Financial Statements
June 30, 2023

Newhall School District

Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Newhall School District
Valencia, 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 Newhall School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability - MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
March 11, 2024

NEWHALL SCHOOL DISTRICT
COLLABORATE | INNOVATE | PERSEVERE | EXCEL

This section of Newhall School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Newhall School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

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

Governmental Activities – The District reports all of its services in this category. This includes the education of kindergarten through grade six 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

Fund Financial Statements

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

Governmental Funds - 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 left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

FINANCIAL HIGHLIGHTS

- The District’s total net position was $61,865,658 as June 30, 2023.
- During the year, the District’s expenses were $25,841,495 less than the $107,955,245 generated in taxes and other revenues for governmental activities.
- The total cost of the District’s programs was $82,113,750; increase from last year’s $79,998,534.
- The General Fund reported a fund balance this year of $37,002,797.

THE DISTRICT AS A WHOLE

Net Position

The District’s net position was $61,865,658 for the fiscal year ended June 30, 2023. Of this amount, $38,939,285 was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board’s ability to use the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District’s governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	$ 63,272,364	$ 48,219,234
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	136,014,165	134,718,295
Total assets	199,286,529	182,937,529
Deferred outflows of resources	18,153,997	15,403,571
Liabilities		
Current liabilities	8,587,262	9,600,567
Long-term liabilities	134,293,122	118,751,248
Total liabilities	142,880,384	128,351,815
Deferred inflows of resources	12,694,484	33,965,122
Net Position		
Net investment in capital assets	73,627,619	69,627,977
Restricted	27,177,324	11,647,192
Unrestricted	(38,939,285)	(45,251,006)
Total net position	$ 61,865,658	$ 36,024,163

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities 2023	Governmental Activities 2022*
Revenues		
Program revenues		
Charges for services	$ 646,620	$ 1,505,822
Operating grants and contributions	25,473,089	14,590,184
General revenues		
Federal and State aid not restricted	41,836,888	36,978,708
Property taxes	30,131,692	26,405,134
Other general revenues	9,866,956	10,560,205
Total revenues	107,955,245	90,040,053
Expenses		
Instruction-related	60,005,838	59,385,586
Pupil services	4,760,902	4,966,018
Administration	6,044,147	5,531,173
Plant services	7,344,354	6,853,151
All other services	3,958,509	3,262,606
Total expenses	82,113,750	79,998,534
Change in net position	$ 25,841,495	$ 10,041,519

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

Governmental Activities

As reported in the S*tatement of Activities* on page 16, the cost of all of our governmental activities this year was $82,113,750. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $30,131,692 because of the cost paid by those who benefited from the programs ($646,620) or by other governments and organizations who subsidized certain programs with grants and contributions ($25,473,089). The District paid for the remaining "public benefit" portion of our governmental activities with $41,836,888 in Federal and State unrestricted funds, and with $9,866,956 in other revenues, such as interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 60,005,838	$ 59,385,586	$ (36,821,112)	$ (45,747,077)
Pupil services	4,760,902	4,966,018	(3,628,960)	(4,257,747)
Administration	6,044,147	5,531,173	(5,060,376)	(4,462,403)
Plant services	7,344,354	6,853,151	(7,346,384)	(6,525,760)
All other services	3,958,509	3,262,606	(3,137,209)	(2,909,541)
Total	$ 82,113,750	$ 79,998,534	$ (55,994,041)	$ (63,902,528)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $55,672,831, which is an increase of $16,038,934 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 20,488,636	$ 101,410,873	$ 84,896,712	$ 37,002,797
Special Reserve for Capital Outlay Projects	12,835,366	587,529	3,034,678	10,388,217
Child Development	52,317	1,026,179	807,367	271,129
Deferred Maintenance	673,921	715,942	38,955	1,350,908
Capital Facilities	3,229,825	1,334,244	510,712	4,053,357
Bond Interest and Redemption	2,353,832	5,026,841	4,774,250	2,606,423
Total	$ 39,633,897	$ 110,101,608	$ 94,062,674	$ 55,672,831

The primary reason the District's overall fund balance increased:

- New State programs related to Arts, Music, and Instructional Discretionary Block Grant and Learning Recovery Emergency Block Grant.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 27, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 62.)

- Significant revenue revisions made to the 2022-2023 budget were due to Federal and State carryover funds and new State programs related to Arts, Music, and Instructional Discretionary Block Grant and Learning Recovery Emergency Block Grant.
- An adjustment to revenues and expenditures associated with STRS on-behalf.

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

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

At June 30, 2023, the District had $136,014,165 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, furniture, and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of just under $1,295,870, or 1.0%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	$ 33,468,797	$ 28,439,499
Buildings and improvements	100,409,292	103,609,137
Furniture and equipment	1,252,769	1,579,496
Right-to-use leased assets	160,485	226,893
Right-to-use subscription IT assets	722,822	863,270
Total	$ 136,014,165	$ 134,718,295

This year's addition totaled $5,550,912 with the majority of the expenditures related HVAC replacement at various school sites. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $134,293,122 in long-term liabilities outstanding versus $118,751,248 last year, an increase of $15,541,874 or 13.1%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
General obligation bonds	$ 57,805,000	$ 60,075,000
Premium on issuance	4,668,816	4,960,617
Finance purchase agreement (private placement debt)	325,090	422,935
Leases	164,629	230,460
Subscription-based IT arrangements	36,003	52,610
Supplemental early retirement plan	1,443,381	2,405,635
Compensated absences	729,485	620,859
Net OPEB liability	13,554,091	13,503,947
Net pension liability	55,566,627	36,479,185
Total	$ 134,293,122	$ 118,751,248

The District's general obligation bond rating continues to be "AAA". The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $57,805,000 is below the statutorily-imposed limit.

Other liabilities include compensated absences payable, finance purchase agreement, leases, and other long-term liabilities. We present more detailed information regarding our long-term liabilities other than OPEB and pensions in Note 9 of the financial statements.

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

- Continued refresh of student Chromebook devices district-wide
- Continued replacement of aging HVAC systems
- Completed the design of a new school (#11) in the Five Points Development
- Continued strategies using State and Federal funds to mitigate student learning losses due to the pandemic

- Continued to Expand the Dual Language program to TK-3rd grade and added new curriculum and resources for the teachers

- Implemented resources for Mental Health for students, staff and families

- Implemented an Expanded Learning Summer session for 200 students

- Conducted a successful search for a new Assistant Superintendent of Business Services that started April 1, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula will have a 8.22% COLA.

2. Federal income with zero percent Cost of Living Adjustment (COLA).

3. State programs will have a 8.22% COLA.

4. Special Education will have a 8.22% COLA.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades UPK – 3rd	27:1 (UPK 12:1)	3,275
Grades 4th – 6th	30:1	2,653

New items specifically addressed in the budget are:

1. Spending to address Response to Intervention program for students throughout the district through the Local Control Accountability Plan.

2. Local Control Accountability Plan impact on the budget, such as continued professional development and increasing intervention for low performing students.

3. Continued investment in educational technology.

4. Learning Supports funded through new and existing State and Federal funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent of Business at Newhall School District, 25375 Orchard Village Road, Suite 200, Valencia, California 91355.

	Governmental Activities
Assets	
Deposits and investments	$ 54,120,717
Receivables	9,119,105
Prepaid expense	20,142
Stores inventories	12,400
Capital assets not depreciated	33,468,797
Capital assets, net of accumulated depreciation	101,662,061
Right-to-use leased assets, net of accumulated amortization	160,485
Right-to-use subscription IT assets, net of accumulated amortization	722,822
Total assets	199,286,529
Deferred Outflows of Resources	
Deferred charge on refunding	612,992
Deferred outflows of resources related to OPEB	1,994,157
Deferred outflows of resources related to pensions	15,546,848
Total deferred outflows of resources	18,153,997
Liabilities	
Accounts payable	6,861,186
Interest payable	987,729
Unearned revenue	738,347
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,208,744
Long-term liabilities other than OPEB and pensions due in more than one year	61,963,660
Net other postemployment benefits (OPEB) liability	13,554,091
Net pension liability	55,566,627
Total liabilities	142,880,384
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,504,516
Deferred inflows of resources related to pensions	11,189,968
Total deferred inflows of resources	12,694,484
Net Position	
Net investment in capital assets	73,627,619
Restricted for	
Debt service	1,618,694
Capital projects	4,053,357
Educational programs	21,234,144
Other restrictions	271,129
Unrestricted	(38,939,285)
Total net position	$ 61,865,658

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 51,598,638	$ 337,395	$ 21,845,111	$ (29,416,132)
Instruction-related activities				
Supervision of instruction	2,847,017	5,940	500,872	(2,340,205)
Instructional library, media, and technology	507,274	-	31,674	(475,600)
School site administration	5,052,909	5,796	457,938	(4,589,175)
Pupil services				
Home-to-school transportation	1,330,613	-	719	(1,329,894)
Food services	59,078	-	3,411	(55,667)
All other pupil services	3,371,211	93,179	1,034,633	(2,243,399)
Administration				
Data processing	1,624,566	188	29,351	(1,595,027)
All other administration	4,419,581	38,602	915,630	(3,465,349)
Plant services	7,344,354	-	(2,030)	(7,346,384)
Ancillary services	295,177	165,520	158,855	29,198
Interest on long-term liabilities	2,241,528	-	-	(2,241,528)
Other outgo	1,421,804	-	496,925	(924,879)
Total governmental activities	$ 82,113,750	$ 646,620	$ 25,473,089	(55,994,041)
General Revenues and Subventions				
Property taxes, levied for general purposes				24,768,718
Property taxes, levied for debt service				5,110,294
Taxes levied for other specific purposes				252,680
Federal and State aid not restricted to specific purposes				41,836,888
Interest and investment earnings (loss)				(7,732)
Interagency revenues				155,827
Miscellaneous				9,718,861
Total general revenues and subventions				81,835,536
Change in Net Position				25,841,495
Net Position - Beginning, as restated				36,024,163
Net Position - Ending				$ 61,865,658

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 35,513,297	$ 10,275,042	$ 8,332,378	$ 54,120,717
Receivables	8,956,640	113,175	49,290	9,119,105
Prepaid expenditures	20,142	-	-	20,142
Stores inventories	12,400	-	-	12,400
Total assets	$ 44,502,479	$ 10,388,217	$ 8,381,668	$ 63,272,364
Liabilities and Fund Balances and Fund Balances				
Liabilities				
Accounts payable	$ 6,779,784	$ -	$ 81,402	$ 6,861,186
Unearned revenue	719,898	-	18,449	738,347
Total liabilities	7,499,682	-	99,851	7,599,533
Fund Balances				
Nonspendable	37,542	-	-	37,542
Restricted	21,234,144	-	6,930,909	28,165,053
Committed	9,778,250	-	1,350,908	11,129,158
Assigned	3,398,894	10,388,217	-	13,787,111
Unassigned	2,553,967	-	-	2,553,967
Total fund balances	37,002,797	10,388,217	8,281,817	55,672,831
Total liabilities and fund balances	$ 44,502,479	$ 10,388,217	$ 8,381,668	$ 63,272,364

Total Fund Balance - Governmental Funds		$ 55,672,831
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 202,578,943	
Accumulated depreciation is	(67,448,085)	
Net capital assets		135,130,858
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	332,038	
Accumulated amortization is	(171,553)	
Net right-to-use leased assets		160,485
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	1,084,234	
Accumulated amortization is	(361,412)	
Net right-to-use subscription IT assets		722,822
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(987,729)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	612,992	
Other postemployment benefits (OPEB) liability	1,994,157	
Net pension liability	15,546,848	
Total deferred outflows of resources		18,153,997
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(1,504,516)	
Net pension liability	(11,189,968)	
Total deferred inflows of resources		(12,694,484)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (55,566,627)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(13,554,091)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (57,805,000)	
Premium on issuance	(4,668,816)	
Finance purchase agreement (private placement debt)	(325,090)	
Leases	(164,629)	
Subscription-based IT arrangements	(36,003)	
Compensated absences	(729,485)	
Supplemental early retirement plan	(1,443,381)	
Total long-term liabilities		(65,172,404)
Total net position - governmental activities		$ 61,865,658

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 64,126,608	$ -	$ -	$ 64,126,608
Federal sources	8,873,001	-	198,108	9,071,109
Other State sources	21,117,470	-	851,691	21,969,161
Other local sources	7,293,794	587,529	6,353,407	14,234,730
Total revenues	101,410,873	587,529	7,403,206	109,401,608
Expenditures				
Current				
Instruction	53,573,213	-	506,194	54,079,407
Instruction-related activities				
Supervision of instruction	3,046,251	-	-	3,046,251
Instructional library, media, and technology	539,259	-	-	539,259
School site administration	4,996,671	-	243,555	5,240,226
Pupil services				
Home-to-school transportation	1,322,521	-	-	1,322,521
Food services	55,667	-	3,411	59,078
All other pupil services	3,642,242	-	-	3,642,242
Administration				
Data processing	1,489,932	-	-	1,489,932
All other administration	4,263,703	-	84,624	4,348,327
Plant services	7,600,427	20,000	-	7,620,427
Ancillary services	307,043	-	-	307,043
Other outgo	1,421,804	-	-	1,421,804
Facility acquisition and construction	1,739,428	3,014,678	519,250	5,273,356
Debt service				
Principal	180,283	-	2,270,000	2,450,283
Interest and other	18,268	-	2,504,250	2,522,518
Total expenditures	84,196,712	3,034,678	6,131,284	93,362,674
Excess (Deficiency) of Revenues Over Expenditures	17,214,161	(2,447,149)	1,271,922	16,038,934
Other Financing Sources (Uses)				
Transfers in	-	-	700,000	700,000
Transfers out	(700,000)	-	-	(700,000)
Net Financing Sources (Uses)	(700,000)	-	700,000	-
Net Change in Fund Balances	16,514,161	(2,447,149)	1,971,922	16,038,934
Fund Balance - Beginning	20,488,636	12,835,366	6,309,895	39,633,897
Fund Balance - Ending	$ 37,002,797	$ 10,388,217	$ 8,281,817	$ 55,672,831

Total Net Change in Fund Balances - Governmental Funds		$ 16,038,934
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.		
Capital outlays	$ 5,550,912	
Depreciation and amortization expenses	(4,255,042)	
Net expense adjustment		1,295,870
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (supplemental early retirement plan) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and supplemental early retirement plan earned and used.		853,628
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		5,342,991
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(421,201)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		291,801
Deferred charge on refunding amortization		(38,312)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	$ 2,270,000
Finance purchase agreement (private placement debt)	97,845
Leases	65,831
Subscription-based IT arrangements	16,607
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	27,501
Change in net position of governmental activities	$ 25,841,495

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Newhall School District (the District) was organized in 1879, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 6 as mandated by the State and/or Federal agencies. The District operates ten elementary schools and a child development program.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, is not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $844,926.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds

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

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

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

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

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

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

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

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation and amortization of leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 20 to 65 years; equipment, 2 to 30 years.

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

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

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial implementation costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 3 years.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than six percent of General Fund expenditures and other financing uses, plus an amount equivalent to restoring any teachers needed if projected decline in student enrollment does not materialize.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $27,177,324 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 5 and 9.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 54,120,717

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

Cash in revolving	$ 5,000
Investments	54,115,717
Total deposits and investments	$ 54,120,717

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool. The District maintains an investment of $54,115,717 with the Los Angeles County Treasury Investment Pool that has a weighted average maturity of 753 days.

Credit Risk

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

Custodial Credit Risk - Deposits

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

Note 3 - Fair Value Measurements

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

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

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

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

As of June 30, 2023, the District's investments of $54,115,717 in the Los Angeles County Treasury Investment Pool are uncategorized.

Note 4 - Receivables

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	$ 5,745,337	$ -	$ -	$ 5,745,337
State Government				
Categorical aid	2,271,950	-	-	2,271,950
Lottery	383,572	-	-	383,572
Local Government				
Interest	281,071	113,175	49,290	443,536
Other local sources	274,710	-	-	274,710
Total	$ 8,956,640	$ 113,175	$ 49,290	$ 9,119,105

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

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 26,437,149	$ -	$ -	$ 26,437,149
Construction in progress	2,002,350	5,148,292	(118,994)	7,031,648
Total capital assets not being depreciated	28,439,499	5,148,292	(118,994)	33,468,797
Capital assets being depreciated				
Land improvements	9,034,201	-	-	9,034,201
Buildings and improvements	152,396,928	242,632	-	152,639,560
Furniture and equipment	7,378,367	58,018	-	7,436,385
Total capital assets being depreciated	168,809,496	300,650	-	169,110,146
Total capital assets	197,248,995	5,448,942	(118,994)	202,578,943
Accumulated depreciation				
Land improvements	(4,509,052)	(240,210)	-	(4,749,262)
Buildings and improvements	(53,312,940)	(3,202,267)	-	(56,515,207)
Furniture and equipment	(5,798,871)	(384,745)	-	(6,183,616)
Total accumulated depreciation	(63,620,863)	(3,827,222)	-	(67,448,085)
Net depreciable capital assets	105,188,633	(3,526,572)	-	101,662,061
Right-to-use leased assets being amortized				
Furniture and equipment	332,038	-	-	332,038
Accumulated amortization				
Furniture and equipment	(105,145)	(66,408)	-	(171,553)
Net right-to-use leased assets	226,893	(66,408)	-	160,485
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	863,270	220,964	-	1,084,234
Accumulated amortization	-	(361,412)	-	(361,412)
Net right-to-use subscription IT assets	863,270	(140,448)	-	722,822
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 134,718,295	$ 1,414,864	$ (118,994)	$ 136,014,165

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

Governmental Activities	
Instruction	$ 3,530,001
School site administration	183,161
Home-to-school transportation	8,092
Data processing	206,978
All other administration	254,572
Plant services	72,238
Total depreciation and amortization expenses governmental activities	$ 4,255,042

Note 6 - Interfund Transactions

Operating Transfers

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

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future maintenance costs.	$ 700,000

Note 7 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,644,223	$ 17,389	$ 2,661,612
LCFF apportionment	992,101	-	992,101
Salaries and benefits	3,143,460	64,013	3,207,473
Total	$ 6,779,784	$ 81,402	$ 6,861,186

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 337,912	$ -	$ 337,912
State categorical aid	328,563	18,449	347,012
Other local	53,423	-	53,423
Total	$ 719,898	$ 18,449	$ 738,347

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 60,075,000	$ -	$ (2,270,000)	$ 57,805,000	$ 2,540,000
Premiums on issuance	4,960,617	-	(291,801)	4,668,816	-
Finance purchase agreement (private placement debt)	422,935	-	(97,845)	325,090	102,938
Leases	230,460	-	(65,831)	164,629	67,159
Subscription-based IT arrangements	52,610	-	(16,607)	36,003	17,520
Supplemental early retirement plan	2,405,635	-	(962,254)	1,443,381	481,127
Compensated absences	620,859	108,626	-	729,485	-
Total	$ 68,768,116	$ 108,626	$ (3,704,338)	$ 65,172,404	$ 3,208,744

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the finance purchase agreement (private placement debt) are made by the General Fund. Payments on the leases are made by the General Fund. Payments on the subscription-based IT arrangements are made by the General Fund. Payments for the supplemental early retirement plan are made in the General Fund. Payments for the compensated absences payable are typically liquidated in the fund for which the employee worked which includes the General Fund and Child Development Fund. Additions and deductions for compensated absences are reported net to its cumulative change in the current year.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Redeemed	Bonds Outstanding June 30, 2023
05/01/04	05/01/25	1.00% - 5.00%	$ 18,310,000	$ 3,730,000	$ (1,180,000)	$ 2,550,000
06/29/17	08/01/38	2.00% - 5.00%	60,000,000	56,345,000	(1,090,000)	55,255,000
				$ 60,075,000	$ (2,270,000)	$ 57,805,000

Debt Service Requirements to Maturity

The bonds mature through 2039 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 2,540,000	$ 2,427,050	$ 4,967,050
2025	2,790,000	2,343,450	5,133,450
2026	1,715,000	2,141,875	3,856,875
2027	1,955,000	2,050,125	4,005,125
2028	2,210,000	1,946,000	4,156,000
2029-2033	15,500,000	7,764,375	23,264,375
2034-2038	24,695,000	3,647,200	28,342,200
2039	6,400,000	112,000	6,512,000
Total	$ 57,805,000	$ 22,432,075	$ 80,237,075

Finance Purchase Agreement (Private Placement Debt)

The District entered into an agreement to finance the purchase of various energy conservation equipment for twelve years beginning February 20, 2015. The annual interest rate charged to the finance purchase agreement is 2.85%. During the fiscal year, the District paid semi-annual payments totaling $109,212, which amounted to $97,845 in principal and $11,367 in interest.

The remaining principal and interest payment requirements for the finance purchase agreement as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 102,938	$ 8,547	$ 111,485
2025	109,497	5,572	115,069
2026	84,618	2,399	87,017
2027	28,037	400	28,437
Total	$ 325,090	$ 16,918	$ 342,008

Leases

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

Lease	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Copiers	$ 230,460	$ -	$ (65,831)	$ 164,629

The District entered an agreement to lease copiers for five years, beginning November 1, 2020. Under the terms of the lease, the District paid monthly payments of $5,820, which amounted to total principal and interest costs of $69,840 as of June 30, 2023. At June 30, 2023, the District has recognized a net right-to-use asset of $160,485 and a lease liability of $164,629 related to this agreement. During the fiscal year, the District recorded $66,408 in amortization expense and $4,009 in interest expense for the right-to-use the copiers. The District used an interest rate of 2.00% based on the rates available to finance machinery and equipment over the same time periods.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 67,159	$ 2,680	$ 69,839
2025	68,515	1,324	69,839
2026	28,955	145	29,100
Total	$ 164,629	$ 4,149	$ 168,778

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITA agreements for various software related to student curriculum and administrative management. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of $722,822 and a SBITA liability of $36,003 related to these agreements. During the fiscal year, the District recorded $361,412 in amortization expense. The District is required to make annual principal and interest payments through July 2024. The subscription agreements have an interest rate of 5.50%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 17,520	$ 1,980	$ 19,500
2025	18,483	1,017	19,500
Total	$ 36,003	$ 2,997	$ 39,000

Supplemental Early Retirement Plan

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401A of the Internal Revenue Code. The retiree receives an annual benefit payment in five equal installments. Currently, there are 42 employees participating in this plan, and the District's obligation to those retirees as of June 30, 2023, is $1,443,381.

Future payments are as follows:

Year Ending June 30,	Payment
2024	$ 481,127
2025	481,127
2026	481,127
Total	$ 1,443,381

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $729,485.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 13,296,497	$ 1,994,157	$ 1,504,516	$ 491,792
Medicare Premium Payment (MPP) Program	257,594	-	-	(70,591)
Total	$ 13,554,091	$ 1,994,157	$ 1,504,516	$ 421,201

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	74
Active employees	527
Total	601

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Newhall Teacher Association (NTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, NTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid $683,077 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $13,296,497 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

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

Inflation	3.00 %
Salary increases	3.00 %, average, including inflation
Discount rate	3.86 %
Healthcare cost trend rates	5.40 % for 2023

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

Mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated employees and CalPERS Experience Study (1997-2015) for classified employees . Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period June 30, 2020 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 13,175,762
Service cost	499,117
Interest	492,114
Changes of assumptions	(187,419)
Benefit payments	(683,077)
Net change in total OPEB liability	120,735
Balance, June 30, 2023	$ 13,296,497

No changes to benefit terms noted from the previous valuation. Change of assumptions reflects a change in the discount rate from 3.69% in 2022 to 3.86% in 2023.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.86%)	$ 14,451,522
Current discount rate (3.86%)	13,296,497
1% increase (4.86%)	12,262,410

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (4.40%)	$ 12,109,054
Current healthcare cost trend rate (5.40%)	13,296,497
1% increase (6.40%)	14,664,980

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $491,792. At June 30, 2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,161,328	-
Changes of assumptions	832,829	1,504,516
Total	$ 1,994,157	$ 1,504,516

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 183,638
2025	183,638
2026	183,638
2027	73,570
2028	(71,316)
Thereafter	(63,527)
Total	$ 489,641

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $257,594 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.0782% and 0.0823%, respectively, resulting in a decrease in the proportionate share of 0.0041%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(70,591).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 280,827
Current discount rate (3.54%)	257,594
1% increase (4.54%)	237,477

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 236,352
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	257,594
1% increase (5.50% Part A and 6.40% Part B)	281,673

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 5,000	$ -	$ -	$ 5,000
Stores inventories	12,400	-	-	12,400
Prepaid expenditures	20,142	-	-	20,142
Total nonspendable	37,542	-	-	37,542
Restricted				
Legally restricted programs	21,234,144	-	271,129	21,505,273
Capital projects	-	-	4,053,357	4,053,357
Debt services	-	-	2,606,423	2,606,423
Total restricted	21,234,144	-	6,930,909	28,165,053
Committed				
Deferred maintenance program	-	-	1,350,908	1,350,908
Vacation liability	729,485	-	-	729,485
OPEB liability	850,000			850,000
Technology upgrades	750,000			750,000
Early retirement incentive	481,126			481,126
revenue loss	6,967,639	-	-	6,967,639
Total committed	9,778,250	-	1,350,908	11,129,158
Assigned				
OPEB liability	844,927	-	-	844,927
Additional board reserve	2,553,967	-	-	2,553,967
Capital projects	-	10,388,217	-	10,388,217
Total assigned	3,398,894	10,388,217	-	13,787,111
Unassigned				
Reserve for economic uncertainties	2,553,967	-	-	2,553,967
Total	$ 37,002,797	$ 10,388,217	$ 8,281,817	$ 55,672,831

Note 12 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of $300 million, subject to various policy sublimits, generally ranging from $1 million to $50 million and deductibles ranging from $25,000 to $300,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence and $2 million aggregate, with excess liability coverage over $25 million, all subject to various deductibles up to $20,000 per occurrence and per employee policy limit, subject to a deductible of $100,000 per occurrence per claim, up to a maximum of $1.5 million. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

Description

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates a public entity risk pools (JPAs), Alliance for Schools for Cooperative Insurance Programs (ASCIP), for the workers' compensation programs and purchases liability coverage. Refer to Note 15 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 13 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 36,205,407	$ 9,147,582	$ 9,818,482	$ 1,867,099
CalPERS	19,361,220	6,399,266	1,371,486	1,846,364
Total	$ 55,566,627	$ 15,546,848	$ 11,189,968	$ 3,713,463

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $6,462,955.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 36,205,407
State's proportionate share of the net pension liability	18,131,526
Total	$ 54,336,933

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.0521% and 0.0547%, respectively, resulting in a net decrease in the proportionate share of 0.0026%.

For the year ended June 30, 2023, the District recognized pension expense of $1,867,099. In addition, the District recognized pension expense and revenue of $1,462,296 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,462,955	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	859,402	5,333,319
Differences between projected and actual earnings on pension plan investments	-	1,770,514
Differences between expected and actual experience in the measurement of the total pension liability	29,700	2,714,649
Changes of assumptions	1,795,525	-
Total	$ 9,147,582	$ 9,818,482

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,300,573)
2025	(1,408,952)
2026	(2,116,532)
2027	3,055,543
Total	$ (1,770,514)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (116,105)
2025	(1,224,477)
2026	(1,192,099)
2027	(1,341,183)
2028	(983,484)
Thereafter	(505,993)
Total	$ (5,363,341)

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 61,490,210
Current discount rate (7.10%)	36,205,407
1% increase (8.10%)	15,211,419

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $2,593,499.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $19,361,220. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.0563% and 0.0569%, respectively, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2023, the District recognized pension expense of $1,846,364. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,593,499	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	889,754
Differences between projected and actual earnings on pension plan investments	2,286,033	-
Differences between expected and actual experience in the measurement of the total pension liability	87,501	481,732
Changes of assumptions	1,432,233	-
Total	$ 6,399,266	$ 1,371,486

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 381,238
2025	338,132
2026	172,722
2027	1,393,941
Total	$ 2,286,033

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (182,351)
2025	104,995
2026	243,942
2027	(18,338)
Total	$ 148,248

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 27,968,262
Current discount rate (6.90%)	19,361,220
1% increase (7.90%)	12,247,815

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,908,659 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
District-Wide HVAC Replacement	$ 3,300,481	December 2024

Note 15 - Participation in Public Entity Risk Pool and Food Service Consortium

The District is a member of the Alliance of Schools Cooperative Insurance Program (ASCIP), and the Santa Clarita Valley School Food Services Agency (SCVSFSA). The District pays an annual premium to ASCIP for its workers' compensation and property liability coverage. Payments for food services are paid to the SCVSFSA. The relationships between the District and the entities are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $1,474,201 to ASCIP for workers' compensation and property liability coverage. The District did not receive reimbursements from SCVSFSA for costs related to food services in the current fiscal year.

Note 16 - Adoption of New Accounting Standard

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

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 35,213,503
Right-to-use subscription IT assets, net of amortization	863,270
Subscription liabilities	(52,610)
Net Position - Beginning as Restated on July 1, 2022	$ 36,024,163

Required Supplementary Information
June 30, 2023

Newhall School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 61,826,708	$ 63,647,816	$ 64,126,608	$ 478,792
Federal sources	8,873,184	8,024,253	8,873,001	848,748
Other State sources	12,235,332	17,915,846	21,117,470	3,201,624
Other local sources	5,641,689	6,397,579	7,293,794	896,215
Total revenues [1]	88,576,913	95,985,494	101,410,873	5,425,379
Expenditures				
Current				
Certificated salaries	32,883,000	34,775,258	33,675,540	1,099,718
Classified salaries	12,001,717	11,949,484	12,318,636	(369,152)
Employee benefits	18,286,249	20,286,782	18,749,309	1,537,473
Books and supplies	4,138,293	4,175,314	2,800,031	1,375,283
Services and operating expenditures	11,146,956	14,289,988	12,791,276	1,498,712
Other outgo	1,045,997	1,292,757	1,906,695	(613,938)
Capital outlay	2,319,989	67,290	1,756,674	(1,689,384)
Debt service				
Debt service - principal	94,416	97,845	180,283	(82,438)
Debt service - interest and other	14,076	11,367	18,268	(6,901)
Total expenditures [1]	81,930,693	86,946,085	84,196,712	2,749,373
Excess (Deficiency) of Revenues Over Expenditures	6,646,220	9,039,409	17,214,161	8,174,752
Other Financing Uses				
Transfers out	(700,000)	(700,000)	(700,000)	-
Net Change in Fund Balances	5,946,220	8,339,409	16,514,161	8,174,752
Fund Balance - Beginning	20,488,636	20,488,636	20,488,636	-
Fund Balance - Ending	$ 26,434,856	$ 28,828,045	$ 37,002,797	$ 8,174,752

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

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 499,117	$ 645,044	$ 545,657	$ 480,287	$ 455,231
Interest	492,114	266,928	315,250	349,036	358,185
Difference between expected and actual experience	-	1,115,797	-	730,937	-
Changes of assumptions	(187,419)	(1,849,477)	603,494	604,144	464,424
Benefit payments	(683,077)	(517,488)	(539,034)	(487,915)	(514,109)
Net change in total OPEB liability	120,735	(339,196)	925,367	1,676,489	763,731
Total OPEB Liability - Beginning	13,175,762	13,514,958	12,589,591	10,913,102	10,149,371
Total OPEB Liability - Ending	$ 13,296,497	$ 13,175,762	$ 13,514,958	$ 12,589,591	$ 10,913,102
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

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

	2018
Total OPEB Liability	
Service cost	$ 439,327
Interest	348,326
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(516,504)
Net change in total OPEB liability	271,149
Total OPEB Liability - Beginning	9,878,222
Total OPEB Liability - Ending	$ 10,149,371
Covered Payroll	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]
Measurement Date	June 30, 2018

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

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

	2023	2022	2021	2020	2019
Year ended June 30,					
Proportion of the net OPEB liability	0.0000%	0.0823%	0.0969%	0.1031%	0.1013%
Proportionate share of the net OPEB liability	$ 257,594	$ 328,185	$ 410,662	$ 384,081	$ 387,579
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

	2018
Year ended June 30,	
Proportion of the net OPEB liability	0.1025%
Proportionate share of the net OPEB liability	$ 431,355
Covered payroll	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Measurement Date	June 30, 2017

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

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0521%	0.0547%	0.0556%	0.0583%	0.0564%
Proportionate share of the net pension liability	$ 36,205,407	$ 24,910,091	$ 53,894,084	$ 52,656,278	$ 51,848,110
State's proportionate share of the net pension liability	18,131,526	12,533,792	27,782,407	28,727,515	29,685,468
Total	$ 54,336,933	$ 37,443,883	$ 81,676,491	$ 81,383,793	$ 81,533,578
Covered payroll	$ 30,747,175	$ 29,699,368	$ 30,304,889	$ 34,117,334	$ 33,879,833
Proportionate share of the net pension liability as a percentage of its covered payroll	117.75%	83.87%	177.84%	154.34%	153.04%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0566%	0.0604%	0.0611%	0.0602%
Proportionate share of the net pension liability	$ 52,374,594	$ 48,846,653	$ 41,153,177	$ 35,176,404
State's proportionate share of the net pension liability	30,984,367	27,807,528	21,765,494	21,241,031
Total	$ 83,358,961	$ 76,654,181	$ 62,918,671	$ 56,417,435
Covered payroll	$ 35,321,379	$ 40,065,097	$ 26,412,565	28,429,527
Proportionate share of the net pension liability as a percentage of its covered payroll	148.28%	121.92%	155.81%	123.73%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0563%	0.0569%	0.0592%	0.0636%	0.0651%
Proportionate share of the net pension liability	$ 19,361,220	$ 11,569,094	$ 18,178,946	$ 18,533,486	$ 17,348,236
Covered payroll	$ 8,772,981	$ 8,166,894	$ 8,586,395	$ 9,591,286	$ 8,579,988
Proportionate share of the net pension liability as a percentage of its covered payroll	220.69%	141.66%	211.72%	193.23%	202.19%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0666%	0.0679%	0.0642%	0.0641%
Proportionate share of the net pension liability	$ 15,903,115	$ 13,413,614	$ 9,460,034	$ 7,273,726
Covered payroll	$ 8,284,382	$ 7,629,180	$ 7,042,184	7,244,057
Proportionate share of the net pension liability as a percentage of its covered payroll	191.97%	175.82%	134.33%	100.41%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 6,462,955	$ 5,202,422	$ 4,796,448	$ 5,182,136	$ 5,554,302
Less contributions in relation to the contractually required contribution	6,462,955	5,202,422	4,796,448	5,182,136	5,554,302
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,837,461	$ 30,747,175	$ 29,699,368	$ 30,304,889	$ 34,117,334
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 4,262,083	$ 3,789,984	$ 3,557,781	$ 2,345,436
Less contributions in relation to the contractually required contribution	4,262,083	3,789,984	3,557,781	2,345,436
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 29,536,265	$ 30,127,059	$ 33,157,325	$ 26,412,568
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 2,593,499	$ 2,009,890	$ 1,690,547	$ 1,693,323	$ 1,732,378
Less contributions in relation to the contractually required contribution	2,593,499	2,009,890	1,690,547	1,693,323	1,732,378
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,222,700	$ 8,772,981	$ 8,166,894	$ 8,586,395	$ 9,591,286
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 1,332,558	$ 1,150,535	$ 903,829	$ 828,865
Less contributions in relation to the contractually required contribution	1,332,558	1,150,535	903,829	828,865
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 8,579,988	$ 8,284,382	$ 7,629,180	$ 7,041,585
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- Changes in Benefit Terms – There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate assumption was changed from 3.69% to 3.86% since the previous valuation.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Newhall School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Santa Clarita Valley Special Education Local Plan Area			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	$ 1,033,240
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	3,415
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	210,685
COVID-19: ARP IDEA Part B, Sec.611, Local Assistance Private School Individual Service Plans (ISPs)	84.027	10169	518
Subtotal			1,247,858
Preschool Grants, Part B, Sec 619	84.173	13430	52,659
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,341
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	31,055
Subtotal			85,055
Total Special Education Cluster			1,332,913
Passed Through California Department of Education (CDE)			
COVID-19: Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	281,828
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	3,517,418
COVID-19: Elementary and Secondary School Emergency Relief III State (ESSER III) Fund: Learning Loss	84.425U	10155	964,884
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III Reserve, Emergency Needs	84.425U	15620	141,465
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	577,002
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	132,427
Subtotal			5,615,024
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,457,008
Title II, Part A, Supporting Effective Instruction	84.367	14341	184,494
Title III, English Learner Student Program	84.365	14346	196,636
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	82,918
Total U.S. Department of Education			8,868,993

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through California Department of Education (CDE)			
CCDF Cluster			
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	15555	$ 7,060
Total CCDF Cluster			7,060
U.S. Department of Agriculture			
Passed Through Los Angeles County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	4,008
Total Forest Service Schools and Roads Cluster			4,008
Total Federal Financial Assistance			$ 8,880,061

ORGANIZATION

The Newhall School District was organized in 1879, and consists of an area comprising approximately 63 square miles. The District operates ten elementary schools and two fee based childcare centers. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mrs. Suzan T. Solomon	President	2024
Mr. Ernesto Smith	Clerk	2026
Mrs. Rachelle Haddoak	Clerk Pro Tem	2026
Mr. Isaiah Talley	Member	2024
Mrs. Donna Robert	Member	2026

ADMINISTRATION

NAME	TITLE
Dr. Leticia Hernandez	Superintendent
Mr. Arik Avanesyans	Assistant Superintendent, Business Services
Ms. Amanda Montemayor	Assistant Superintendent, Human Resources
Ms. Katie Peattie	Assistant Superintendent, Instructional Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	3,077.06	3,084.51
Fourth through sixth	2,515.04	2,523.78
Total Regular ADA	5,592.10	5,608.29
Extended Year Special Education		
Transitional kindergarten through third	4.57	4.57
Fourth through sixth	1.66	1.66
Total Extended Year Special Education	6.23	6.23
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.17	0.34
Fourth through sixth	2.26	2.33
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.11	0.11
Total ADA	5,600.87	5,617.30

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	36,900	-	36,900	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		55,600	-	55,600	180	-	180	-	-	-	Complied
Grade 2		55,600	-	55,600	180	-	180	-	-	-	Complied
Grade 3		55,600	-	55,600	180	-	180	-	-	-	Complied
Grades 4 - 6	54,000										
Grade 4		55,600	-	55,600	180	-	180	-	-	-	Complied
Grade 5		55,600	-	55,600	180	-	180	-	-	-	Complied
Grade 6		55,600	-	55,600	180	-	180	-	-	-	Complied

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

	General Fund	Bond Interest and Redemption Fund
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	$ 39,402,823	$ 2,738,789
Decrease in		
Fair Value Adjustment to Cash in County Treasury	-	(132,366)
Prepaid expenditures	(628,436)	-
Receivables	(1,771,590)	-
Balance, June 30, 2023, Audited Financial Statements	$ 37,002,797	$ 2,606,423

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 83,106,803	$ 101,392,689	$ 80,004,063	$ 73,148,030
Total revenues and other sources	83,106,803	101,392,689	80,004,063	73,148,030
Expenditures	82,307,223	84,196,712	72,861,350	67,995,951
Other uses and transfers out	700,000	700,000	1,486,137	1,081,273
Total expenditures and other uses	83,007,223	84,896,712	74,347,487	69,077,224
Increase in Fund Balance	99,580	16,495,977	5,656,576	4,070,806
Ending Fund Balance	$ 36,257,451	$ 36,157,871	$ 19,661,894	$ 14,005,318
Available Reserves [2]	$ 2,489,544	$ 2,553,967	$ 12,099,094	$ 7,246,813
Available Reserves as a Percentage of Total Outgo	3.00%	3.01%	16.27%	10.49%
Long-Term Liabilities	N/A	$ 134,293,122	$ 118,751,248	$ 154,743,194
K-12 Average Daily Attendance at P-2	5,749	5,601	5,547	6,047

The General Fund balance has increased by $22,152,553 over the past two years. The fiscal year 2023-2024 budget projects a further increase of $99,580 (0.4%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $20,450,072 over the past two years.

Average daily attendance has decreased by 446 over the past two years. A growth of 148 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

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

[3] General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other Postemployment Benefits as required by GASB Statement No. 54.

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 365,139	$ 1,344,162	$ 4,016,654	$ 2,606,423	$ 8,332,378
Receivables	4,750	6,746	37,794	-	49,290
Total assets	$ 369,889	$ 1,350,908	$ 4,054,448	$ 2,606,423	$ 8,381,668
Liabilities and Fund Balances and Fund Balances					
Liabilities					
Accounts payable	$ 80,311	$ -	$ 1,091	$ -	$ 81,402
Unearned revenue	18,449	-	-	-	18,449
Total liabilities	98,760	-	1,091	-	99,851
Fund Balances					
Restricted	271,129	-	4,053,357	2,606,423	6,930,909
Committed	-	1,350,908	-	-	1,350,908
Total fund balances	271,129	1,350,908	4,053,357	2,606,423	8,281,817
Total liabilities and fund balances	$ 369,889	$ 1,350,908	$ 4,054,448	$ 2,606,423	$ 8,381,668

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ 198,108	$ -	$ -	$ -	$ 198,108
Other State sources	826,076	-	-	25,615	851,691
Other local sources	1,995	15,942	1,334,244	5,001,226	6,353,407
Total revenues	1,026,179	15,942	1,334,244	5,026,841	7,403,206
Expenditures					
Current					
Instruction	506,194	-	-	-	506,194
Instruction-related activities					
School site administration	243,555	-	-	-	243,555
Pupil services					
Food services	3,411	-	-	-	3,411
Administration					
All other administration	54,207	-	30,417	-	84,624
Facility acquisition and construction	-	38,955	480,295	-	519,250
Debt service					
Principal	-	-	-	2,270,000	2,270,000
Interest and other	-	-	-	2,504,250	2,504,250
Total expenditures	807,367	38,955	510,712	4,774,250	6,131,284
Excess (Deficiency) of Revenues Over Expenditures	218,812	(23,013)	823,532	252,591	1,271,922
Other Financing Sources					
Transfers in	-	700,000	-	-	700,000
Net Change in Fund Balances	218,812	676,987	823,532	252,591	1,971,922
Fund Balance - Beginning	52,317	673,921	3,229,825	2,353,832	6,309,895
Fund Balance - Ending	$ 271,129	$ 1,350,908	$ 4,053,357	$ 2,606,423	$ 8,281,817

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

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

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

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

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-time Stipend funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, COVID-19: ARP California State Preschool Program – Rate Supplement funds have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

Description	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 9,071,109
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-time Stipend	93.575	7,060
COVID-19: ARP California State Preschool Program - Rate Supplements	93.575	(198,108)
Total federal financial assistance		$ 8,880,061

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2023

Newhall School District

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Newhall School District
Valencia, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards),* the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newhall School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2024.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Newhall School District's Response to Finding

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
March 11, 2024

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

To the Governing Board
Newhall School District
Valencia, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
March 11, 2024

Independent Auditor's Report on State Compliance

To the Governing Board
Newhall School District
Valencia, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes, 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	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform Independent Study procedures because the ADA was below the required testing threshold.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
March 11, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Newhall School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Special Education Cluster	84.027, 84.173A, 84.173
Title I, Part A	84.010
COVID-19: Education Stabilization Fund	84.425C, 84.425D, 84.425U

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

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

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Financing Statement Preparation and Audit Adjustments (Material Weakness)

Criteria or Specific Requirements

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting under the requirements of the Governmental Accounting Standards Board (GASB). Additionally, this includes posting of all material adjustments necessary to accurately reflect the activity of the District throughout the year. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

Communicating Internal Control Related Matters Identified in an Audit provides for a definition of a material weakness and a significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries, government–wide reporting conversion entries and footnotes. During the course of our engagement, we noted material misstatements in the District's General Fund which resulted in an overstatement of prepaid expenditures and expenditures by $628,436 and an overstatement of receivables and state revenues by $1,771,590. These material misstatements have been corrected by the District.

Questioned Costs

There were no questioned costs associated with the condition noted.

Context

The conditions were identified as a result of our audit. During our review of available District records and audit procedures performed, the financial statements were materially misstated.

Effect

The effect of the error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2022-2023 unaudited financial statements, the District's General Fund was understated by $2,400,026. These material misstatements have been corrected by the District.

Cause

The cause of the condition identified appears to be due to clerical errors during the process of posting of prepaid expenditures and receivables.

Repeat Finding

No

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

The District agrees that having an internal control system over monitoring financial reporting is an important part of the District's overall internal controls process. The District has created processes to monitor and implement these controls to ensure that all financial closing journal entries are properly reviewed, and misclassifications are corrected, before final closing. The Assistant Superintendent of Business Services will review all journal entries, in detail, before accounting staff posts the entries to the accounting system, and train and guide staff on proper classification of accounting entries.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.