WASHINGTON UNIFIED SCHOOL DISTRICT

COUNTY OF YOLO
WEST SACRAMENTO, CALIFORNIA

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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**James Marta & Company LLP**
**Certified Public Accountants**

***Accounting, Auditing, Tax, and Consulting***

# INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, 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 Washington 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 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 District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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*

The District's 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.

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***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 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, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Changes in District's Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *supplementary information as listed in the table of contents* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *supplementary information* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2023 on our consideration of 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 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 District's internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 20, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Washington Unified School District's (District) annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## INTRODUCTION

The Washington Unified School District, founded in 1957, is located in the City of West Sacramento. The city covers a 23 square mile area in eastern Yolo County along the west bank of the Sacramento River, opposite the City of Sacramento. The District serves an ethnically diverse and population of approximately 7,460 students. The District has six (6) K-8 schools, one (1) K-7 school, one (1) comprehensive high school, a continuation high school, an independent study program, an adult education program and a 9-12 charter. We believe in our motto: Equity, Excellence, Empowerment, for Every Student, Every Day.

## FINANCIAL HIGHLIGHTS

- The Adopted Budget Unrestricted General Fund projected a surplus of $15,244,937 and the Adopted Budget Restricted General Fund projected a balance of $11,737,702. The year ended with an Unrestricted General Fund surplus of $18,027,919 and a Restricted General Fund surplus of $7,496,934.
- Contributions to restricted programs were $2,356,108 less than projected in the 2023-2024 Adopted Budget.
- The General Fund ended the year with a fund balance of $46,794,905. This is an increase of $21,524,854 from the prior fiscal year.
- Employee compensation increased by 4.0% for certificated and 4.0% classified employee groups for the 2022-2023 fiscal year.
- The District Administration continues to be proactive with the board, bargaining units, and community stakeholders to convey the District's fiscal position in a very transparent manner. The District maintains a positive certification with its fiscal oversight agent while acknowledging that continued fiscal solvency will require prudent action(s) in the coming fiscal years; even in an improving economy. With the passage of the Local Control Funding Formula in 2013, new funding for schools has materialized.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information and (4) supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education are financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

REPORTING THE DISTRICT AS A WHOLE

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

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

The relationship between revenues and expenses is the District's operating results. Since it is the responsibility of the Board 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 important components in this evaluation.

In the Statement of Net Position and the Statement of Activities, District activities are defined as follows:

- Governmental activities - Most of the District's services are reported in this category. This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

*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 some 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 California Department of Education, the U.S. Department of Education, local funds, and external borrowings.

*Governmental funds* - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining 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 each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

The District is the trustee, or fiduciary, for funds held on behalf of others, like foundation private-purpose trust funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

*Net Position*

The District's net position was $101.1 million for the fiscal year ended June 30, 2023, resulting in an increase from the prior fiscal period's net position by $5.3 million.

In June of 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Table 1 below focuses on the net position of the District's governmental activities.

**Table 1**

**Condensed Statement of Net Position**

| | June 30, 2023 | June 30, 2022 | Change | Percentage Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | $ 175,223,981 | $ 144,278,257 | $ 30,945,724 | 17.7% |
| Capital assets | 267,808,783 | 270,033,673 | (2,224,890) | -0.8% |
| Total assets | 443,032,764 | 414,311,930 | 28,720,834 | 6.5% |
| **Deferred Outflows of Resources** | 45,264,630 | 50,362,532 | (5,097,902) | -11.3% |
| **Liabilities** | | | | |
| Current liabilities | 20,683,304 | 13,927,861 | 6,755,443 | 32.7% |
| Long-term liabilities | 323,763,048 | 307,064,357 | 16,698,691 | 5.2% |
| Total liabilities | 344,446,352 | 320,992,218 | 23,454,134 | 6.8% |
| **Deferred Inflows of Resources** | 42,719,162 | 47,871,502 | (5,152,340) | -12.1% |
| **Net Position** | | | | |
| Invested in capital assets, net of related debt | 166,185,866 | 161,100,395 | 5,085,471 | 3.1% |
| Restricted | 115,288,669 | 95,186,558 | 20,102,111 | 0.0% |
| Unrestricted | (180,342,655) | (160,476,211) | (19,866,444) | -11.0% |
| Total net position | $ 101,131,880 | $ 95,810,742 | $ 5,321,138 | -5.3% |

*Changes in Net Position*

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 focuses on the change in net position of the District's governmental activities by taking the information from the Statement, rounds off the numbers, and rearranges them slightly so that total revenues for the year can be seen.

**Table 2**

**Condensed Statement of Activities for the Fiscal Years Ended June 30**

| | 2023 | 2022 | Change | Percentage Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Charges for services | $ 2,777,443 | $ 3,477,170 | $ (699,727) | -25.2% |
| Operating grants and contributions | 59,753,061 | 36,303,175 | 23,449,886 | 39.2% |
| Federal and state aid not restricted for specific purposes | 70,657,402 | 60,006,029 | 10,651,373 | 15.1% |
| Taxes and subventions | 38,745,222 | 36,803,717 | 1,941,505 | |
| Interest and investment earnings | 391,516 | (3,119,772) | 3,511,288 | 896.8% |
| Miscellaneous | 392,150 | 574,823 | (182,673) | -46.6% |
| Total revenues | 172,716,794 | 134,045,142 | 38,671,652 | 22.4% |
| **Expenses** | | | | |
| Instruction | 83,843,115 | 57,603,092 | 26,240,023 | 31.3% |
| Instruction-related services | 16,055,587 | 8,189,011 | 7,866,576 | 49.0% |
| Pupil services | 19,797,115 | 12,968,248 | 6,828,867 | 34.5% |
| General administration | 12,353,337 | 9,212,059 | 3,141,278 | 25.4% |
| Plant services | 22,573,603 | 17,870,689 | 4,702,914 | 20.8% |
| Ancillary services | 1,272,949 | 965,945 | 307,004 | 24.1% |
| Interest on long-term debt | 10,285,538 | 6,378,328 | 3,907,210 | 38.0% |
| Other outgo | 1,214,412 | 983,977 | 230,435 | 19.0% |
| Total expenses | 167,395,656 | 114,171,349 | 53,224,307 | 31.8% |
| Change in net position | $ 5,321,138 | $ 19,873,793 | (14,552,655) | 273.5% |

*Governmental Activities*

As reported in the Statement of Activities, the cost of all our governmental activities this year was $167.4 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $38.7 million because the cost was paid by those who benefited from the programs ($2.77 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($59.75 million). We paid for the remaining "public benefit" portion of our governmental activities with $66.2 million in State funds and with other revenues, like interest and general entitlements.

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. The Fund Balances shown on the Governmental Funds Balance Sheet are largely cash and cash equivalents, and do not show Capital Facilities Assets.

The General Fund is the District's principal operating fund. The fund balance in the General Fund, excluding the Deferred Maintenance and Special Reserve Fund for Postemployment Benefits, increased from $25.2 million to $46.8 million, or by $21.6 million. Expenditures in the Deferred Maintenance Fund, Building Fund, the Capital Facilities Fund, the County School Facilities Fund, and the Special Reserve for Capital Outlay Projects Fund equaled $9.2 million for Westfield Modernization, Yolo Roofing, Clarendon Fire Alarm, RCHS Fencing, and the 2017 COP Payment.

**Table 3**

**Governmental Activities Expenditures**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Total | Net | Total | Net |
| Instruction | $ 83,843,115 | $ 45,230,877 | $ 57,603,092 | $ 37,723,695 |
| Instruction-related services | 16,055,587 | 12,044,320 | 8,189,011 | 5,623,105 |
| Pupil services | 19,797,115 | 9,246,833 | 12,968,248 | 5,915,159 |
| General administration | 12,353,337 | 9,449,945 | 9,212,059 | 6,460,192 |
| Plant services | 22,573,603 | 22,090,743 | 17,870,689 | 16,628,404 |
| Ancillary services | 1,272,949 | 805,469 | 965,945 | 500,704 |
| Interest on long-term debt | 10,285,538 | 10,285,538 | 6,378,328 | 6,378,328 |
| Other outgo | 1,214,412 | (4,288,573) | 983,977 | (4,838,583) |
| Total expenses | $167,395,656 | $104,865,152 | $114,171,349 | $ 74,391,004 |

The District's Other Non-Major Governmental Funds remained stable from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2022-23 budget ran as a $25.5M surplus when it was expecting a $4.3M deficit on the original budget. This is due to the timing in the receipt of COVID related funding. The District remains with the designated 6% reserve. The District experienced a slight decline in enrollment, however, COLA was 6.56% and it was augmented with an additional 6.70% for a total COLA of 13.26% which resulted in an increase in the base funding.

LCFF was fully funded in 2018-19. According to the 2022-23 Enacted State Budget, the COLA is projected at 6.56% for 2022-23 and 5.38% for 2023-24. Salary Compensation has been settled through 2023-2024

*Federal Funds*

Federal funding for fiscal 2022-23 increased by $1.9 million compared to 2021-22. This is due to one-time funding. The District's Administration continues to be conservative with the allocation of these resources and the associated expenditures. As with prior years, the objective of the use of Federal Funds is to spend current year dollars on current year students.

*Cash Flow*

For the year ending June 30, 2023, the District had a strong ending cash position. Cash continues to be reviewed on a monthly basis.

*Capital Assets*

At June 30, 2023, the District had $267 million in a broad range of capital assets net of accumulated depreciation, including land, buildings, vehicles, and furniture and equipment.

**Table 4**

**Comparative Schedule of Capital Assets**

| | 2023 | 2022 |
|---|---|---|
| Land | $ 29,155,759 | $ 29,155,759 |
| Work in Pogress | 25,836,331 | 22,751,042 |
| Buildings | 259,959,271 | 258,881,215 |
| Site Improvements | 47,891,395 | 47,878,595 |
| Equipment and Vehicles | 17,904,039 | 18,103,351 |
| Subtotals | 380,746,795 | 376,769,962 |
| Less: Accumulated Depreciation | (112,938,012) | (106,736,289) |
| Capital Assets, net | $ 267,808,783 | $ 270,033,673 |

We present more detailed information about our capital assets in the notes to the basic financial statements.

*Long-term Liabilities*

In June 2021, the District issued Measure Z Series A General Obligation Bonds (the "Bonds") in the aggregate principal amount of $60,000,000 for the purpose of financing the school facility improvements and to pay certain costs of issuance associated therewith. The Series A was the first series of bonds issued under the Authorization and are issued on a parity basis with all outstanding general obligation bonds of the District. Subsequent to the Series A issuance, there is $90,000,000 remaining for future issuances. In November of 2014, the voters in the City of West Sacramento approved Measure V, which authorized the Board of Education to issue General Obligation Bonds in the amount of $49.8 million. Of this authorization, the Board of Education issued Series 2015 Bonds at a value of $24.9 million. The remaining $24.9 million was issued with Series 2017 Bonds. Measure V projects will include the Bryte CTE campus, Bridgeway Island classrooms, districtwide re-roofing projects, updating of fire alarm systems, Fallbrook Homecoming and ADA access issue. Table 5 shows the long-term liabilities of the District. We present more detailed information regarding our long-term liabilities in the Notes to the basic financial statements.

**Table 5**

**Comparative Schedule of Long-Term Liabilities**

| | June 30, 2023 | June 30, 2022 | Change | Percent Change |
|---|---|---|---|---|
| General Obligation Bonds | $ 156,099,614 | $ 163,793,068 | $ 7,693,454 | 4.9% |
| Certificates of Participation | 54,585,000 | 57,270,000 | 2,685,000 | 4.9% |
| Qualified School Construction Bonds | 8,885,432 | 8,885,432 | - | 0.0% |
| Clean Renewable Energy Bonds | 3,493,980 | 3,953,274 | 459,294 | 13.1% |
| Net Pension Liability | 80,520,864 | 51,750,830 | (28,770,034) | -35.7% |
| Net OPEB Liability | 20,014,992 | 21,323,844 | 1,308,852 | 6.5% |
| Compensated Absences | 163,166 | 87,909 | (75,257) | -46.1% |
| **Subtotal** | $ 323,763,048 | $ 307,064,357 | $ (27,536,439) | -8.5% |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On June 27, 2023, Governor Gavin Newsom signed an on-time budget. The budget maintained several proposals that were included in the May Revision; however, some changes were incorporated into the final State Budget. Please be aware that the funding rates and application requirements for many of the new grants listed below are currently unknown. Consequently, it may be premature for an LEA to include them in its 45-day budget revision.

The major transitional kindergarten through grade 12 (TK-12) funding provisions in the 2023-24 State Budget are as follows:

- The funded cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF is 8.22%.
- $1.1 billion reduction to the Learning Recovery Emergency Block Grant.
- $200 million reduction to the Arts, Music and Instructional Materials Discretionary Block Grant.
- $300 million (ongoing) increase to create an LCFF Equity Multiplier intended to close opportunity gaps. These funds will be allocated to schools serving more than 70% socioeconomically disadvantaged students and more than 25% transient students.
- Multiple changes to Local Control Accountability Plan (LCAP) requirements. This includes new requirements to:
    - Add focused goals to address educator preparation and student performance for schools receiving Equity Multiplier funding.
    - Add specific actions to address any school or student group assigned the lowest performance level on any California School Dashboard indicator.
    - Change actions deemed ineffective over a three-year period.

- $248 million (one-time) increase to expand the number of high-poverty schools participating in the Literacy Coaches and Reading Specialist Grant Program. This program provides funding to eligible LEAs for the:
  - Development of school literacy programs.
  - Employment and training of literacy coaches and reading and literacy specialists.
  - Development and implementation of interventions for students needing targeted literacy support.

- The delay of the $550 million in planned support from 2023-24 to 2024-25 for the California Preschool, Transitional Kindergarten (TK) and Full-Day Kindergarten Facilities Grant Program. This program provides funding for the construction of new classrooms or the retrofit of existing school facilities for these programs.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

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 demonstrate the District's accountability for the money it received. If you have questions about this report or need any additional financial information, contact the Business Office, Washington Unified School District, 930 Westacre Road, West Sacramento, California 95691 or call 916-375-7600.

# BASIC FINANCIAL STATEMENTS

# WASHINGTON UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET POSITION

## JUNE 30, 2023

| | | Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 165,629,017 |
| Receivables | | 9,559,442 |
| Stores inventory | | 35,522 |
| Capital assets, net of accumulated depreciation (Note 4) | | 267,808,783 |
| Total Assets | | 443,032,764 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows on refunding COPs (Note 5) | | 2,203,158 |
| Deferred outflows on refunding Bonds (Note 5) | | 229,667 |
| Deferred outflows on OPEB (Note 8) | | 2,978,968 |
| Deferred outflows on pensions (Note 7) | | 39,852,837 |
| Total Deferred Outflows | | 45,264,630 |
| **LIABILITIES** | | |
| Accounts payable and other current liabilities | | 15,426,567 |
| Unearned revenue | | 5,256,737 |
| Long-term liabilities: | | |
| Due within one year | | 16,898,863 |
| Due in more than one year | | 306,864,185 |
| Total Liabilities | | 344,446,352 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred COP premium revenue (Note 5) | | 3,682,110 |
| Deferred bond premium revenue (Note 5) | | 4,532,903 |
| Deferred inflows on OPEB (Note 7) | | 2,787,129 |
| Deferred inflows on pensions (Note 6) | | 31,717,020 |
| Total Deferred Inflows | | 42,719,162 |
| **NET POSITION** | | |
| Net investment in capital assets | | 166,185,866 |
| Restricted | | 115,288,669 |
| Unrestricted | | (180,342,655) |
| Total Net Position | $ | 101,131,880 |

See accompanying notes to the basic financial statements.

## WASHINGTON UNIFIED SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | | Program Revenues | | Net (Expense) Revenues and Changes in Net Position |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Instruction | $ 83,843,115 | $ 318,668 | $ 38,293,570 | $ (45,230,877) |
| Instruction - related services: | | | | |
| Supervision of instruction | 7,034,191 | 49 | 3,128,409 | (3,905,733) |
| Instructional library, media and technology | 759,243 | 1,478 | 26,904 | (730,861) |
| School site administration | 8,262,153 | 1,355 | 853,072 | (7,407,726) |
| Pupil Services: | | | | |
| Home-to-school transportation | 4,355,593 | - | 12,165 | (4,343,428) |
| Food services | 6,437,498 | 460,259 | 8,402,127 | 2,424,888 |
| All other pupil services | 9,004,024 | 41,056 | 1,634,675 | (7,328,293) |
| General administration: | | | | |
| Centralized data processing | 4,189,415 | - | 144,164 | (4,045,251) |
| All other general administration | 8,163,922 | 19,110 | 2,740,118 | (5,404,694) |
| Plant services | 22,573,603 | 1,953 | 480,907 | (22,090,743) |
| Ancillary services | 1,272,949 | - | 467,480 | (805,469) |
| Interest on long-term debt | 10,285,538 | - | - | (10,285,538) |
| Other outgo | 1,214,412 | 1,933,515 | 3,569,470 | 4,288,573 |
| Total governmental activities | $ 167,395,656 | $ 2,777,443 | $ 59,753,061 | (104,865,152) |

| | |
|---|---|
| General Revenues | |
| Taxes and subventions: | |
| Taxes levied for general purposes | 24,521,295 |
| Taxes levied for debt service | 10,746,497 |
| Taxes levied for other specific purposes | 3,477,430 |
| Federal and state aid not restricted to specific purpos | 70,657,402 |
| Interest and investment earnings | 391,516 |
| Miscellaneous | 392,150 |
| Total general revenues | 110,186,290 |
| Change in net position | 5,321,138 |
| Net Position - July 1, 2022 | 95,810,742 |
| Net Position - June 30, 2023 | $ 101,131,880 |

See accompanying notes to the basic financial statements.

## WASHINGTON UNIFIED SCHOOL DISTRICT

## BALANCE SHEET

## GOVERNMENTAL FUNDS

## JUNE 30, 2023

| | General Fund | Building Fund | Capital Facilitiies Fund | All Non-Major Funds | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | $ 69,252,631 | $ 58,133,843 | $ 9,935,699 | $ 28,306,844 | $ 165,629,017 |
| Accounts receivable | 6,493,806 | - | - | 3,065,636 | 9,559,442 |
| Due from other funds | 52,769 | 33 | 5,028,979 | 552,278 | 5,634,059 |
| Stores Inventory | 16,672 | - | - | 18,850 | 35,522 |
| Total Assets | $ 75,815,878 | $ 58,133,876 | $ 14,964,678 | $ 31,943,608 | $ 180,858,040 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities | | | | | |
| Accounts payable | $ 11,281,056 | $ 817,180 | $ 83,643 | $ 181,323 | $ 12,363,202 |
| Due to other funds | 10,788 | - | 5,171,373 | 451,898 | 5,634,059 |
| Unearned revenue | 3,249,298 | - | - | 2,007,439 | 5,256,737 |
| Total Liabilities | 14,541,142 | 817,180 | 5,255,016 | 2,640,660 | 23,253,998 |
| Fund balances | | | | | |
| Nonspendable | 41,672 | - | - | 18,850 | 60,522 |
| Restricted | 26,504,968 | 57,316,696 | 5,480,083 | 25,986,922 | 115,288,669 |
| Committed | 23,135,092 | - | 4,229,579 | 3,297,176 | 30,661,847 |
| Unassigned | 11,593,004 | - | - | - | 11,593,004 |
| Total Fund Balances | 61,274,736 | 57,316,696 | 9,709,662 | 29,302,948 | 157,604,042 |
| Total liabilities and fund balances | $ 75,815,878 | $ 58,133,876 | $ 14,964,678 | $ 31,943,608 | $ 180,858,040 |

See accompanying notes to the basic financial statements.

## WASHINGTON UNIFIED SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

## JUNE 30, 2023

| | | |
|---|---|---|
| Total fund balances - governmental funds | | $ 157,604,042 |
| Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because: | | |
| Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. | | |
| Capital assets at historical cost | $ 380,746,795 | |
| Accumulated depreciation | (112,938,012) | |
| Net | | 267,808,783 |
| Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported. | | |
| Deferred outflows of resources relating to pensions | | 39,852,837 |
| Deferred inflows of resources relating to pensions | | (31,717,020) |
| Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums consist of: | | |
| Deferred loss on refunding COPs | | 2,203,158 |
| Deferred loss on refunding Bonds | | 229,667 |
| Deferred premium revenue on COPs | | (3,682,110) |
| Deferred premium revenue on Bonds | | (4,532,903) |
| Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. | | |
| Deferred outflows of resources relating to OPEB | | 2,978,968 |
| Deferred inflows of resources relating to OPEB | | (2,787,129) |
| Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: | | (3,063,365) |
| Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of: | | |
| Current interest bonds payable | $ 124,654,270 | |
| Capital appreciation bonds payable | 31,445,344 | |
| Net pension liability | 80,520,864 | |
| Net OPEB liability | 20,014,992 | |
| Certificates of Participation (COPs) | 54,585,000 | |
| Qualified School Construction Bonds (QCSB) | 8,885,432 | |
| Clean Renewable Energy Bonds (CREB) | 3,493,980 | |
| Compensated absences payable | 163,166 | |
| | | (323,763,048) |
| Total net position, governmental activities: | | $ 101,131,880 |

# WASHINGTON UNIFIED SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | General Fund | Building Fund | Capital Facilitiies Fund | All Non-Major Funds | Total |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| LCFF sources | $ 90,067,134 | $ - | $ - | $ 2,081,751 | $ 92,148,885 |
| Federal revenue | 11,156,700 | - | - | 6,615,313 | 17,772,013 |
| Other state revenues | 32,221,128 | - | 141 | 4,711,298 | 36,932,567 |
| Other local revenues | 5,725,292 | 1,137,687 | 6,779,918 | 11,919,731 | 25,562,628 |
| Total revenues | 139,170,254 | 1,137,687 | 6,780,059 | 25,328,093 | 172,416,093 |
| **EXPENDITURES** | | | | | |
| Certificated salaries | 45,173,609 | - | - | 1,399,698 | 46,573,307 |
| Classified salaries | 18,003,277 | - | 99,811 | 2,080,003 | 20,183,091 |
| Employee benefits | 25,394,171 | - | 43,071 | 1,551,637 | 26,988,879 |
| Books and supplies | 5,548,328 | 7,731 | 32,663 | 2,840,324 | 8,429,046 |
| Services and other operating expenditures | 16,767,287 | 185,690 | 195,529 | 1,493,296 | 18,641,802 |
| Capital outlay | 3,046,127 | 2,492,636 | - | 18,427 | 5,557,190 |
| Other outgo | 868,455 | - | - | 1,132,647 | 2,001,102 |
| Debt service expenditures | - | - | 4,803,175 | 14,068,250 | 18,871,425 |
| Total expenditures | 114,801,254 | 2,686,057 | 5,174,249 | 24,584,282 | 147,245,842 |
| Excess(deficiency) of revenues over expenditures | 24,369,000 | (1,548,370) | 1,605,810 | 743,811 | 25,170,251 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Operating transfers in | 2,500,000 | - | - | 2,228,877 | 4,728,877 |
| Operating transfers out | (4,000,000) | - | (728,877) | - | (4,728,877) |
| Total other financing sources (uses) | (1,500,000) | - | (728,877) | 2,228,877 | - |
| Net change in fund balances | 22,869,000 | (1,548,370) | 876,933 | 2,972,688 | 25,170,251 |
| Fund balances, July 1, 2022 | 38,405,736 | 58,865,066 | 8,832,729 | 26,330,260 | 132,433,791 |
| Fund balances, June 30, 2023 | $ 61,274,736 | $ 57,316,696 | $ 9,709,662 | $ 29,302,948 | $ 157,604,042 |

See accompanying notes to the basic financial statements.

# WASHINGTON UNIFIED SCHOOL DISTRICT

# RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

## JUNE 30, 2023

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds | | $ 25,170,251 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is: | | |
| Expenditures for capital outlay: | $ 3,976,833 | |
| Depreciation expense: | (6,201,723) | |
| | | (2,224,890) |
| Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | | 13,868,919 |
| Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: | | (979,970) |
| Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The net amount of accreted interest recognized in the current year was: | | (3,031,171) |
| Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is: | | 320,006 |
| Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: | | (26,091,335) |
| In governmental funds, other postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer contributions was: | | (1,635,415) |
| Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: | | (75,257) |
| Total change in net position - governmental activities | | $ 5,321,138 |

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2023**

| | Trust Fund Foundation |
|---|---|
| **ASSETS** | |
| Cash and Equivalents | $ 43,876 |
| Total assets | $ 43,876 |
| **LIABILITIES** | |
| Liabilities | |
| Accounts payable | $ - |
| Total Liabilities | - |
| **NET POSITION** | |
| Restricted | $ 43,876 |

See accompanying notes to the basic financial statements.

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2023**

| | Trust Fund<br>Foundation |
|---|---|
| **REVENUES** | |
| Other local revenue | $ 445 |
| Total revenues | 445 |
| **EXPENSES** | |
| Scholarships Awarded | - |
| Total expenditures | - |
| Change in Net Position | 445 |
| Net Position, July 1, 2022 | $ 43,431 |
| Net Position, June 30, 2023 | $ 43,876 |

See accompanying notes to the basic financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. ACCOUNTING POLICIES

Washington Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. For state entitlement programs, the District has elected to match the revenues in the period that program expenditures are made to be consistent with the accounting for grants and other revenues.

### B. REPORTING ENTITY

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board, since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

### C. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

## C. BASIS OF PRESENTATION (CONTINUED)

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

## D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

## D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds and account groups are as follows:

Governmental Funds

*General Fund* is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund. The District includes the following funds as part of its General Fund:

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

2. The *Special Reserve Fund for Postemployment Benefits* may be used pursuant to Education Code Section 42840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains five special revenue funds:

1. The *Student Activity Fund* accounts for student body activities (ASB) to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body.

2. *Charter Fund* is used to account separately for the operating activities of District-operated charter schools that would otherwise be reported in the authorized District’s general fund.

3. *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

## E. FUND ACCOUNTING (CONTINUED)

4. *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development program.

5. *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeterias.

*Capital Projects Funds* are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains four capital projects funds:

1. *Building Fund* is used 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.

2. *Capital Facilities Fund* is used to account for community redevelopment agency revenues and capital outlay expenditures.

3. *Special Reserve Fund for Capital Outlay Projects* exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).

*Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District maintains two debt service funds:

*1.* *Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal.

*2.* *Debt Service Fund* is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

<u>Fiduciary Funds</u>

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Private Purpose Trust Funds are used to account for assets held by the District as trustee. The District maintains a Foundation Fund to provide scholarships to students of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

## F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Education must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budget for the General Fund is presented as required supplementary information.

## G. ACCOUNTS RECEIVABLE

Accounts receivable are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2023.

## H. INVENTORY

Inventory in the General and Cafeteria funds consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

## I. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over 5-50 years depending on asset types.

## J. COMPENSATED ABSENCES

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## K. ACCUMULATED SICK LEAVE

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

## L. LONG-TERM OBLIGATIONS

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period.

## M. RESTRICTED NET POSITION

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

## N. UNEARNED REVENUE

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

## O. PROPERTY TAX

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Yolo bills and collects the taxes for the District.

Tax revenues are recognized by the District when received.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

## P. FUND BALANCE RESERVES AND DESIGNATIONS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for *specific purposes*.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

## Q. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

## R. FINANCING LEASES

A lease is defined as a contract that coveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, $1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any financing leases that met the threshold.

## S. ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## T. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

## U. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

## V. 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 Washington Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## W. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

**X. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)**

A SBITA is defined as a contract that coveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, $1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any subscription based information technology agreements that met the threshold.

## 2. CASH AND INVESTMENTS

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

| | Governmental Activities | Fiduciary Activities | Total |
|---|---|---|---|
| Cash in County Treasury | $ 165,302,807 | $ 175 | $ 165,302,982 |
| Cash on hand and in banks | 301,204 | - | 301,204 |
| Cash in revolving fund | 25,000 | - | 25,000 |
| Cash with fiscal agent | 6 | 43,701 | 43,707 |
| | $ 165,629,017 | $ 43,876 | $ 165,672,893 |

**A. Cash 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 statement 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.

Cash in County Treasury consists of District cash held by the Yolo County Treasury that is invested in the county investment pool. The Treasury permits negative cash balances so long as the District's total cash in county treasury has a positive balance.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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 weighted average maturity of the pool is 855 days. The pool is rated AAA by Standard and Poor's.

## 2. CASH AND INVESTMENTS (CONTINUED)

### B. Cash in Revolving Funds and in Banks

Cash balances held in banks and revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

*Interest Rate Risk.* The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to cash and investments held.

### C. Local Agency Investment Fund (LAIF)

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within a twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

LAIF is administered by the State Treasurer. This fund bore an average annual yield of approximately 2.17% for the fiscal year ended June 30, 2023. LAIF is currently unrated and has an average life of 260 days. Investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office; 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

### D. Cash with Fiscal Agent

Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Yolo County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

## 3. INTERFUND TRANSACTIONS

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2023 were as follows:

| Major Funds: | Interfund Payables | Interfund Receivables |
|---|---|---|
| General Fund | $ 10,788 | $ 52,769 |
| Building Fund | - | 33 |
| Capital Facilities Fund | 5,171,373 | 5,028,979 |
| **Non-Major Funds:** | | |
| Charter Fund | 7,249 | - |
| Adult Education Fund | 2,808 | 10,725 |
| Child Development Fund | 34,862 | - |
| Cafeteria Fund | 7,450 | 30 |
| Debt Service Fund | 399,529 | 541,523 |
| | $ 5,634,059 | $ 5,634,059 |

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2023 are as follows:

| | |
|---|---|
| Transfer from Capital Facilities Fund to Debt Service Fund to pay for the Clean Renewable Energy Bonds and Qualified School Construction Bonds. | $ 728,877 |
| Transfer from General Fund to Special Reserve Fund For Postemployment Benefits to provide funding for the Other Postemployment Benefits plan. | 1,000,000 |
| Transfer from General Fund to Special Reserve Fund For Capital Outlay Projects to provide funding for board approved projects. | 1,500,000 |
| Transfer from General Fund to Deferred Maintenance Fund to provide funding for the maintenance of district facilities. | 1,500,000 |
| Total Transfers | $ 4,728,877 |

## 4. CAPITAL ASSETS

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

| | Balance July 1, 2022 | Additions and Transfers | Deductions and Transfers | Balance June 30, 2023 |
|---|---|---|---|---|
| Non-depreciable assets: | | | | |
| Land | $ 29,155,759 | $ - | $ - | $ 29,155,759 |
| Work in progress | 22,751,042 | 4,176,145 | 1,090,856 | 25,836,331 |
| Subtotals | 51,906,801 | 4,176,145 | 1,090,856 | 54,992,090 |
| Depreciable assets: | | | | |
| Buildings | 258,881,215 | 1,078,056 | - | 259,959,271 |
| Site Improvements | 47,878,595 | 12,800 | - | 47,891,395 |
| Equipment | 18,103,351 | 1,397,464 | 1,596,776 | 17,904,039 |
| Subtotals | 324,863,161 | 2,488,320 | 1,596,776 | 325,754,705 |
| Totals, at cost | 376,769,962 | 6,664,465 | 2,687,632 | 380,746,795 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | (78,172,439) | (5,334,704) | - | (83,507,143) |
| Site Improvements | (14,990,019) | (1,336,496) | - | (16,326,515) |
| Furniture and equipment | (13,573,831) | (1,127,299) | 1,596,776 | (13,104,354) |
| Subtotals | (106,736,289) | (7,798,499) | 1,596,776 | (112,938,012) |
| Capital assets, net | $ 270,033,673 | $ (1,134,034) | $ 4,284,408 | $ 267,808,783 |

Depreciation expense was charged to governmental activities as follows:

| | |
|---|---|
| Instruction | $ 50,231 |
| Home-to-School Transportation | 309,626 |
| Food Services | 13,798 |
| All Other Pupil Services | (1,492) |
| Centralized Data Processing | 402,340 |
| All Other General Administration | 2,555 |
| Plant Services | 7,021,441 |
| Total depreciation expense | $ 7,798,499 |

## 5. LONG-TERM LIABILITIES

### General Obligation Bonds

The District's outstanding general obligation bonded debt as of June 30, 2023 are as follows:

**Current Interest Bonds:**

| Description | Date Of Issue | Interest Rates | Maturity Date | Amount of Original Issue | Outstanding July 1, 2022 | Issued Current Year | Redeemed Current Year | Outstanding June 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| 2004, Series A | August 2004 | 5.00% - 5.25% | 8/1/2029 | $ 39,999,040 | $ 10,554,040 | $ - | $ - | $ 10,554,040 |
| 2004, Series B | November 2006 | 4.00% 5.40% | 8/1/2031 | 12,000,433 | 6,905,433 | - | 384,625 | 6,520,808 |
| 1999, Series B | February 2007 | 4.00% 7.51% | 8/1/2031 | 7,469,422 | 3,279,422 | - | - | 3,279,422 |
| 2020, Series A | June 2021 | 2.00% 5.00% | 8/1/2051 | 60,000,000 | 60,000,000 | - | 4,250,000 | 55,750,000 |
| 2012 Refunding | October 2012 | 2.00% 4.00% | 8/1/2022 | 21,150,000 | 3,345,000 | - | 3,345,000 | - |
| 2014, Series 2015 | July 2015 | 3.15% 5.00% | 8/1/2040 | 24,900,000 | 22,080,000 | - | 445,000 | 21,635,000 |
| 2015 Refunding | July 2015 | 3.00% - 5.00% | 8/1/2024 | 5,945,000 | 1,625,000 | - | 470,000 | 1,155,000 |
| 2014, Series 2017 | June 2017 | 3.00% - 5.00% | 8/1/2042 | 24,900,000 | 23,445,000 | - | 310,000 | 23,135,000 |
| 2019 Refunding | July 2019 | 2.00% - 4.00% | 8/1/2025 | 4,670,000 | 3,370,000 | | 745,000 | 2,625,000 |
| | | | Totals | $ 201,033,895 | $ 134,603,895 | $ - | $ 9,949,625 | $ 124,654,270 |
| | | | | | | | Premium on Bonds | 4,532,903 |
| | | | | | | | | $ 129,187,173 |

**Capital Appreciation Bonds:**

| Date of Issue | Interest Rate | Maturity Date | Amount of Original Issue | Outstanding July 1, 2022 | Interest Current Year | Redeemed Current Year | Outstanding June 30, 2023 |
|---|---|---|---|---|---|---|---|
| 2004 | 5.4% - 5.730% | 2029 | $ 10,554,040 | $ 17,892,875 | $ 1,619,175 | $ - | $ 19,512,050 |
| 2006 | 4.51% - 5.4% | 2031 | 6,905,433 | 7,668,606 | 1,063,955 | 775,000 | 7,957,561 |
| 2007 | 4.56%-7.511% | 2031 | 3,279,422 | 3,627,692 | 348,041 | - | 3,975,733 |
| | | Totals | $ 20,738,895 | $ 29,189,173 | $ 3,031,171 | $ 775,000 | $ 31,445,344 |

In August 2004, the District issued 2004 General Obligation Bonds, Series A totaling $39,999,040. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 5.0% to 5.25% and are scheduled to mature through August 2029. With the issuance of the 2012 Refunding General Obligation Bonds in October 2012, all of the current interest Series A bonds were refunded.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 1,554,539 | $ 2,862,999 | $ 4,417,538 |
| 2025 | 1,534,463 | 3,146,972 | 4,681,435 |
| 2026 | 1,516,593 | 3,445,289 | 4,961,882 |
| 2027 | 1,497,828 | 3,758,007 | 5,255,835 |
| 2028 | 1,486,159 | 4,083,159 | 5,569,318 |
| 2029-2030 | 2,964,458 | 6,716,804 | 9,681,262 |
| Totals | $ 10,554,040 | $ 24,013,230 | $ 34,567,270 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### General Obligation Bonds

In November 2006, the District issued 2004 General Obligation Bonds, Series B totaling $12,000,433. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest and capital appreciation bonds bear interest rates from 4.0% to 5.4% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $2,895,000 of the current interest Series B bonds were refunded.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 387,311 | $ 432,689 | $ 820,000 |
| 2025 | 393,776 | 481,224 | 875,000 |
| 2026 | 396,473 | 528,527 | 925,000 |
| 2027 | 399,909 | 580,091 | 980,000 |
| 2028 | 401,942 | 633,058 | 1,035,000 |
| 2029-2032 | 4,541,397 | 10,138,603 | 14,680,000 |
| Totals | $ 6,520,808 | $ 12,794,192 | $ 19,315,000 |

In February 2007, the District issued 1999 General Obligation Bonds, Series B totaling $7,469,422. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds bear interest rates from 4.0% to 7.51% and are scheduled to mature through August 2031. With the issuance of the 2016 Refunding General Obligation Bonds in June 2015, $3,410,000 of the current interest Series B bonds were refunded.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ - | $ - | $ - |
| 2025 | - | 204,254 | 204,254 |
| 2026 | 316,492 | 573,818 | 890,310 |
| 2027 | 525,873 | 774,424 | 1,300,297 |
| 2028 | 530,278 | 849,062 | 1,379,340 |
| 2029-2032 | 1,906,779 | 3,879,020 | 5,785,799 |
| Totals | $ 3,279,422 | $ 6,280,578 | $ 9,560,000 |

In November 2010, the District issued 2010 General Obligation Refunding Bonds in the aggregate principal amount of $9,510,000 for the purpose of refunding $8,740,000 of its 1999 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 4% and mature through August 2025. The 2010 General Obligation Refunding Bonds were refunded in 2019 by the 2019 Refunding bonds.

## 5. LONG-TERM LIABILITIES (CONTINUED)

### General Obligation Bonds

In June 2021, the District issued 2020 General Obligation Series A Bonds in the aggregate principal amount of $60,000,000 to provide funds to finance school facility improvements approved by the District's voters at an election held on November 3, 2020 and pay costs of issuance of the Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 2.0% to 5.0% and are scheduled to mature through August 2051.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 4,180,000 | $ 1,581,200 | $ 5,761,200 |
| 2025 | 500,000 | 1,464,200 | 1,964,200 |
| 2026 | 220,000 | 1,446,200 | 1,666,200 |
| 2027 | 295,000 | 1,433,325 | 1,728,325 |
| 2028 | 375,000 | 1,416,575 | 1,791,575 |
| 2029-2033 | 3,345,000 | 6,675,325 | 10,020,325 |
| 2034-2038 | 6,410,000 | 5,675,150 | 12,085,150 |
| 2039-2043 | 10,010,000 | 4,636,091 | 14,646,091 |
| 2044-2048 | 14,505,000 | 3,152,672 | 17,657,672 |
| 2049-2052 | 15,910,000 | 837,337 | 16,747,337 |
| Totals | $ 55,750,000 | $ 28,318,075 | $ 84,068,075 |

In October 2012, the District issued 2012 General Obligation Refunding Bonds, consisting of $21,150,000 Serial Bonds. The proceeds were to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series A. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 2.0% to 4.0% and matured in August 2022.

## 5. LONG-TERM LIABILITIES (CONTINUED)

### General Obligation Bonds

In July 2015, the District issued 2015 General Obligation Bonds, consisting of $24,900,000 Serial Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.15% to 5.0% and are scheduled to mature through August 2040.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 510,000 | $ 810,800 | $ 1,320,800 |
| 2025 | 580,000 | 789,000 | 1,369,000 |
| 2026 | 655,000 | 764,300 | 1,419,300 |
| 2027 | 730,000 | 736,600 | 1,466,600 |
| 2028 | 765,000 | 706,700 | 1,471,700 |
| 2029-2033 | 5,015,000 | 3,086,362 | 8,101,362 |
| 2034-2038 | 7,410,000 | 1,976,838 | 9,386,838 |
| 2039-2041 | 5,970,000 | 369,400 | 6,339,400 |
| Totals | $ 21,635,000 | $ 9,240,000 | $ 30,875,000 |

In July 2015, the District issued 2015 General Obligation Refunding Bonds, consisting of $5,945,000 Serial Bonds. The proceeds are to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series B and 1999 General Obligation Bonds, Series B. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The current interest bonds bear interest rates from 3.0% to 5.0% and are scheduled to mature through August 2024.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 540,000 | $ 44,250 | $ 584,250 |
| 2025 | 615,000 | 15,375 | 630,375 |
| Totals | $ 1,155,000 | $ 59,625 | $ 1,214,625 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### General Obligation Bonds

In June 2017, the District issued General Obligation Bonds Election of 2014, Series 2017 in the amount of $24,900,000 to finance specific school facilities projects. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds were issued at interest rates ranging from 3.0% to 5.0% and are scheduled to mature through August 2042.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 355,000 | $ 803,500 | $ 1,158,500 |
| 2025 | 405,000 | 784,500 | 1,189,500 |
| 2026 | 460,000 | 762,875 | 1,222,875 |
| 2027 | 520,000 | 738,375 | 1,258,375 |
| 2028 | 620,000 | 709,875 | 1,329,875 |
| 2029-2033 | 3,985,000 | 3,079,700 | 7,064,700 |
| 2034-2038 | 5,510,000 | 2,333,303 | 7,843,303 |
| 2039-2043 | 11,280,000 | 1,171,891 | 12,451,891 |
| Totals | $ 23,135,000 | $ 10,384,019 | $ 33,519,019 |

In July 2019, the District issued 2019 General Obligation Refunding Bonds in the aggregate principal amount of $4,670,000 for the purpose of refunding $5,070,000 of its 2010 General Obligation Refunding Bonds. Repayment of the Bonds is made from ad valorem taxes to be levied annually upon all property subject to taxation by the District. The bonds consist of serial bonds bearing various fixed interest rate of 5% and mature through August 2025.

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 805,000 | $ 111,125 | $ 916,125 |
| 2025 | 875,000 | 69,125 | 944,125 |
| 2026 | 945,000 | 23,625 | 968,625 |
| Totals | $ 2,625,000 | $ 203,875 | $ 2,828,875 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### General Obligation Bonds

The combined annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2023 are as follows:

| Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 8,331,849 | $ 6,646,564 | $ 14,978,413 |
| 2025 | 4,903,239 | 6,954,650 | 11,857,889 |
| 2026 | 4,509,558 | 7,544,634 | 12,054,192 |
| 2027 | 3,968,610 | 8,020,822 | 11,989,432 |
| 2028 | 4,178,379 | 8,398,429 | 12,576,808 |
| 2029-2033 | 21,757,635 | 33,575,813 | 55,333,448 |
| 2034-2038 | 19,330,000 | 9,985,291 | 29,315,291 |
| 2039-2043 | 27,260,000 | 6,177,381 | 33,437,381 |
| 2044-2048 | 14,505,000 | 3,152,672 | 17,657,672 |
| 2049-2052 | 15,910,000 | 837,337 | 16,747,337 |
| Totals | $ 124,654,270 | $ 91,293,593 | $ 215,947,863 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### Certificates of Participation

The outstanding certificates of participation debt is as follows:

| Description | Date of Issue | Interest Rates | Maturity Date | Original Issue | Outstanding July 1, 2022 | Issued | Redeemed | Outstanding June 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| 2014 COP | December 2014 | 2.00% - 3.75% | 8/1/2039 | $ 6,055,000 | $ 5,455,000 | $ - | $ 145,000 | $ 5,310,000 |
| 2017 Refunding COP | June 2017 | 3.00% - 5.00% | 8/1/2036 | 63,805,000 | 51,815,000 | - | 2,540,000 | 49,275,000 |
| | | | | $ 69,860,000 | $57,270,000 | $ - | $2,685,000 | $54,585,000 |
| | | | | | | | Premium on COP | 3,682,110 |
| | | | | | | | | $58,267,110 |

In December 2014, the District issued Certificates of Participation (COPs) in the amount of $6,055,000 with an interest rate from 2.0% to 3.75% maturing through December 2039. The annual requirements to amortize the 2014 COPs as of June 30, 2023 are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 160,000 | $ 188,706 | $ 348,706 |
| 2025 | 175,000 | 183,681 | 358,681 |
| 2026 | 190,000 | 177,731 | 367,731 |
| 2027 | 225,000 | 170,469 | 395,469 |
| 2028 | 245,000 | 162,244 | 407,244 |
| 2029-2033 | 1,530,000 | 661,469 | 2,191,469 |
| 2034-2038 | 1,830,000 | 354,897 | 2,184,897 |
| 2039-2040 | 955,000 | 36,469 | 991,469 |
| Totals | $ 5,310,000 | $ 1,935,666 | $ 7,245,666 |

In June 2017, the District issued Certificates of Participation (COPs) in the amount of $63,805,000 with an interest rate from 3.0% to 5.0% maturing through August 2036. The proceeds are used to refund in full the 2007 COPs, to finance various capital improvements, and to pay certain delivery costs of the Certificates. The annual requirements to amortize the 2017 COPs as of June 30, 2023 are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 2,675,000 | $ 1,794,519 | $ 4,469,519 |
| 2025 | 2,800,000 | 1,657,644 | 4,457,644 |
| 2026 | 2,950,000 | 1,513,894 | 4,463,894 |
| 2027 | 3,090,000 | 1,362,894 | 4,452,894 |
| 2028 | 3,230,000 | 1,221,044 | 4,451,044 |
| 2029-2033 | 18,120,000 | 4,096,069 | 22,216,069 |
| 2034-2038 | 16,410,000 | 1,031,890 | 17,441,890 |
| Totals | $ 49,275,000 | $ 12,677,954 | $61,952,954 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### Certificates of Participation

The annual requirements to amortize the combined COPs as of June 30, 2023 are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 2,835,000 | $ 1,983,225 | $ 4,818,225 |
| 2025 | 2,975,000 | 1,841,325 | 4,816,325 |
| 2026 | 3,140,000 | 1,691,625 | 4,831,625 |
| 2027 | 3,315,000 | 1,533,363 | 4,848,363 |
| 2028 | 3,475,000 | 1,383,288 | 4,858,288 |
| 2029-2033 | 19,650,000 | 4,757,538 | 24,407,538 |
| 2034-2038 | 18,240,000 | 1,386,787 | 19,626,787 |
| 2039-2040 | 955,000 | 36,469 | 991,469 |
| Totals | $ 54,585,000 | $ 14,613,620 | $69,198,620 |

### Qualified School Construction Bonds

On April 9, 2010, the District received $8,885,432 financing in the form of Qualified School Construction Bonds (QSCB) to provide resources for the implementation of a district-wide energy efficiency projects including the solar project at the River City High School. Under the lease, the principal components of the QSCB payments to be paid by the District are to be accumulated in a sinking fund and are to be paid in a lump sum on March 15, 2026, the maturity date. As of June 30, 2023, $7,219,414 was held by Yolo County Treasury as fiscal agent in the sinking fund. The bonds bear interest at 1.42% payable quarterly. The annual requirements to amortize the QSCB as of June 30, 2023 are as follows:

| June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ - | $ 126,173 | $ 126,173 |
| 2025 | - | 126,173 | 126,173 |
| 2026 | 8,885,432 | 94,630 | 8,980,062 |
| Total | $ 8,885,432 | $ 346,976 | $ 9,232,408 |

## 5. LONG-TERM LIABILITIES (CONTINUED)

### Clean Renewable Energy Bonds

On October 23, 2012, the District issued $7,306,260 of Clean Renewable Energy Bonds (CREB) at an interest rate of 5.09%, maturing through October 2029 to fund solar projects. The District receives a Federal interest subsidy. The full value of the subsidy rate is 3.01%. The amount of the Federal subsidy has in the past, and may in the future, be decreased. The annual requirements to amortize the CREB as of June 30, 2023 are as follows:

| June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 468,848 | $ 177,844 | $ 646,692 |
| 2025 | 478,600 | 153,979 | 632,579 |
| 2026 | 488,555 | 129,618 | 618,173 |
| 2027 | 498,717 | 104,751 | 603,468 |
| 2028 | 509,090 | 79,366 | 588,456 |
| 2029-2030 | 1,050,170 | 80,456 | 1,130,626 |
| Total | $ 3,493,980 | $ 726,014 | $ 4,219,994 |

### Summary of Long-Term Liabilities

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

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Balance Due In One Year |
|---|---|---|---|---|---|
| General Obligation Bonds | | | | | |
| Current Interest | $ 134,603,895 | $ - | $ 9,949,625 | $ 124,654,270 | $ 8,331,849 |
| Capital Appreciation | 29,189,173 | 3,031,171 | 775,000 | 31,445,344 | 5,100,000 |
| Certificates of Participation | 57,270,000 | - | 2,685,000 | 54,585,000 | 2,835,000 |
| Qualified School Construction Bonds | 8,885,432 | - | - | 8,885,432 | - |
| Clean Renewable Energy Bonds | 3,953,274 | - | 459,294 | 3,493,980 | 468,848 |
| Net pension liability (Note 6) | 51,750,830 | 28,770,034 | - | 80,520,864 | - |
| Net OPEB liability (Note 7) | 21,323,844 | - | 1,308,852 | 20,014,992 | - |
| Compensated Absences | 87,909 | 75,257 | - | 163,166 | 163,166 |
| **Subtotal** | 307,064,357 | 31,876,462 | 15,177,771 | 323,763,048 | 16,898,863 |
| Unamortized general obligation bond premium | 4,951,203 | - | 418,300 | 4,532,903 | - |
| Unamortized certificates of participation premium | 3,965,289 | - | 283,179 | 3,682,110 | - |
| Unamortized Loss on Refunding COPs | (2,372,631) | - | (169,473) | (2,203,158) | - |
| Unamortized Loss on Refunding Bonds | (441,667) | | (212,000) | (229,667) | - |
| Total Deferred Inflows/(Outflows) related to debt issuances | 6,102,194 | - | 320,006 | 5,782,188 | - |
| **Total Long-term Liabilities** | $ 313,166,551 | $ 31,876,462 | $ 15,497,777 | $ 329,545,236 | $ 16,898,863 |

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the Qualified School Construction Bonds and the Clean Renewable Energy Bonds are made from the Debt Service Fund. Payments on net pension liability, compensated absences and the total OPEB liability are made from the fund for which the related employee worked.

## 6. EMPLOYEE RETIREMENT SYSTEMS

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

### Plan Description

#### California Public Employees’ Retirement System (CalPERS)

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

#### State Teachers’ Retirement System (STRS)

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

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

| | CalPERS | | CalSTRS | |
|---|---|---|---|---|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2% @ 55 | 2% @ 62 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life | monthly for life |
| Retirement age | 55 | 62 | 60 | 62 |
| Monthly benefits, as a % of eligible compensation | 2.0% | 2.0% | 2.0% | 2.0% |
| Required employee contribution rates | 7% | 8% | 10.25% | 10.205% |
| Required employer contribution rates | 25.370% | 25.370% | 19.10% | 19.10% |

## 7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Contributions

**CalPERS**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

| | CalPERS | STRS | Total |
|---|---|---|---|
| Contributions - employer | $ 4,296,748 | $ 7,435,609 | $ 11,732,357 |
| On behalf contributions - state | - | 3,767,330 | 3,767,330 |
| Total | $ 4,296,748 | $ 11,202,939 | $ 15,499,687 |

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

As of June 30, 2023, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

| | Proportionate Share of Net Pension Liability |
|---|---|
| CalPERS | $ 33,627,465 |
| STRS | 46,893,399 |
| Total Net Pension Liability | $ 80,520,864 |

## 7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. 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 employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

| Measurement Dates | Fiscal Year | CalPERS | STRS |
|---|---|---|---|
| June 30, 2021 | 2021-22 | 0.10003% | 0.06902% |
| June 30, 2022 | 2022-23 | 0.09773% | 0.06749% |
| Change - Increase (Decrease) | | -0.00230% | -0.00153% |

For the year ended June 30, 2023, the District recognized pension expense of $26,091,335. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | CalPERS | | STRS | | Total | |
|---|---|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | $ 4,296,748 | $ - | $ 11,202,939 | $ - | $ 15,499,687 | $ - |
| Difference between proportionate share of aggregate employer contributions and actual contributions for 2021-22 | 187,696 | 869,942 | 469,973 | 356,396 | 657,669 | 1,226,338 |
| Changes of Assumptions | 1,914,923 | - | 16,416,056 | - | 18,330,979 | - |
| Differences between Expected and Actual Experience | 876,612 | 656,599 | 307,263 | 7,555,468 | 1,183,875 | 8,212,067 |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 243,535 | 440,055 | 3,937,092 | 3,960,875 | 4,180,627 | 4,400,930 |
| Net differences between projected and actual investment earnings on pension plan investments | - | 1,235,979 | - | 16,641,706 | - | 17,877,685 |
| Total | $ 7,519,514 | $ 3,202,575 | $ 32,333,323 | $ 28,514,445 | $ 39,852,837 | $ 31,717,020 |

## 6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | CalPERS | STRS | Total Deferred Outflows/ (Inflows) of Resources |
|---|---|---|---|
| 2024 | $ (47,984) | $ (1,250,835) | $ (1,298,819) |
| 2025 | (218,323) | (2,429,898) | (2,648,221) |
| 2026 | (526,327) | (4,009,097) | (4,535,424) |
| 2027 | 812,825 | 51,111 | 863,936 |
| 2028 | - | 576,970 | 576,970 |
| Thereafter | - | (322,312) | (322,312) |
| Total | $ 20,191 | $ (7,384,061) | $ (7,363,870) |

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

| | CalPERS | STRS |
|---|---|---|
| Valuation Date | June 30, 2021 | June 30, 2021 |
| Measurement Date | June 30, 2022 | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Normal Cost | Entry-Age Normal Cost |
| Actuarial Assumptions | | |
| Discount Rate | 6.90% | 7.10% |
| Inflation | 2.30% | 2.75% |
| Payroll Growth Rate | 2.80% | 3.50% |
| Projected Salary Increase | Varies by Entry Age and Service | Varies by Entry Age and Service |
| Investment Rate of Return (1) | 6.90% | 7.10% |
| Mortality | Derived using CalPERS' Membership Data for all Funds | Derived using STRS' Membership Data for all Funds |

(1) Net of pension plan investment expenses, including inflation.

## 6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

STRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. STRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2019) table issued by the Society of Actuaries.

### Discount Rate

### CalPERS

The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members 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 those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are on the following table:

## 6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

| | CalPERS | |
|---|---|---|
| Asset Class | Assumed Asset Allocation | Real Return [(a)(b)] |
| Global Equity - Cap-weighted | 30.0% | 4.54% |
| Global Equity Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| | 100.0% | |

[(a)] An expected inflation of 2.30% used for this period.
[(b)] Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

**STRS**

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases actuarially determined. 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 expenses occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption 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 STRS investment staff and investment consultants as inputs 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, STRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of the June 30, 2022 measurement date, are summarized in the following table:

## 6 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

| | STRS | |
|---|---|---|
| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return [a] |
| Public Equity | 42.0% | 4.80% |
| Real Estate | 15.0% | 3.60% |
| Private Equity | 13.0% | 6.30% |
| Fixed Income | 12.0% | 1.30% |
| Risk Mitigating Strategies | 10.0% | 1.80% |
| Inflation Sensitive | 6.0% | 3.30% |
| Cash/Liquidity | 2.0% | -0.40% |
| Total | 100% | |

[a] 20-year average.

**<u>Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u>**

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | CalPERS | | |
|---|---|---|---|
| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
| Plan's Net Pension Liability/(Asset) | $ 48,576,575 | $ 33,627,465 | $ 21,272,574 |

| | STRS | | |
|---|---|---|---|
| | Discount Rate - 1% (6.10%) | Current Discount Rate (7.10%) | Discount Rate + 1% (8.10%) |
| Plan's Net Pension Liability/(Asset) | $ 79,642,384 | $ 46,893,399 | $ 19,701,895 |

**<u>Pension Plan Fiduciary Net Position</u>**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS comprehensive annual financial reports available on the CalPERS' and STRS' websites.

**<u>Payable to the Pension Plan</u>**

As of June 30, 2023, the District had no outstanding required contributions to the pension plans.

## 7. OTHER POSTEMPLOYMENT BENEFITS

### General Information about the OPEB Plan

*Plan description.* The plan is a single-employer defined benefit OPEB plan to eligible retirees. All employees who retire from the District on or after attaining age 55 with at least 10 years of service.

The District's Plan is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

The Plan has no assets, does not issue financial statements, and is not a trust.

*Benefits provided.* The benefits provided are the same as those provided for active employees. Classified Employees with 40 years of service are eligible for the PEMHCA minimum employer contribution under the unequal method.

*Employees covered by benefit terms.* At June 30, 2021 valuation date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 77 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 691 |
| | 768 |

*Contributions.* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $498,519 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

### Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

## 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*Actuarial assumptions*. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll |
| Amortization period | 12.9 years |
| Asset valuation method | There are no plan assets |
| Inflation | 2.50% per year |
| Healthcare cost trend rates | 4.00% per year |
| Payroll increase | 2.75% per year |
| Investment rate of return | 3.54% per year net of expenses based on the Bond Buyer 20 Bond Index |
| Mortality | |
| Certificated | 2020 CalSTRS Mortality |
| Classified | 2017 CalPERS Active Mortality for Miscellaneous Employees<br>2017 CalPERS Retiree Mortality for Miscellaneous Employees |
| Retirement | |
| Certificated | 2020 CalSTRS Retirement Rates |
| Classified | |
| Hired before 2013 | 2017 CalPERS Retirement Rates for School Employees |
| Hired after 2012 | 2017 CalPERS 2% @ 60 Retirement Rates for Misc. Employees |

**Changes in the Net OPEB Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2021, Measurement Date | $ 21,323,844 | $ - | $ 21,323,844 |
| Changes for the year: | | | |
| Service cost | 1,565,054 | - | 1,565,054 |
| Interest | 467,853 | - | 467,853 |
| Contributions - employer | - | 864,825 | (864,825) |
| Changes in assumptions | (2,448,749) | - | (2,448,749) |
| Actual benefit payments from employer | (864,825) | (864,825) | - |
| Expected minus actual benefit payments | (28,185) | - | (28,185) |
| Net changes | (1,308,852) | - | (1,308,852) |
| Balances at June 30, 2022, Measurement Date | $ 20,014,992 | $ - | $ 20,014,992 |

## 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

| | Discount Rate 1% Lower | Valuation Discount Rate | Discount Rate 1% Higher |
|---|---|---|---|
| Net OPEB liability (asset) | $ 21,825,951 | $ 20,014,992 | $ 18,760,216 |

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates*. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | Trend 1% Lower | Valuation Trend | Trend 1% Higher |
|---|---|---|---|
| Net OPEB liability (asset) | $ 17,524,615 | $ 20,014,992 | $ 22,870,848 |

*OPEB plan fiduciary net position*. The plan has no assets.

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

For the year ended June 30, 2023, the District recognized OPEB expense of $1,635,415. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,403,056 | $ 44,576 |
| Changes of assumptions | 1,575,912 | 2,742,553 |
| Deferred contributions | 498,519 | - |
| Total | $ 3,477,487 | $ 2,787,129 |

## 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

| Year ended June 30 | Total Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | $ 21,732 |
| 2025 | 21,732 |
| 2026 | 21,732 |
| 2027 | 21,732 |
| 2028 | 21,732 |
| Thereafter | 83,179 |
| Total | $ 191,839 |

**Payable to the OPEB Plan**

At June 30, 2023, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

## 8. EXCESS EXPENDITURES

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2023 were as follows:

| | Excess Expenditures |
|---|---|
| General Fund | |
| Certificated salaries | $ 408,967 |
| Classified Salaries | 973,137 |
| Other Outgo | 83,015 |

The excess is not in accordance with Education Code 42600. The additional certificated and classified salaries expenditures were related to an additional 24 certificated and 3 classified employees hired during the year. The additional other outgo expenditures were related to special education billback from Yolo COE being higher than expected.

## 9. FUND BALANCES

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified on the following page.

## 9. FUND BALANCES (CONTINUED)

| | General Fund | Building Fund | County School Facilities Fund | Non-Major Funds | Total |
|---|---|---|---|---|---|
| Nonspendable: | | | | | |
| Revolving Cash | $ 25,000 | $ - | $ - | $ - | $ 25,000 |
| Inventory | 16,672 | - | - | 18,850 | 35,522 |
| Total Nonspendable | 41,672 | - | - | 18,850 | 60,522 |
| Restricted: | | | | | |
| Expanded Learning Opportunities Program | 5,220,352 | - | - | - | 5,220,352 |
| Special Education | 424,580 | - | - | - | 424,580 |
| Special Education Early Intervention Preschool Grant | 854,064 | - | - | - | 854,064 |
| Arts, Music, and Instructional Materials Discretionary Block Grant | 4,261,965 | - | - | - | 4,261,965 |
| Agricultural Career Technical Education Incentive | 2,662 | - | - | - | 2,662 |
| Learning Recovery Emergency Block Grant | 10,742,573 | - | - | - | 10,742,573 |
| Educator Effectiveness, FY 2021-22 | 1,382,425 | - | - | 29,039 | 1,411,464 |
| A-G Access/Success Grant | 396,069 | - | - | 70,938 | 467,007 |
| A-G Learning Loss Mitigation Grant | 159,527 | - | - | 129,992 | 289,519 |
| Literacy Coaches and Reading Specialists Grant Program | 1,241,198 | - | - | - | 1,241,198 |
| Classified School Employee Professional Development Block Grant | 16,619 | - | - | - | 16,619 |
| Ongoing & Major Maintenance Account | 610,788 | - | - | - | 610,788 |
| Other Restricted Federal | - | - | - | 5,814 | 5,814 |
| Other Restricted Local | 776,042 | - | 5,480,083 | 22,331 | 6,278,456 |
| Reserve for Bond Projects | - | 57,316,696 | - | - | 57,316,696 |
| CalWORKs for ROCP or Adult Education | - | - | - | 4,868 | 4,868 |
| California Clean Energy Jobs Act | - | - | - | 240,481 | 240,481 |
| Lottery: Instructional Materials | 358,375 | - | - | 12,367 | 370,742 |
| Arts, Music, and Instructional Materials Discretionary Block Grant | - | - | - | 47,642 | 47,642 |
| Learning Recovery Emergency Block Grant | - | - | - | 239,129 | 239,129 |
| Classified School Employee Professional Development Block | - | - | - | 287 | 287 |
| Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff | - | - | - | 7,776 | 7,776 |
| Other Restricted State | 57,729 | - | - | 4,704 | 62,433 |
| Student Activity Funds | - | - | - | 284,376 | 284,376 |
| Child Nutrition: School Programs | - | - | - | 4,959,283 | 4,959,283 |
| Child Nutrition: Kitchen Infrastructure Upgrade Funds | - | - | - | 436,205 | 436,205 |
| Child Nutrition: Food Service Staff Training Funds | - | - | - | 85,721 | 85,721 |
| Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement | - | - | - | 271,089 | 271,089 |
| Child Nutrition: Fresh Fruit and Vegetable Program | - | - | - | 756,285 | 756,285 |
| Child Nutrition: Child Care Food Program | - | - | - | 508,457 | 508,457 |
| Child Development: Prekindergarten and Family Literacy, Program Support | - | - | - | 519 | 519 |
| Child Development: California State Preschool Program | - | - | - | 439,917 | 439,917 |
| Child Development: Coronavirus Response and Relief Supplemental | - | - | - | 57,881 | 57,881 |
| Child Development: ARP California State Preschool Program One-Time funding | - | - | - | 50,140 | 50,140 |
| Debt Service | - | - | - | 17,321,681 | 17,321,681 |
| Total Restricted | 26,504,968 | 57,316,696 | 5,480,083 | 25,986,922 | 115,288,669 |
| Committed: | | | | | |
| Other commitments | 23,135,092 | - | 4,229,579 | 3,297,176 | 30,661,847 |
| Total Committed | 23,135,092 | - | 4,229,579 | 3,297,176 | 30,661,847 |
| Unassigned: | | | | | |
| Reserve for Economic Uncertainties | 7,045,576 | - | - | - | 7,045,576 |
| Unappropriated | 4,547,428 | - | - | - | 4,547,428 |
| Total Unassigned | 11,593,004 | - | - | - | 11,593,004 |
| Total Fund Balances | $61,274,736 | $57,316,696 | $ 9,709,662 | $ 29,302,948 | $ 157,604,042 |

## 10. JOINT VENTURES

The District participates in four joint ventures under Joint Powers Agreements (JPA): Northern California Regional Liability Excess Fund NCR) for liability insurance, School Project for Utility Rate Reduction (SPURR) for wholesale natural gas, North Valley Schools Insurance Group (NVSIG) for workers compensation insurance, Schools Excess Liability Fund (SELF) for excess insurance coverage.

The relationship between District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The most recently available audited, condensed financial information for the JPAs is as follows:

| | NCR<br>June 30, 2022 | NVSIG<br>June 30, 2022 | SPURR<br>June 30, 2022 | PIPS<br>June 30, 2022 |
|---|---|---|---|---|
| Total Assets | $ 74,201,109 | $ 3,934,422 | $ 20,724,164 | $ 229,417,398 |
| Total Liabilities | 41,042,148 | 1,112,209 | 15,094,369 | 169,617,184 |
| Net Position | $ 33,158,961 | $ 2,822,213 | $ 5,629,795 | $ 59,800,214 |
| Revenues | $ 80,766,120 | $ 13,606,398 | $ 64,403,690 | $ 312,161,655 |
| Expenditures | 78,288,914 | 12,956,520 | 65,507,416 | 314,385,725 |
| Change in Net Position | $ 2,477,206 | $ 649,878 | $ (1,103,726) | $ (2,224,070) |

Audited financial statements for the JPAs are prepared annually and can be obtained from management of the individual JPAs.

## 11. COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

## 12. SUBSEQUENT EVENTS

The District's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2023 through October 20, 2023, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

# REQUIRED SUPPLEMENTARY INFORMATION

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Budget | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual** | **(Unfavorable)** |
| **REVENUES** | | | | |
| LCFF sources | $ 86,437,144 | $ 93,252,058 | $ 90,067,134 | $ (3,184,924) |
| Federal revenue | 15,649,897 | 13,082,254 | 11,156,700 | (1,925,554) |
| Other state revenues | 12,706,561 | 32,646,617 | 32,221,128 | (425,489) |
| Other local revenues | 4,549,786 | 6,533,398 | 5,725,292 | (808,106) |
| Total revenues | 119,343,388 | 145,514,327 | 139,170,254 | (6,344,073) |
| **EXPENDITURES** | | | | |
| Certificated salaries | 44,001,260 | 44,764,642 | 45,173,609 | (408,967) |
| Classified salaries | 17,599,149 | 17,030,140 | 18,003,277 | (973,137) |
| Employee benefits | 27,638,068 | 25,758,711 | 25,394,171 | 364,540 |
| Books and supplies | 11,216,555 | 10,831,900 | 5,548,328 | 5,283,572 |
| Services and other operating expenditures | 14,935,437 | 20,506,478 | 16,767,287 | 3,739,191 |
| Capital outlay | 7,263,611 | 3,462,495 | 3,046,127 | 416,368 |
| Other outgo | 1,021,676 | 785,440 | 868,455 | (83,015) |
| Total expenditures | 123,675,756 | 123,139,806 | 114,801,254 | 8,338,552 |
| Excess (deficiency) of revenues over expenditures | (4,332,368) | 22,374,521 | 24,369,000 | 1,994,479 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Operating transfers in | - | 2,500,000 | 2,500,000 | - |
| Operating transfers out | - | 4,000,000 | (4,000,000) | - |
| Total other financing sources (uses) | - | 6,500,000 | (1,500,000) | (8,000,000) |
| Net change in fund balances | (4,332,368) | 28,874,521 | 22,869,000 | (6,005,521) |
| Fund balances, July 1, 2022 | 38,405,736 | 38,405,736 | 38,405,736 | - |
| Fund balances, June 30, 2023 | $ 34,073,368 | $ 67,280,257 | $ 61,274,736 | $ (6,005,521) |

## WASHINGTON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | 2023* | 2022* | 2021* | 2020* | 2019* | 2018* |
|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | |
| Service cost | $ 1,565,054 | $ 2,184,345 | $ 1,718,330 | $ 1,321,721 | $ 1,286,346 | $ 1,251,918 |
| Interest | 467,853 | 431,455 | 561,534 | 468,611 | 432,258 | 358,098 |
| Changes of benefit terms | - | 817,769 | - | - | - | - |
| Differences between expected and actual experience | (28,185) | 57,487 | - | 2,006,795 | - | - |
| Changes of assumptions | (2,448,749) | (352,874) | 1,707,583 | 286,154 | (273,786) | - |
| Benefit payments | (864,825) | (667,473) | (637,967) | (501,287) | (510,408) | (490,777) |
| **Net change in total OPEB liability** | (1,308,852) | 2,470,709 | 3,349,480 | 3,581,994 | 934,410 | 1,119,239 |
| **Total OPEB liability - beginning** | 21,323,844 | 18,853,135 | 15,503,655 | 11,921,661 | 10,987,251 | 9,868,012 |
| **Total OPEB liability - ending (a)** | $ 20,014,992 | $ 21,323,844 | $ 18,853,135 | $ 15,503,655 | $ 11,921,661 | $ 10,987,251 |
| **Plan fiduciary net position** | | | | | | |
| Contributions - employer | $ 864,825 | $ 667,473 | $ 637,967 | $ 501,287 | $ 510,408 | $ 490,777 |
| Net investment income | - | - | - | - | - | - |
| Benefit paymens | (864,825) | (667,473) | (637,967) | (501,287) | (510,408) | (490,777) |
| Administrative expense | - | - | - | - | - | - |
| **Net change in plan fiduciary net position** | - | - | - | - | - | - |
| **Plan fiduciary net position - beginning** | - | - | - | - | - | - |
| **Plan fiduciary net position - ending (b)** | $ - | $ - | $ - | $ - | $ - | $ - |
| **District's net OPEB liability - ending (a) - (b)** | $ 20,014,992 | $ 21,323,844 | $ 18,853,135 | $ 15,503,655 | $ 11,921,661 | $ 10,987,251 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0% | 0% | 0% | 0% | 0% | 0% |
| Covered-employee payroll | $ 66,688,417 | $ 60,014,704 | $ 55,297,197 | $ 53,507,304 | $ 54,567,965 | $ 54,895,662 |
| District's net OPEB liability as a percentage of covered-employee payroll | 30% | 36% | 34% | 29% | 22% | 20% |

*** Only six years are presented as GASB 75 was implemented in 2017-2018.**

## WASHINGTON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| CalPERS | June 30, 2014 [1] | June 30, 2015 [1] | June 30, 2016 [1] | June 30, 2017 [1] | June 30, 2018 [1] | June 30, 2019 [1] | June 30, 2020 [1] | June 30, 2021 [1] | June 30, 2022 [1] |
|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (asset) | 0.09449% | 0.10028% | 0.10299% | 0.10526% | 0.10958% | 0.10434% | 0.09900% | 0.10003% | 0.09773% |
| Proportionate share of the net pension liability (asset) | $ 10,726,389 | $ 14,781,590 | $ 20,340,254 | $ 25,128,500 | $ 29,216,768 | $ 30,409,322 | $ 30,376,723 | $ 20,341,221 | $ 33,627,465 |
| Covered payroll [2] | $ 9,641,381 | $ 11,030,894 | $ 10,539,754 | $ 12,002,833 | $ 12,427,893 | $ 13,236,474 | $ 17,909,845 | $ 12,967,224 | $ 13,526,117 |
| Proportionate Share of the net pension liability (asset) as a percentage of covered payroll | 111.25% | 134.00% | 192.99% | 209.35% | 235.09% | 229.74% | 169.61% | 156.87% | 248.61% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 83.38% | 79.43% | 73.90% | 71.87% | 70.85% | 70.05% | 70.00% | 80.97% | 69.76% |
| Proportionate share of aggregate employer contributions [3] | $ 1,134,887 | $ 1,306,830 | $ 1,463,761 | $ 1,864,160 | $ 2,244,726 | $ 2,610,365 | $ 3,707,338 | $ 2,970,791 | $ 3,431,576 |

| STRS | June 30, 2014 [1] | June 30, 2015 [1] | June 30, 2016 [1] | June 30, 2017 [1] | June 30, 2018 [1] | June 30, 2019 [1] | June 30, 2020 [1] | June 30, 2021 [1] | June 30, 2022 [1] |
|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (asset) | 0.06044% | 0.06236% | 0.06576% | 0.06798% | 0.06877% | 0.06892% | 0.06297% | 0.06902% | 0.06749% |
| Proportionate share of the net pension liability (asset) | $ 35,321,710 | $ 41,986,522 | $ 53,183,333 | $ 62,864,351 | $ 63,206,610 | $ 62,245,016 | $ 61,027,114 | $ 31,409,609 | $ 46,893,399 |
| Covered payroll [2] | $ 25,011,959 | $ 23,955,685 | $ 27,951,272 | $ 31,408,087 | $ 32,448,440 | $ 35,268,088 | $ 38,171,232 | $ 41,846,655 | $ 39,138,911 |
| Proportionate Share of the net pension liability (asset) as a percentage of covered payroll | 141.22% | 175.27% | 190.27% | 200.15% | 194.79% | 176.49% | 159.88% | 75.06% | 119.81% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 76.52% | 74.02% | 70.04% | 69.46% | 70.99% | 72.56% | 71.82% | 87.21% | 81.20% |
| Proportionate share of aggregate employer contributions [3] | $ 2,221,062 | $ 2,570,445 | $ 3,516,270 | $ 4,532,187 | $ 5,282,606 | $ 6,030,843 | $ 6,164,654 | $ 7,080,454 | $ 7,475,532 |

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report.

(2) Covered payroll is the payroll on which contributions to a pension plan are based.

(3) The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

# WASHINGTON UNIFIED SCHOOL DISTRICT

# SCHEDULE OF PENSION CONTRIBUTIONS

# FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| CalPERS | Fiscal Year 2014-15 [1] | Fiscal Year 2015-16 [1] | Fiscal Year 2016-17 [1] | Fiscal Year 2017-18 [1] | Fiscal Year 2018-19 [1] | Fiscal Year 2019-20 [1] | Fiscal Year 2020-21 [1] | Fiscal Year 2021-22 [1] | Fiscal Year 2022-23 [1] |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution [2] | $ 1,134,887 | $ 1,306,830 | $ 1,463,761 | $ 1,864,160 | $ 2,244,726 | $ 2,610,365 | $ 3,707,338 | $ 2,970,791 | $ 3,431,576 |
| Contributions in relation to the contractually required contribution [2] | (1,253,374) | (1,463,761) | (1,864,160) | (2,245,420) | (2,629,325) | (2,819,797) | (3,007,744) | (3,413,792) | (4,296,748) |
| Contribution deficiency (excess) | $ (118,487) | $ (156,931) | $ (400,399) | $ (381,260) | $ (384,599) | $ (209,432) | $ 699,594 | $ (443,001) | $ (865,172) |
| Covered payroll [3] | $ 9,641,381 | $ 11,030,894 | $ 10,539,754 | $ 12,002,833 | $ 12,427,893 | $ 13,236,474 | $ 17,909,845 | $ 12,967,224 | $ 13,526,117 |
| Contributions as a percentage of covered payroll [3] | 11.771% | 11.847% | 13.888% | 15.531% | 18.062% | 19.721% | 20.700% | 22.910% | 25.370% |

| STRS | Fiscal Year 2014-15 [1] | Fiscal Year 2015-16 [1] | Fiscal Year 2016-17 [1] | Fiscal Year 2017-18 [1] | Fiscal Year 2018-19 [1] | Fiscal Year 2019-20 [1] | Fiscal Year 2020-21 [1] | Fiscal Year 2021-22 [1] | Fiscal Year 2022-23 [1] |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution [2] | $ 2,221,062 | $ 2,570,445 | $ 3,516,270 | $ 4,532,187 | $ 5,282,606 | $ 6,030,843 | $ 6,164,654 | $ 7,080,454 | $ 7,475,532 |
| Contributions in relation to the contractually required contribution [2] | (2,674,147) | (3,516,270) | (4,532,187) | (5,460,830) | (6,009,554) | (6,068,254) | (5,757,498) | (6,796,124) | (7,435,609) |
| Contribution deficiency (excess) | $ (453,085) | $ (945,825) | $ (1,015,917) | $ (928,643) | $ (726,948) | $ (37,411) | $ 407,156 | $ 284,330 | $ 39,923 |
| Covered payroll [3] | $ 25,011,959 | $ 23,955,685 | $ 27,951,272 | $ 31,408,087 | $ 32,448,440 | $ 35,268,088 | $ 38,171,232 | $ 41,846,655 | $ 39,138,911 |
| Contributions as a percentage of covered payroll [3] | 8.880% | 10.730% | 12.580% | 14.430% | 16.280% | 17.100% | 16.150% | 16.920% | 19.100% |

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered payroll is the payroll on which contributions to a pension plan are based.

## 1. PURPOSE OF SCHEDULES

A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

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. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of the Changes in the District's Net OPEB Liability and Related Ratios

Benefit changes: Classified Employees with 40 years of service are eligible for the PEMHCA minimum employer contribution under the unequal method.

Changes of assumptions: The discount rate changed from 2.16% as of June 30, 2021 measurement date to 3.54% as of June 30, 2022 measurement date.

Fiscal year 2018 was the first year of implementation, therefore only six years are shown.

C - Schedule of OPEB Contributions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year ended June 30, 2023 were from the June 30, 2021 valuation.

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll |
| Amortization period | 12.9 years |
| Asset valuation method | There are no plan assets |
| Inflation | 2.50% per year |
| Healthcare cost trend rates | 4.00% per year |
| Payroll increase | 2.75% per year |
| Investment rate of return | 3.54% per year net of expenses based on the Bond Buyer 20 Bond Index |
| Mortality | |
| Certificated | 2020 CalSTRS Mortality |
| Classified | 2017 CalPERS Active Mortality for Miscellaneous Employees<br>2017 CalPERS Retiree Mortality for Miscellaneous Employees |
| Retirement | |
| Certificated | 2020 CalSTRS Retirement Rates |
| Classified | |
| Hired before 2013 | 2017 CalPERS Retirement Rates for School Employees |
| Hired after 2012 | 2017 CalPERS 2% @ 60 Retirement Rates for Misc. Employees |

## 1. PURPOSE OF SCHEDULES (CONTINUED)

D - Schedule of 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 Assumptions*
The discount rate changed for CalPERS from 7.15% to 6.90%. The inflation rate for CalPERS changed from 2.50% to 2.30%. The payroll growth rate for CalPERS changed from 2.75% to 2.80%. There were no changes in assumptions for CalSTRS.

*Changes in Benefit Terms*
There were no changes in benefit terms since the previous valuations for both CalPERS and CalSTRS.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

E - Schedule of Pension Contributions

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

| | CalPERS | STRS |
|---|---|---|
| Valuation Date | June 30, 2021 | June 30, 2021 |
| Measurement Date | June 30, 2022 | June 30, 2022 |
| Actuarial Cost Method | Entry-Age Normal Cost | Entry-Age Normal Cost |
| Actuarial Assumptions | | |
| Discount Rate | 6.90% | 7.10% |
| Inflation | 2.30% | 2.75% |
| Payroll Growth Rate | 2.80% | 3.50% |
| Projected Salary Increase | Varies by Entry Age and Service | Varies by Entry Age and Service |
| Investment Rate of Return (1) | 6.90% | 7.10% |
| Mortality | Derived using CalPERS' Membership Data for all Funds | Derived using STRS' Membership Data for all Funds |

(1) Net of pension plan investment expenses, including inflation.

# SUPPLEMENTARY INFORMATION

## WASHINGTON UNIFIED SCHOOL DISTRICT

## COMBINING BALANCE SHEET

## ALL NON-MAJOR FUNDS

## JUNE 30, 2023

| | Student Activity Fund | Charter Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Debt Service Fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and cash equivalents | $ 284,376 | $ 1,971,615 | $ (2,479) | $ 862,068 | $ 6,390,090 | $ 1,740,481 | $ 10,279,371 | $ 6,781,322 | $ 28,306,844 |
| Accounts receivable | - | 425,440 | 109,637 | 472,399 | 1,939,166 | - | - | 118,994 | 3,065,636 |
| Due from other funds | - | - | 10,725 | - | 30 | - | - | 541,523 | 552,278 |
| Stores Inventory | - | - | - | - | 18,850 | - | - | - | 18,850 |
| Total Assets | $ 284,376 | $ 2,397,055 | $ 117,883 | $ 1,334,467 | $ 8,348,136 | $ 1,740,481 | $ 10,279,371 | $ 7,441,839 | $ 31,943,608 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | $ - | $ 17,475 | $ 105,465 | $ 12,716 | $ 45,667 | $ - | $ - | $ - | $ 181,323 |
| Unearned revenue | - | 37,155 | 538 | 716,431 | 1,253,315 | - | - | - | 2,007,439 |
| Due to other funds | - | 7,249 | 2,808 | 34,862 | 7,450 | - | - | 399,529 | 451,898 |
| Total Liabilities | - | 61,879 | 108,811 | 764,009 | 1,306,432 | - | - | 399,529 | 2,640,660 |
| Fund balances | | | | | | | | | |
| Nonspendable | - | - | - | - | 18,850 | - | - | - | 18,850 |
| Restricted | 284,376 | 542,204 | 4,868 | 570,458 | 7,022,854 | 240,481 | 10,279,371 | 7,042,310 | 25,986,922 |
| Committed | - | 1,792,972 | 4,204 | - | - | 1,500,000 | - | - | 3,297,176 |
| Total Fund Balances | 284,376 | 2,335,176 | 9,072 | 570,458 | 7,041,704 | 1,740,481 | 10,279,371 | 7,042,310 | 29,302,948 |
| Total liabilities and fund balances | $ 284,376 | $ 2,397,055 | $ 117,883 | $ 1,334,467 | $ 8,348,136 | $ 1,740,481 | $ 10,279,371 | $ 7,441,839 | $ 31,943,608 |

# WASHINGTON UNIFIED SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## ALL NON-MAJOR FUNDS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Student Activity Fund | Charter Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Debt Service Fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | |
| LCFF sources | $ - | $ 2,081,751 | $ - | $ - | $ - | $ - | $ - | $ - | $ 2,081,751 |
| Federal revenue | - | - | 90,820 | - | 6,524,493 | - | - | - | 6,615,313 |
| Other state revenues | - | 548,994 | 532,573 | 1,476,349 | 2,103,603 | - | 49,779 | - | 4,711,298 |
| Other local revenues | 447,483 | 14,595 | (489) | (8,068) | 428,133 | (20,340) | 10,449,518 | 608,899 | 11,919,731 |
| Total revenues | 447,483 | 2,645,340 | 622,904 | 1,468,281 | 9,056,229 | (20,340) | 10,499,297 | 608,899 | 25,328,093 |
| **EXPENDITURES** | | | | | | | | | |
| Certificated salaries | - | 911,032 | 246,649 | 242,017 | - | - | - | - | 1,399,698 |
| Classified salaries | - | 86,570 | 49,801 | 301,221 | 1,642,411 | - | - | - | 2,080,003 |
| Employee benefits | - | 386,342 | 110,520 | 262,539 | 792,236 | - | - | - | 1,551,637 |
| Books and supplies | 4,907 | 126,300 | 25,329 | 77,305 | 2,606,483 | - | - | - | 2,840,324 |
| Services and other operating expenditures | 429,376 | 108,005 | 235,322 | 85,035 | 635,558 | - | - | - | 1,493,296 |
| Capital outlay | - | - | - | - | 18,427 | - | - | - | 18,427 |
| Other outgo | - | 89,934 | 27,853 | 77,143 | 151,027 | - | - | 786,690 | 1,132,647 |
| Debt service expenditures | - | - | - | - | - | - | 14,068,250 | - | 14,068,250 |
| Total expenditures | 434,283 | 1,708,183 | 695,474 | 1,045,260 | 5,846,142 | - | 14,068,250 | 786,690 | 24,584,282 |
| Excess(deficiency) of revenues over expenditures | 13,200 | 937,157 | (72,570) | 423,021 | 3,210,087 | (20,340) | (3,568,953) | (177,791) | 743,811 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | |
| Operating transfers in | - | - | - | - | - | 1,500,000 | - | 728,877 | 2,228,877 |
| Total other financing sources (uses) | - | - | - | - | - | 1,500,000 | - | 728,877 | 2,228,877 |
| Net change in fund balances | 13,200 | 937,157 | (72,570) | 423,021 | 3,210,087 | 1,479,660 | (3,568,953) | 551,086 | 2,972,688 |
| Fund balances, July 1, 2022 | 271,176 | 1,398,019 | 81,642 | 147,437 | 3,831,617 | 260,821 | 13,848,324 | 6,491,224 | 26,330,260 |
| Fund balances, June 30, 2023 | $ 284,376 | $ 2,335,176 | $ 9,072 | $ 570,458 | $ 7,041,704 | $ 1,740,481 | $ 10,279,371 | $ 7,042,310 | $ 29,302,948 |

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**JUNE 30, 2023**

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Washington Unified School District was established on July 1, 1957 and comprises an area of approximately 23 square miles located in Yolo County. Washington Unified School District serves an ethnically diverse and growing population of 7,421 students, with a staff of 400 certificated employees and 350 classified employees. The district currently operates seven elementary schools (six K-8 schools and one Transitional Kindergarten-5 school), a comprehensive high school, an alternative high school, a dependent charter, an independent study program, and an adult education program. At least one additional elementary school is planned for the future to accommodate growth. There were no changes in District boundaries during the year.

**BOARD OF TRUSTEES**

| Name | Office | Term Expires December |
|---|---|---|
| Sarah Kirby-Gonzalez | President | 2026 |
| Jackie Thu-Huong Wong | Vice President | 2024 |
| Virginia Coffey | Clerk | 2026 |
| Coby Pizzotti | Trustee | 2024 |
| Alvaro Venegas | Trustee | 2024 |

**ADMINISTRATION**

Dr. Cherly Hildreth
Superintendent

Monique Stovall
Assistant Superintendent, Business Services

Autri Streeck
Assistant Superintendent, Educational Services

Farah Ubaidullah (Interim)
Assistant Superintendent, Human Resources

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Second Period Report | Annual Report |
|---|---|---|
| **DISTRICT** | | |
| Elementary | | |
| TK through Third | 2,075.03 | 1,955.57 |
| Fourth through Sixth | 1,558.99 | 1,535.04 |
| Seventh through Eighth | 1,010.83 | 1,056.69 |
| Special Education | 9.51 | 10.41 |
| Subtotal | 4,654.36 | 4,557.71 |
| Secondary | | |
| Ninth through Twelfth | 2,047.28 | 2,020.07 |
| Special Education | 6.76 | 7.46 |
| Subtotal | 2,054.04 | 2,027.53 |
| Totals | 6,708.40 | 6,585.24 |
| **CHARTER SCHOOL** | | |
| Secondary | | |
| Ninth through Twelfth | 130.26 | 131.20 |
| Totals | 130.26 | 131.20 |

See accompanying notes to supplementary information.

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| Grade Level | Standard Minutes Requirement | 2022-23 Actual Minutes | Instructional Days | Status |
|---|---|---|---|---|
| Kindergarten | 36,000 | 36,000 | 180 | In compliance |
| Grade 1 | 50,400 | 51,415 | 180 | In compliance |
| Grade 2 | 50,400 | 51,415 | 180 | In compliance |
| Grade 3 | 50,400 | 51,415 | 180 | In compliance |
| Grade 4 | 54,000 | 51,415 | 180 | In compliance |
| Grade 5 | 54,000 | 51,415 | 180 | In compliance |
| Grade 6 | 54,000 | 57,010 | 180 | In compliance |
| Grade 7 | 54,000 | 57,010 | 180 | In compliance |
| Grade 8 | 54,000 | 57,010 | 180 | In compliance |
| Grade 9 | 64,800 | 66,001 | 180 | In compliance |
| Grade 10 | 64,800 | 66,001 | 180 | In compliance |
| Grade 11 | 64,800 | 66,001 | 180 | In compliance |
| Grade 12 | 64,800 | 66,001 | 180 | In compliance |
| **CHARTER SCHOOL** | | | | |
| Grade 9 | 64,800 | 67,330 | 175 | In compliance |
| Grade 10 | 64,800 | 67,330 | 175 | In compliance |
| Grade 11 | 64,800 | 67,330 | 175 | In compliance |
| Grade 12 | 64,800 | 67,330 | 175 | In compliance |

See accompanying notes to supplementary information.

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| Charter School ID Number | Charter Schools Chartered by the District | Included in the District Financial Statements, or Separate Report |
|---|---|---|
| 0907 | Washington Middle College High | Included as Charter Schools Fund |
| 1338 | Sacramento Valley Charter School | Separately Reported |
| 1659 | River Charter Schools Lighthouse Charter School | Separately Reported |

See accompanying notes to supplementary information.

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2023

There were no adjustments to the ending fund balances.

# WASHINGTON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| Assistance Listing Number | Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Pass-Through Entity Identifying Number | | Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Education | | | | |
| Passed through California Department of Education | | | | |
| | ***Special Education Cluster (IDEA)*** | | | |
| 84.027 | Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement | 15638 | | $ 304,743 |
| 84.027 | Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs | 10169 | | 3,829 |
| 84.173 | Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants | 15639 | | 15,329 |
| 84.027 | Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611 | 13379 | | 1,516,146 |
| 84.027 | Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs | 10115 | | 20,439 |
| 84.173 | Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5) | 13430 | | 35,880 |
| 84.027A | Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611 | 15197 | | 82,452 |
| 84.173A | Special Ed: IDEA Preschool Staff Development, Part B, Sec 619 | 13431 | | 431 |
| | Subtotal Special Education Cluster (IDEA) | | | 1,979,249 |
| | ***Adult Education Cluster*** | | | |
| 84.002A | Adult Education: Adult Basic Education & ELA (Section 231) | 14508 | | 43,060 |
| 84.002 | Adult Education: Adult Secondary Education (Section 231) | 13978 | | 47,760 |
| | Subtotal Adult Education Cluster | | | 90,820 |
| | ***Education Stabilization Fund (ESF) Cluster*** | | | |
| 84.425 | Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 15547 | * | 825,572 |
| 84.425 | Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 15559 | * | 3,911,656 |
| | Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 10155 | * | 289,667 |
| 84.425D | Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 15618 | * | 800,455 |
| 84.425C | Expanded Learning Opportunities (ELO) Grant GEER II | 15619 | * | 183,712 |
| 84.425U | Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs | 15620 | * | 48,961 |
| | Subtotal Education Stabilization Fund (ESF) Cluster | | | 6,068,479 |
| 84.010 | ESSA: Title I, Part A, Basic Grants Low-Income and Neglected | 14329 | * | 2,436,655 |
| 84.010 | ESEA: ESSA School Improvement (CSI) Funding for LEAs | 15438 | | 1,136 |
| 84.367 | ESSA: Title II, Part A, Supporting Effective Instruction Local Grants | 14341 | | 381,859 |
| 84.365 | ESSA: Title III, English Learner Student Program | 14346 | | 146,034 |
| | Total U.S. Department of Education | | * | 11,287,414 |
| U.S. Department of Agriculture | | | | |
| Passed through California Department of Education | | | | |
| 10.555 | Child Nutrition: School Programs (NSL Sec 4) | 13391 | | 5,027,936 |
| 10.558 | Child Nutrition: CACFP Claims - Centers and Family Day Care | 13393 | | 610,868 |
| 10.582 | Child Nutrition: Fresh Fruit and Vegetable Program | 14968 | | 885,494 |
| | Total U.S. Department of Agriculture | | | 6,524,493 |
| | Total Federal Programs | | | $ 17,811,907 |

* Tested as a major program.

See accompanying notes to supplementary information.

## WASHINGTON UNIFIED SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| General Fund | Adopted Budget 2023/2024 | Actuals 2022/2023 | Actuals 2021/2022 | Actuals 2020/2021 |
|---|---|---|---|---|
| Revenues and Other Financial Sources | $ 139,239,472 | $ 141,670,254 | $ 121,497,751 | $ 104,361,432 |
| Expenditures | 133,219,480 | 114,801,254 | 102,692,482 | 93,025,027 |
| Other Uses and Transfers Out | - | 4,000,000 | 13,650,000 | - |
| Total Outgo | 133,219,480 | 118,801,254 | 116,342,482 | 93,025,027 |
| Change in Fund Balance | 6,019,992 | 22,869,000 | 5,155,269 | 11,336,405 |
| Ending Fund Balance | $ 67,294,728 | $ 61,274,736 | $ 38,405,736 | $ 33,250,467 |
| Available Reserves | $ 16,127,223 | $ 11,593,004 | $ 10,357,191 | $ 29,214,132 |
| Reserve for Economic Uncertainties | $ 7,819,169 | $ 7,045,575 | $ 6,961,033 | $ 5,581,500 |
| Unassigned Fund Balance | $ 8,308,054 | $ 4,547,429 | $ 3,396,158 | $ 23,632,632 |
| Available Reserves as a Percentage of Total Outgo | 12.1% | 9.8% | 8.9% | 31.4% |
| Total Long-Term Debt | $ 306,864,185 | $ 323,763,048 | $ 307,064,357 | $ 350,204,675 |
| Average Daily Attendance at P-2 | 6,597 | 6,708 | 6,634 | 7,210 |

The general fund balance has increased by $39,360,674 over the past three years. Fiscal year 2023-24 projects an increase of $6,019,992. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in each of the past three years and anticipates incurring an operating surplus during fiscal year 2023-2024.

Total long-term liabilities have decreased by $26,441,627 over the past two years due to payment of General Obligation Bonds, decreases in Net OPEB Liability offset by a decrease in Net Pension Liability.

Average Daily Attendance (ADA) has decreased by 502 over the past two years. The District anticipates a decrease in ADA in fiscal year 2023-24.

## 1. PURPOSE OF STATEMENTS AND SCHEDULES

### A. Schedule Of Average Daily Attendance

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

### B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

### C. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The May 2023 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) require a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The schedule below provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

| | Assistance Listing Number | Amount |
|---|---|---|
| Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance | | $ 17,772,013 |
| Reconciling items | | |
| Medi-Cal Administrative Activities (MAA) | 93.778 | 39,894 |
| Total Schedule of Expenditures of Federal Awards | | $ 17,811,907 |

## 1. PURPOSE OF STATEMENTS AND SCHEDULES (CONTINUED)

### D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

### E. Schedule of Financial Trends and Analysis

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

### F. Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

## 2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2023, the District has not adopted such a program.

# OTHER INDEPENDENT AUDITOR'S REPORTS

# INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Washington Unified School District
West Sacramento, California

## Report on Compliance

### Opinion

We have audited the Washington Unified School District (the "District") compliance with the requirements specified in the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Washington Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

### Basis for Opinion

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

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

### Responsibilities of Management for Compliance

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

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists.

The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

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

**Local Education Agencies Other Than Charter Schools**

| Description | Procedures Performed |
|---|---|
| Attendance | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | Yes |
| Continuation Education | Yes |
| Instructional Time | Yes |
| Instructional Materials | |
| General Requirements | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive Program | No, see below |
| Gann Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | No, see below |
| Middle or Early College High Schools | Yes |
| 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 | |
|---|---|
| **Description** | **Procedures Performed** |
| California Clean Energy Jobs Act | No, see below |
| After/Before Schools Education and Safety Program | Yes |
| General requirements | Yes |
| After School | Yes |
| Before School | No, see below |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | No, see below |
| Immunizations | No, see below |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Yes |
| Career Technical Education Incentive Grant | Yes |
| Transitional Kindergarten | Yes |

| Charter Schools | |
|---|---|
| **Description** | **Procedures Performed** |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No, see below |
| Determination of Funding for Nonclassroom-Based Instruction | No, see below |
| Annual Instructional Minutes - Classroom Based | Yes |
| Charter School Facility Grant Program | No, see below |

We did not perform any procedures related to California Clean Energy Jobs Act because the projects were completed in the prior years.

We did not perform any procedures related to Early Retirement Incentive, Juvenile Court Schools, Apprenticeship: Related and Supplemental Instruction, Independent Study-Course Based, Before section of the After/ Before Schools Education and Safety Program or District of Choice because the District does not offer these programs.

We did not perform any procedures related to Immunizations as none of the District's schools appeared on the lists of schools that did not submit immunization assessment reports to the California Department of Public Health or those that reported combined conditional admission and overdue rates greater than 10 percent in kindergarten and in 7th grade.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for Charter Schools and Determination of Funding for Nonclassroom-Based Instruction for Charter Schools as the Charter school does not have an independent study program.

We did not perform any procedures related Charter School Facility Grant Program because the District did not receive any grant funding from this program.

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

**Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 20, 2023

**James Marta & Company LLP**
***Certified Public Accountants***

***Accounting, Auditing, Consulting, and Tax***

**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***

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees
Washington Unified School District
West Sacramento, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington 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 October 20, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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**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.

**Purpose of this Report**

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 20, 2023

**James Marta & Company LLP**
***Certified Public Accountants***

***Accounting, Auditing, Consulting, and Tax***

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
Benicia, California

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

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

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

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the May 2023 Edition of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### *Responsibilities of Management for Compliance*

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

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***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Washington Unified School District as of and for the year ended June 30, 2023, and have issued our report thereon dated October 20, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 20, 2023

# FINDINGS AND RECOMMENDATIONS

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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## Section I – Summary of Audit Results

### Financial Statements

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | _____ Yes __X__ No |
| Significant deficiency(ies) identified? | _____ Yes __X__ None reported |
| Noncompliance material to financial statements noted? | _____ Yes __X__ No |

### Federal Awards

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | _____ Yes __X__ No |
| Significant deficiency(ies) identified? | _____ Yes __X__ None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? | _____ Yes __X__ No |

Identification of major programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.425, 84.425D, 84.425C, 84.425U | Education Stabilization Fund Cluster |
| 84.010 | ESSA: Title I, Part A, Basic Grants Low-Income and Neglected |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | __X__ Yes _____ No |

### State Awards

| | |
|---|---|
| Internal control over state programs: | |
| Material weakness(es) identified? | _____ Yes __X__ No |
| Significant deficiency(ies) identified? | _____ Yes __X__ None reported |
| Type of auditor's report issued on compliance for state programs: | Unmodified |

## Section II – Financial Statement Findings

No matters were reported.

## Section III – Federal Award Findings and Questioned Costs

No matters were reported.

## Section IV – State Award Findings and Questioned Costs

No matters were reported.

**WASHINGTON UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

No matters were reported.