase (8.10%)	501,750

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, and Schools Pool Actuarial Valuation. These reports 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 provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic

Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	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 $196,095.

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 $1,272,043. 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, was 0.0037% and 0.0035%, respectively, resulting in a net increase in the proportionate share of 0.0002%.

For the year ended June 30, 2023, the District recognized pension expense of $100,057. 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	$ 196,095	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	43,857	51,291
Differences between projected and actual earnings on pension plan investments	150,193	-
Differences between expected and actual experience in the measurement of the total pension liability	5,749	31,650
Changes of assumptions	94,099	-
Total	$ 489,993	$ 82,941

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 25,048
2025	22,215
2026	11,348
2027	91,582
	$ 150,193

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (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	$ (4,453)
2025	32,579
2026	32,336
2027	302
	$ 60,764

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%)	$ 1,837,531
Current discount rate (6.90%)	1,272,043
1% increase (7.90%)	804,689

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's and employees' contributions are in accordance with Federal law.

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 $95,929 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - 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 15 - Participation in Public Entity Risk Pools

The District is a member of the Self-Insured Schools of California (SISC II) and the Self-Insurance Program for Employees (SIPE) public entity risk pools, and Self-Insured Schools of California (SISC III) insurance purchasing pool. The District pays an annual premium to each entity for its property and liability coverage, workers' compensation insurance, and employee medical benefits, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $72,187, $20,898, and $372,316, to SISC II, SISC III, and SIPE, respectively, for services received.

Required Supplementary Information
June 30, 2023

Cuyama Joint Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 2,544,441	$ 2,907,991	$ 2,885,315	$ (22,676)
Federal sources	434,842	436,600	410,957	(25,643)
Other State sources	552,667	1,276,683	1,212,958	(63,725)
Other local sources	79,120	156,827	143,060	(13,767)
Total revenues [1]	3,611,070	4,778,101	4,652,290	(125,811)
Expenditures				
Current				
Certificated salaries	1,125,547	1,204,080	1,177,960	26,120
Classified salaries	489,604	802,101	739,549	62,552
Employee benefits	739,749	868,684	813,656	55,028
Books and supplies	284,595	387,754	300,588	87,166
Services and operating expenditures	551,314	723,465	681,365	42,100
Other outgo	430,461	410,102	400,289	9,813
Capital outlay	25,260	38,327	30,921	7,406
Debt service - principal	97,974	97,974	110,954	(12,980)
Debt service - interest	13,922	13,922	15,356	(1,434)
Total expenditures [1]	3,758,426	4,546,409	4,270,638	275,771
Excess (Deficiency) of Revenues Over Expenditures	(147,356)	231,692	381,652	149,960
Other Financing Uses				
Transfers out	(56,579)	(91,447)	(91,447)	-
Net Change in Fund Balance	(203,935)	140,245	290,205	149,960
Fund Balance - Beginning	1,335,656	1,335,656	1,335,656	-
Fund Balance - Ending	$ 1,131,721	$ 1,475,901	$ 1,625,861	$ 149,960

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Year ended June 30,	2023	2022
Proportion of the net OPEB liability	0.0026%	0.0027%
Proportionate share of the net OPEB liability	$ 8,497	$ 10,710
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94)	(0.80)
Measurement Date	June 30, 2022	June 30, 2021

[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.

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0017%	0.0018%	0.0021%	0.0023%	0.0019%
Proportionate share of the net pension liability	$ 1,194,238	$ 812,898	$ 2,055,160	$ 2,106,433	$ 1,776,581
State's proportionate share of the net pension liability associated with the District	598,070	409,019	1,059,435	1,673,742	1,134,691
Total	$ 1,792,308	$ 1,221,917	$ 3,114,595	$ 3,780,175	$ 2,911,272
Covered payroll	$ 1,036,472	$ 1,012,192	$ 1,154,702	$ 1,346,787	$ 1,048,455
Proportionate share of the net pension liability as a percentage of its covered payroll	115%	80%	178%	156%	169%
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

	2018	2017	2016	2015
Proportion of the net pension liability	0.0021%	0.0024%	0.0025%	0.0020%
Proportionate share of the net pension liability	$ 1,971,191	$ 1,932,577	$ 1,668,371	$ 1,127,052
State's proportionate share of the net pension liability associated with the District	1,368,592	1,138,244	1,091,198	920,708
Total	$ 3,339,783	$ 3,070,821	$ 2,759,569	$ 2,047,760
Covered payroll	$ 1,153,895	$ 1,183,793	$ 1,136,869	$ 1,056,097
Proportionate share of the net pension liability as a percentage of its covered payroll	171%	163%	147%	107%
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

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0037%	0.0035%	0.0035%	0.0041%	0.0046%
Proportionate share of the net pension liability	$ 1,272,043	$ 712,561	$ 1,067,464	$ 1,193,592	$ 1,236,717
Covered payroll	$ 564,203	$ 506,870	$ 501,136	$ 793,954	$ 615,176
Proportionate share of the net pension liability as a percentage of its covered payroll	225%	141%	213%	150%	201%
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

	2018	2017	2016	2015
Proportion of the net pension liability	0.0047%	0.0048%	0.0051%	0.0054%
Proportionate share of the net pension liability	$ 1,117,112	$ 950,562	$ 746,257	$ 613,988
Covered payroll	$ 637,018	$ 577,412	$ 568,142	$ 559,421
Proportionate share of the net pension liability as a percentage of its covered payroll	175%	165%	131%	110%
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.

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 210,616	$ 175,371	$ 163,469	$ 197,454	$ 219,257
Contributions in relation to the contractually required contribution	(210,616)	(175,371)	(163,469)	(197,454)	(219,257)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,102,702	$ 1,036,472	$ 1,012,192	$ 1,154,702	$ 1,346,787
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 151,292	$ 145,160	$ 127,021	$ 100,954
Contributions in relation to the contractually required contribution	(151,292)	(145,160)	(127,021)	(100,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,048,455	$ 1,153,895	$ 1,183,793	$ 1,136,869
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 196,095	$ 129,259	$ 104,922	$ 98,829	$ 143,404
Contributions in relation to the contractually required contribution	(196,095)	(129,259)	(104,922)	(98,829)	(143,404)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 772,940	$ 564,203	$ 506,870	$ 501,136	$ 793,954
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 95,543	$ 88,469	$ 68,406	$ 66,876
Contributions in relation to the contractually required contribution	(95,543)	(88,469)	(68,406)	(66,876)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 615,176	$ 637,018	$ 577,412	$ 568,142
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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

Schedule of 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

Cuyama Joint Unified School District

Organization

The Cuyama Joint Unified School District was established in the late 1800s and consists of an area comprising approximately 654 square miles. The District operates one elementary school, one comprehensive high school, and one continuation high school. There were no boundary changes during the year.

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Heather Lomax	President	2026
Elaine Johnson	Clerk	2026
Michael Funkhouser	Member	2024
Whitney Goller	Member	2024
Jeffrey Mitchell	Member	2024

Administration

Alfonso Gamino	Superintendent
Theresa King	Business Manager

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	48.65	49.50	48.57	48.61
Fourth through sixth	32.45	33.52	32.51	32.91
Seventh and eighth	24.72	25.35	24.66	24.88
Ninth through twelfth	55.28	57.38	53.79	54.63
Total regular ADA	161.10	165.75	159.53	161.03

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A*	Traditional Calendar Total Days Offered	Multitrack Calendar Number of Actual Days	Multitrack Calendar Number of Days Credited Form J-13A	Multitrack Calendar Total Days Offered	Status
Kindergarten	36,000	50,985	600	51,585	178	2	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		52,270	620	52,890	175	2	177	N/A	N/A	N/A	Did not Comply
Grade 2		52,270	620	52,890	175	2	177	N/A	N/A	N/A	Did not Comply
Grade 3		52,270	620	52,890	175	2	177	N/A	N/A	N/A	Did not Comply
Grades 4 - 8	54,000										
Grade 4		55,435	650	56,085	178	2	180	N/A	N/A	N/A	Complied
Grade 5		55,435	650	56,085	178	2	180	N/A	N/A	N/A	Complied
Grade 6		54,560	640	55,200	178	2	180	N/A	N/A	N/A	Complied
Grade 7		54,560	640	55,200	178	2	180	N/A	N/A	N/A	Complied
Grade 8		54,560	640	55,200	178	2	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		66,055	770	66,825	178	2	180	N/A	N/A	N/A	Complied
Grade 10		66,055	770	66,825	178	2	180	N/A	N/A	N/A	Complied
Grade 11		66,055	770	66,825	178	2	180	N/A	N/A	N/A	Complied
Grade 12		66,055	770	66,825	178	2	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 600 minutes for Kindergarten, 620 minutes for grades 1 - 3, 650 minutes for grades 4 - 5, 640 minutes for grades 6 - 8, and 770 minutes for grades 9 - 12, and 2 days.

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

	General Fund	Building Fund	Non-Major Governmental Funds
Fund Balance			
Balance, June 30, 2023, Unaudited Actuals	$ 1,703,489	$ 1,155,256	$ 500,649
Increase in			
Receivables	-	6,372	29,003
Due from other funds	3,075	-	-
Accounts payable	(56,080)	-	-
Due to other funds	-	-	(3,075)
Decrease in			
Cash in banks	-	-	(1,765)
Receivables	(24,623)	-	-
Balance, June 30, 2023, Audited Financial Statement	$ 1,625,861	$ 1,161,628	$ 524,812

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 3,852,285	$ 4,643,799	$ 3,848,653	$ 3,468,416
Other sources	-	-	-	-
Total revenues and other sources	3,852,285	4,643,799	3,848,653	3,468,416
Expenditures	4,155,996	4,267,159	3,736,868	3,307,527
Other uses	94,377	91,447	45,201	201,889
Total expenditures and other uses	4,250,373	4,358,606	3,782,069	3,509,416
Increase (Decrease) in Fund Balance	(398,088)	285,193	66,584	(41,000)
Ending Fund Balance	737,536	1,135,624	850,431	783,847
Available Reserves [2]	606,233	544,822	665,700	273,073
Available Reserves as a Percentage of Total Outgo	14.3%	12.5%	17.6%	7.8%
Long-Term Liabilities other than Pensions	N/A	$ 7,655,024	$ 6,871,165	$ 8,594,571
K-12 Average Daily Attendance at P-2	163	160	159	190

The General Fund balance has increased by $351,777 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $398,088 (35.1%). For a district this size, the State recommends available reserves of at least 5% of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $939,547 over the past two years.

Average daily attendance has decreased by 30 over the past two years. However, an increase of 3 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

Name of Charter Schools	Charter Number	Included in Audit Report
California Connections Academy Central Coast	2031	No

	Student Activity Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 39,973	$ 4,864	$ 229,976	$ 234,144	$ 508,957
Receivables	1	26,409	1,268	1,130	28,808
Stores inventories	-	1,113	-	-	1,113
Total assets	$ 39,974	$ 32,386	$ 231,244	$ 235,274	$ 538,878
Liabilities					
Accounts payable	$ 3,601	$ 5,765	$ -	$ -	9,366
Due to other funds	3,075	1,625	-	-	4,700
Total liabilities	6,676	7,390	-	-	14,066
Fund Balances					
Nonspendable	-	1,113	-	-	1,113
Restricted	$ 33,298	23,883	$ -	$ 235,274	292,455
Assigned	-	-	231,244	-	231,244
Total fund balances	$ 33,298	$ 24,996	$ 231,244	$ 235,274	$ 524,812
Total liabilities and fund balances	$ 39,974	$ 32,386	$ 231,244	$ 235,274	$ 538,878

	Student Activity Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ 153,145	$ -	$ -	$ 153,145
Other State sources	-	34,209	-	348	34,557
Other local sources	33,384	1,038	3,708	195,902	234,032
Total revenues	33,384	188,392	3,708	196,250	421,734
Expenditures					
Current					
Pupil services					
Food services	-	235,498	-	-	235,498
Administration					
All other administration	-	4,945	-	-	4,945
Ancillary services	41,292	-	-	-	41,292
Debt service					
Principal	-	-	-	30,000	30,000
Interest and other	-	-	-	191,669	191,669
Total expenditures	41,292	240,443	-	221,669	503,404
Excess (Deficiency) of Revenues over Expenditures	(7,908)	(52,051)	3,708	(25,419)	(81,670)
Other Financing Sources					
Transfers in	-	91,447	-	-	91,447
Net Change in Fund Balances	(7,908)	39,396	3,708	(25,419)	9,777
Fund Balances - Beginning	41,206	(14,400)	227,536	260,693	515,035
Fund Balances - Ending	$ 33,298	$ 24,996	$ 231,244	$ 235,274	$ 524,812

Note 1 - Purpose of Schedules

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

Schedule of Charter Schools

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

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

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

Independent Auditor's Reports
June 30, 2023

Cuyama Joint Unified School District

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
Cuyama Joint Unified School District
New Cuyama, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cuyama Joint Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 1, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

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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*.

We noted certain matters that we reported to management of the District in a separate letter dated March 1, 2024.

The District's Response to Findings

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2024

Independent Auditor's Report on State Compliance

To the Governing Board
Cuyama Joint Unified School District
Cuyama, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Cuyama Joint Unified 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.

Qualified Opinion on Attendance, Instructional Time, Unduplicated Local Control Funding Formula Pupil Counts, and After School Education and Safety Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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.

Unmodified Opinion on Each of the Other Programs

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, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

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 (*Governmental 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. If the District has a qualified opinion, a consultation is required.

Matters Giving Rise to Qualified Opinion on Attendance, Instructional Time, Unduplicated Local Control Funding Formula Pupil Counts, and After School Education and Safety Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance, Instructional Time, Unduplicated Local Control Funding Formula Pupil Counts, and After School Education and Safety Program, as described in accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, 2023-004, and 2023-005.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
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	Yes
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	Yes
Transitional Kindergarten	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
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 offer Independent Study procedures because the program is not offered by the District.

The District does offer Continuation Education, but the ADA for the program was below the materiality threshold as indicated in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; therefore, we did not perform any procedures related to the Continuation Education procedures.

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.

We did not perform California Clean Energy Jobs Act procedures because the District did not have any expenditures in the current fiscal year nor was it required to submit any final project completion report.

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.

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

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

Report on Internal Control over Compliance

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

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 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 by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, and 2023-005 to be material weaknesses.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *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.

Eide Bailly LLP

City of Issuing Office, California
March 1, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Cuyama Joint Unified School District

Financial Statements

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

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for programs	Qualified*

*Unmodified for all programs except for the following programs which were qualified

Name of Program
Attendance
Instructional Time
Unduplicated Local Control Funding Formula Pupil Counts
After School Education and Safety Program

The following finding represents a material weakness of internal control 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 – Adjustments and Financial Statement Preparation (Material Weakness)

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 all applicable accounting principles are adhered to when preparing the financial statements.

Condition

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. During the course of our engagement, we identified significant misstatements of balances within the District's 2022-2023 unaudited financial statements. The cause of these misstatements are detailed below:

1. Accounts payable in the General Fund was under-accrued, resulting in a $56,080 overstatement of the fund balance of the General Fund.
2. Due from other funds was under-accrued, resulting in a $3,075 understatement of the fund balance of the General Fund.
3. Receivables in the General Fund was over-accrued, resulting in a $24,623 overstatement of the fund balance of the General Fund.
4. Receivables in the Building Fund was under-accrued, resulting in a $6,372 understatement of the fund balance of the Building Fund.
5. Cash in banks in the Non-Major Governmental Funds was overstated, resulting in a $1,765 overstatement of the fund balance of the Non-Major Governmental Funds.
6. Receivables in the Non-Major Governmental Funds was under-accrued, resulting in a $29,003 understatement of the Non-Major Governmental Funds.
7. Due to other funds in the Non-Major Governmental Funds was under-accrued, resulting in a $3,075 overstatement of the Non-Major Governmental Funds.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with the District personnel and through a review of available District records related to the balances reported on the District's 2022-2023 unaudited financial statements.

Effect

The effect of the error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2022-2023 unaudited financial statements, the District's General Fund was overstated by $77,628, the Building Fund was understated by $6,372, and the District's Non-Major Governmental Funds were understated by $24,163.

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 related conversion, adjusting, and reclassifying journal entries in preparation of the government-wide financial statements.

Repeat Finding

Yes, see prior year finding 2023-001.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

Management does review financial account balances to ensure balances have been correctly reported to the best of their knowledge. While the fair market value of cash journal entries were corrected from the prior year's finding, additional new entries related to reclassification and the accrual of fourth quarter interest was not completed due to timing and a final review to check for possible errors was not performed to satisfaction.

The District will continue to improve its procedures of internal controls when finalizing the year-end financial statements. In particular, the interest accrual will be added to the procedural checklist and implemented. The business department and the County's district financial advisor will collaborate to ensure closing entries are processed accurately. Any necessary adjustments will be made according to auditor recommendations by the business manager and approved by the district financial advisor prior to the next reporting period.

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

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

2023-002 10000 – Attendance (Material Weakness, Noncompliance)

Criteria

Pursuant to California Education Code Section 46300, the Second Period Report of Attendance (P2) and Annual Period Report of Attendance (PA)submitted to the California Department of Education must reconcile back to supporting documents that the Local Educational Agency (LEA) has prepared in connection with the calculation of its Average Daily Attendance (ADA) reported on each of the reporting line items.

Condition

The P2 and PA were erroneously overreported by the District for each grade span. As a result, the District has overclaimed 1.57 and 4.72 ADA for apportionment funding on its Second Period Report of Attendance and Annual Report of Attendance, respectively.

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of $23,042.52 in Local Control Funding Formula. The estimated penalty was calculated using the CDE’s LCFF Derived Value of ADA by Grade Span:

Grade Span	Unallowable ADA	Derived Value of ADA by Grade Span	Penalty
TK-3	(0.08)	$ 13,100.26	$ (1,048.02)
4-6	0.06	12,045.14	722.71
7-8	(0.06)	12,402.46	(744.15)
9-12	(1.49)	14,747.02	(21,973.06)
Total	(1.57)		$ (23,042.52)

Context

The condition was identified during our review of the District's P2 and PA. Cumulative attendance summary reports supporting each of the reported line items were generated from the District's attendance system and the reports were compared with spreadsheets used by the District to prepare its P2 and Annual attendance reports.

Effect

The following summary of overstatement were noted on the District's P2 and PA line A-1 (regular ADA): 1.57 ADA at P2 and 4.72 ADA at PA.

Cause

The error in the ADA reported at P2 and PA was the result of inadequate training and lack of review of the attendance reports.

Repeat Finding

No

Recommendation

The District should provide additional training to the staff preparing the P2 and PA. In addition, the District should revamp its procedures over the review of the attendance reports.

Corrective Action Plan and Views of Responsible Officials

The attendance data collection and the reporting of the data involves several staff members and steps at required time periods. Additional training opportunities will be obtained as suggested. A review and revision of the attendance procedures will be conducted and implemented according to the auditor recommendation.

2023-003 **40000 – Instructional Time**

Criteria

California *Education Code* Section 46200, a District must offer 180 school days per year for traditional calendar schools to be eligible to receive long-year incentive funding. In addition, California *Education Code* Section 46114(a) states the minimum school day in grades 1, 2, and 3 in elementary schools may be computed by determining the number of minutes of attendance in any 10 consecutive schooldays and dividing that number by 10. If the resulting quotient is 230 or more, the pupils shall be deemed to have complied with Section 46112, even if the number of minutes attended in any one school day is less than 230, but not less than 170. In order to count a school day as a day of instruction for incentive funding under California *Education Code*

Section 46200, the District must meet the minimum daily minute requirements of California *Education Code* Sections 46112 and 46114(a).

Condition

The District did not meet the minimum daily requirement for grades 1 - 3 at its elementary school for three days, and as a result, only offered 177 school days during the fiscal year 2022-2023.

Questioned Costs

Using the California Department of Education's latest published Audit Penalty Calculator "*Estimating the Cost of an Instructional Time Audit Penalty*" worksheet, the penalty calculation is as follows:

ADA for grade levels affected (Grades 1-3 ADA as reported on Second Period Report of Attendance) – 33.37 ADA
Derived Value of ADA - $13,100.26
Days Non-Compliant – 3 days
Calculation – 0.0056 x 33.37 ADA x $13,100.26 x 3 = $7,344

Context

The condition was identified during our review of the instructional minute calculation. We obtained the calculation from the District and using the bell schedules received from the site, the auditor re-performed the calculation. During this process, the auditor identified that the site did not meet the minimum daily minutes requirement.

Effect

As a result of the condition identified, the District is not in compliance with California *Education Code* Sections 46112 and 46114.

Cause

The cause may be a result of the lack of review over site instructional minute calculation.

Repeat Finding

Yes, see prior year finding 2022-003.

Recommendation

On a go-forward basis, the District should revamp its instructional minute review procedure to include a more stringent review of the calculation submitted by the site. Additionally, we also recommend the District provide a general overview of instructional minute requirement to the site administrator to ensure that similar shortfalls are not repeated in the future.

Corrective Action Plan and Views of Responsible Officials

The minimum daily requirement for grades 1 – 3 at the elementary school for three days was the result of the minimum day schedule being five minutes short of the required daily instructional time. The corrective action is that the schedules will be reviewed and corrected for the future. In addition, a second person will double check the total number of instructional days and instructional minutes to make sure the District meets the daily minimum requirements prior to the start of the school year.

2023-004 40000 – Unduplicated Local Control Funding Formula Pupil Counts

Criteria

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

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) is inaccurate. The District inaccurately reported eligibility status for six students selected for testing on the Free or Reduced-Price Meals (FRPM) designation on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

Questioned Costs

The error was extrapolated, resulting in a total of 28 unduplicated pupil counts to be adjusted. The adjustment results in a decrease of $83,977 in local control funding formula funding. The estimated penalty was calculated using the CDE’s audit penalty calculator.

Context

The condition identified resulted from our review in supporting documents for the FRPM students selected for testing. Six of 12 students categorized as free and reduced did not have an eligibility determination on file. The District opted to extrapolate the error over the entire population of Free/Reduced students (56 per review of the CALPADS Form 1.18), which resulted in the overstatement of 28 FRPM students.

Effect

As a result of our testing, it appears that the District did not have supporting forms on file to properly complete the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The result of our testing has been documented as follows:

Certified Total Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for EL	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
182	151	-	-	(28)	182	123

Cause

The condition identified, related to FRPM, has materialized due to the District not keeping supporting forms on file.

Repeat Finding

No.

Recommendation

The District should maintain income verification forms on file in a centralized location to support data that is reported on the CALPADS Form 1.18.

Corrective Action Plan and Views of Responsible Officials

Additional training and oversight is necessary related to the collection and data entry of the free and reduced lunch applications to ensure accuracy. The District does retain the FRPM forms; however, some entries were erroneous or missing from the file. Improved procedures to the free and reduced lunch application process will be implemented to prevent future discrepancies.

2023-005 40000 – After School Education and Safety Program

Criteria

According to the California *Education Code* Section 8483(a)(1) states that every after-school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after-school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program.

Condition

While verifying the total students served at the Cuyama Elementary School after school program, a discrepancy was noted between the total number of students served per the attendance detail and the number of students served per the daily sign-in sheets.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Context

The condition identified resulted from our review of Cuyama Elementary School attendance records for the month of December 2022. The auditor selected the only school listed for the first semi-annual reporting period dated July to December 2022. The auditor then reviewed sign-in sheets and monthly attendance reports for the month of December 2022 to determine the accuracy of reported attendance. While reviewing the sign-in sheets, it was noted that the District overstated the number of days served by seven.

Effect

The District was not compliant with California *Education Code* Section 8483(a)(1) and for the 2022-2023 fiscal year.

Cause

The condition was caused by the attendance system not taking into account students not enrolled in the program.

Repeat Finding

No

Recommendation

The District should review procedures related to reporting the number of students served to the CDE to ensure accurate attendance reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Corrective Action Plan and Views of Responsible Officials

It is possible that a student enrollment record may have been updated after the CDE attendance report was submitted. The procedure will be revised to review for accuracy and/or correction. A different staff member will be sought to provide an independent review of the ASES attendance and enrollment prior to submission to CDE.

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

Financial Statement Findings

2022-001 30000

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

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. During the course of our engagement, we identified significant misstatements of balances within the District's 2021-2022 unaudited financial statements. The cause of these misstatements are detailed below:

1. The fair market value of cash in county was not recorded, resulting in an overstatement of $53,374 of cash in county in the General Fund.
2. Accounts receivable in the General Fund were under-accrued, resulting in a $12,683 understatement in the General Fund.
3. The fair market value of cash in county was not recorded, resulting in an overstatement of $338 of cash in county in the Cafeteria Fund.
4. Accounts receivable in the Cafeteria Fund were over-accrued, resulting in a $23,712 overstatement in the Cafeteria Fund.
5. The fair market value of cash in county was not recorded, resulting in an overstatement of $41,959 of cash in county in the Building Fund.
6. The fair market value of cash in county was not recorded, resulting in an overstatement of $17,130 of cash in county in the Non-Major Governmental Funds.
7. Cash in banks in the Non-Major Governmental Funds were overstated by $1,835.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified through inquiry with the District personnel and through a review of available District records related to the balances reported on the District's 2021-2022 unaudited financial statements.

Effect

The effect of the error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2021-2022 unaudited financial statements, the District's General Fund was overstated by $40,691, the District's Cafeteria Fund was overstated by $24,050, the District's Building Fund was overstated by $41,959, and the District's Non-Major Governmental Funds were overstated by $18,965.

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 related conversion, adjusting, and reclassifying journal entries in preparation of the government-wide financial statements.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not implemented, see current year finding 2023-001.

2022-002 30000

Criteria or Specific Requirements

As a school district and custodian of associated student body funds, the District has a responsibility to ensure the safeguarding and accounting of those funds.

Condition

A material weakness in internal control over financial reporting - The District cannot provide documented evidence that all student body activity is captured within its accounting records.

Questioned Costs

There were not questioned costs associated with the condition identified.

Context

Cash held on behalf of students varies depending on the size of the student body at each of the respective schools. The District operated one K-8 elementary school and one 9-12 high school. Management of the District has obtained support for $41 thousand of student activity funds deposited in District-controlled accounts. The District was unable to identify how much of the funds belonged to scholarship funds as they are comingled in the same bank accounts.

Effect

The District is continuing the development of its internal control process over the student activity funds and gathering all the information from the past years in order to reconcile the amounts that belong to scholarship funds.

Cause

The District had a short period where the business manager position was vacant and there had not been personnel reconciling the funds. The District has not completed implementing the procedures to accumulate the data necessary to support all audit steps fully.

Recommendation

The District should formally document how it concluded that all student body funds and scholarship funds were recorded into the District's accounting records. Additionally, the District should adopt the procedures contained in the FCMAT ASB manual regarding custody and oversight of the student body funds.

Current Status

Implemented.

State Compliance Findings

2022-003 40000

Criteria or Specific Requirements

According to Education Code Section 46207, the minimum minutes of instruction offered for a local educational agency is 54,000 for grades 4 and 5, inclusive.

Condition

The District did not meet the minimum minutes of instruction requirement for grades 4 and 5 during the fiscal year of 2021-2022. The instructional minutes offered by the District was short of the 54,000 required number of minutes by 1,160 minutes.

Questioned Costs

Using the California Department of Education's latest published Audit Penalty Calculator "Estimating the Cost of an Instructional Days Audit Penalty" worksheet, the penalty calculation is as follows:

ADA for grade levels affected (Grades 4 and 5 ADA as reported on Second Period Report of Attendance) – 33.81 ADA
Derived Value of ADA - $10,574.55
Number of minutes short – 1,160
Calculation – 0.0215 x 33.81 x 10,574.55 x 2 = $15,374

Context

The condition was identified during our review of the instructional minute calculation performed for the District. We obtained the calculation from the District and using the bell-schedules and the school calendar received from the site, the auditor re-performed the calculation. During this process, the auditor identified that the site did not meet the minimum minutes of instruction required.

Effect

As a result of the condition identified, the District did not comply with the Education Code Section 46207.

Cause

The cause may be a result of the lack of review over the site instructional minute calculation.

Recommendation

On a go-forward basis, the District should revamp its instructional minute review procedures to include a more stringent review of the calculation submitted by the site. Additionally, we also recommend the District provide a general overview of instructional minute requirement to the site administrator to ensure that similar shortfalls are not repeated in the future.

Current Status

Not implemented, see current year finding 2023-003.

2022-004 72000

Criteria or Specific Requirements

As required by California *Education Code* Section 33126(b)(5), the School Accountability Report Card (SARC) shall include, but is not limited to, the total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

Condition

The SARC among other information, includes a report on teacher misassignments, which is derived from the Quarterly Report on Williams Uniform Complaints. However, for two out of the two schools selected for testing, the information reported on the SARC was not consistent with the documentation on the Quarterly Report on Williams Uniform Complaints.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our inquiry with the District's Facilities and Education Services Department personnel and through review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education* Code Section 33126(a) which states that the SARC shall provide data by which a parent can make meaningful comparisons between public schools that will enable him or her to make informed decisions on the school in which to enroll his or her children.

Cause

The condition identified appears to have materialized primarily due to the lack of review process ensuring that current FIT data is included in the most updated published SARC.

Recommendation

The District should ensure compliance with all the requirements identified in California *Education Code* Section 33126. The Facility Inspection Tools should be kept on file to substantiate the condition of the District's facilities as reported on the SARC. Additionally, the District should provide management oversight to employees responsible for performing key compliance requirements.

Current Status

Implemented.

Management
Cuyama Joint Unified School District
New Cuyama, California

In planning and performing our audit of the financial statements of Cuyama Joint Unified School District (the District) for the year ended June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated ____________, 2023 on the government-wide financial statements of the District.

Associated Student Body

Cuyama Valley High School

Observation

1. Based on review of the cash receipting procedures, it was noted that all four deposits tested contained cash that was not deposited in a timely manner. The delay in deposit ranged from 30 to 39 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of the cash reception procedures, it was noted that club advisors are not consistently providing adequate supporting documentation for cash collections. All four deposits tested were not supported by adequate documentation or a paper trail. As a result, the completeness of these deposits could not be verified.
3. Based on the review of the disbursement procedures, it was noted that four of five disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimuze the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.

2. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
March 1, 2024