Financial Statements
June 30, 2022

Newhall School District

EideBailly

Independent Auditor's Report 1

Management's Discussion and Analysis 5

Government Wide Financial Statements

Statement of Net Position 15
Statement of Activities 16

Government Fund Financial Statements

Balance Sheet – Governmental Funds 17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 21

Notes to Financial Statements 23

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 63
Schedule of Changes in the District's Total OPEB Liability and Related Ratios 64
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program 65
Schedule of the District's Proportionate Share of the Net Pension Liability 66
Schedule of the District's Contributions 68
Notes to Required Supplementary Information 70

Supplementary Information

Schedule of Expenditures of Federal Awards 72
Local Education Agency Organization Structure 73
Schedule of Average Daily Attendance 74
Schedule of Instructional Time 75
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 76
Schedule of Financial Trends and Analysis 77
Combining Balance Sheet – Non-Major Governmental Funds 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds 79
Notes to Supplementary Information 80

Independent Auditor's Reports

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* 82

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance 84

Independent Auditor's Report on State Compliance 87

Schedule of Findings and Questioned Costs

Summary of Auditor's Results 92
Financial Statement Findings 93
Federal Awards Findings and Questioned Costs 94
State Compliance Findings and Questioned Costs 95
Summary Schedule of Prior Audit Findings 96

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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*, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, combining non-major governmental fund financial statements, and notes to supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, combining non-major governmental fund financial statements, and notes to supplementary information 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 January 19, 2023 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
January 19, 2023

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, 2022, with comparative information for the year ended June 30, 2021. 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 present governmental activities. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in 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.

25375 Orchard Village Road #200, Valencia, CA 91355 | District Office: 661.291.4000 | District Fax: 661.291.4001 www.newhallschooldistrict.com

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 $35,213,503 as June 30, 2022.
- During the year, the District's expenses were $10,041,519 less than the $90,040,053 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was $79,998,534; down from last year's $80,528,243.
- The General Fund reported a fund balance this year of $20,488,636.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $35,213,503 for the fiscal year ended June 30, 2022. Of this amount, $45,251,006 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	
	2022	2021 as restated
Assets		
Current and other assets	$ 48,219,234	$ 42,460,401
Capital assets	133,855,025	134,258,966
Total assets	182,074,259	176,719,367
Deferred outflows of resources	15,403,571	18,487,019
Liabilities		
Current liabilities	9,600,567	8,693,159
Long-term liabilities	118,698,638	154,743,194
Total liabilities	128,299,205	163,436,353
Deferred inflows of resources	33,965,122	6,598,049
Net Position		
Net investment in capital assets	68,817,317	66,768,825
Restricted	11,647,192	7,090,405
Unrestricted	(45,251,006)	(48,687,246)
Total net position	$ 35,213,503	$ 25,171,984

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	
	2022	2021*
Revenues		
Program revenues		
Charges for services	$ 1,505,822	$ 970,506
Operating grants and contributions	14,590,184	17,714,873
Capital grants and contributions	-	3,681,304
General revenues		
Federal and State aid not restricted	36,978,708	34,526,688
Property taxes	26,405,134	25,972,954
Other general revenues	10,560,205	1,150,894
Total revenues	90,040,053	84,017,219
Expenses		
Instruction-related	59,385,586	58,507,472
Pupil services	4,966,018	4,674,087
Administration	5,531,173	5,400,802
Plant services	6,853,151	7,037,363
All other services	3,262,606	4,908,519
Total expenses	79,998,534	80,528,243
Change in net position	$ 10,041,519	$ 3,488,976

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 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 $79,998,534. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $26,405,134 because of the cost paid by those who benefited from the programs ($1,505,822) or by other governments and organizations who subsidized certain programs with grants and contributions ($14,590,184). The District paid for the remaining "public benefit" portion of our governmental activities with $36,978,708 in Federal and State unrestricted funds, and with $10,560,205 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	
	2022	2021*	2022	2021*
Instruction-related	$ 59,385,586	$ 58,507,472	$ (45,747,077)	$ (40,189,601)
Pupil services	4,966,018	4,674,087	(4,257,747)	(3,604,613)
Administration	5,531,173	5,400,802	(4,462,403)	(4,556,698)
Plant services	6,853,151	7,037,363	(6,525,760)	(6,786,522)
All other services	3,262,606	4,908,519	(2,909,541)	(3,024,126)
Total	$ 79,998,534	$ 80,528,243	$ (63,902,528)	$ (58,161,560)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $39,633,897, which is an increase of $4,831,217 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 14,857,574	$ 79,978,549	$ 74,347,487	$ 20,488,636
Special Reserve for Capital Outlay Projects	15,765,679	(408,671)	2,521,642	12,835,366
Child Development	33,729	840,709	822,121	52,317
Deferred Maintenance	250,794	673,127	250,000	673,921
Capital Facilities	1,609,024	1,856,442	235,641	3,229,825
Bond Interest and Redemption	2,285,880	4,708,402	4,640,450	2,353,832
Total	$ 34,802,680	$ 87,648,558	$ 82,817,341	$ 39,633,897

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

- New State programs and one time funding such as the Expanded Learning Opportunity Program, Educator Effectiveness and the Special Education Early Intervention Preschool 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 28, 2022. (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 63.)

- Significant revenue revisions made to the 2021-2022 budget were due to Federal and State carryover funds and new Federal and State COVID-19 related funding sources.
- An adjustment to revenues and expenditures associated with STRS on-behalf.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had $133,855,025 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions and deductions and depreciation) of $403,941, or 0.3%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 28,439,499	$ 26,437,149
Buildings and improvements	103,609,137	106,210,107
Equipment	1,579,496	1,318,409
Leased assets	226,893	293,301
Total	$ 133,855,025	$ 134,258,966

This year's addition totaled $3,382,735 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 $118,698,638 in long-term liabilities outstanding versus $154,743,194 last year, a decrease of $36,044,556 or 23.3%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	$ 60,075,000	$ 62,115,000
Premium on issuance	4,960,617	5,252,418
Finance purchase agreement (private placement debt)	422,935	517,351
Leases	230,460	294,988
Supplemental early retirement plan	2,405,635	-
Compensated absences	620,859	564,787
Net OPEB liability	13,503,947	13,925,620
Aggregate net pension liability	36,479,185	72,073,030
Total	$ 118,698,638	$ 154,743,194

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 $60,075,000 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 2021-2022 ARE NOTED BELOW:

- Began Refresh of student Chromebook devices school wide
- Began replacement of aging HVAC systems
- Hired an Architect firm and began the design of a new school (#11) in the Five Points Development
- Re-opened all schools to in person learning
- Implemented strategies and added additional teaching staff using State and Federal funds to mitigate student learning losses due to Covid19 lockdown and Distance learning

- 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

- Adopted the Arts Master Plan for Newhall School District

- Conducted a successful search for a new Superintendent to start July 1, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 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 13.26% COLA.

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

3. State programs will have a 6.56% COLA.

4. Special Education will have a 6.56% COLA.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades UPK – 3rd	27:1 (UPK 12:1)	3,276
Grades 4th – 6th	30:1	2,653

New items specifically addressed in the budget are:

1. Continued costs for improvement and maintenance of existing schools.

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, or e-mail at drose@newhallsd.com.

	Governmental Activities
Assets	
Deposits and investments	$ 41,440,765
Receivables	6,242,853
Prepaid expense	531,352
Other current assets	4,264
Capital assets not depreciated	28,439,499
Capital assets, net of accumulated depreciation	105,188,633
Right-to-use leased assets, net of accumulated amortization	226,893
Total assets	182,074,259
Deferred Outflows of Resources	
Deferred charge on refunding	651,304
Deferred outflows of resources related to OPEB	2,456,822
Deferred outflows of resources related to pensions	12,295,445
Total deferred outflows of resources	15,403,571
Liabilities	
Accounts payable	6,729,291
Interest payable	1,015,230
Unearned revenue	1,856,046
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,914,803
Long-term liabilities other than OPEB and pensions due in more than one year	65,800,703
Net other postemployment benefits liability (OPEB)	13,503,947
Aggregate net pension liability	36,479,185
Total liabilities	128,299,205
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,596,124
Deferred inflows of resources related to pensions	32,368,998
Total deferred inflows of resources	33,965,122
Net Position	
Net investment in capital assets	68,817,317
Restricted for	
Debt service	1,338,602
Capital projects	3,229,825
Educational programs	7,026,448
Other restrictions	52,317
Unrestricted	(45,251,006)
Total net position	$ 35,213,503

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	$ 51,680,023	$ 683,930	$ 11,822,682	$ (39,173,411)
Instruction-related activities				
Supervision of instruction	2,340,041	368,723	408,342	(1,562,976)
Instructional library, media, and technology	434,284	407	19,458	(414,419)
School site administration	4,931,238	15,155	319,812	(4,596,271)
Pupil services				
Home-to-school transportation	1,495,849	-	77	(1,495,772)
Food services	113,109	-	-	(113,109)
All other pupil services	3,357,060	159,401	548,793	(2,648,866)
Administration				
Data processing	1,448,496	-	32,968	(1,415,528)
All other administration	4,082,677	260,401	775,401	(3,046,875)
Plant services	6,853,151	-	327,391	(6,525,760)
Ancillary services	130,330	17,805	-	(112,525)
Community services	-	-	5,013	5,013
Interest on long-term liabilities	2,346,139	-	-	(2,346,139)
Other outgo	786,137	-	330,247	(455,890)
Total governmental activities	$ 79,998,534	$ 1,505,822	$ 14,590,184	(63,902,528)
General Revenues and Subventions				
Property taxes, levied for general purposes				21,455,864
Property taxes, levied for debt service				4,796,584
Taxes levied for other specific purposes				152,686
Federal and State aid not restricted to specific purposes				36,978,708
Interest earnings				312,320
Unrealized gain/(loss) on investments				(1,635,954)
Miscellaneous				11,883,839
Total general revenues and subventions				73,944,047
Change in Net Position				10,041,519
Net Position - Beginning, as restated				25,171,984
Net Position - Ending				$ 35,213,503

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 21,248,032	$ 13,673,240	$ 6,519,493	$ 41,440,765
Receivables	6,164,843	31,725	46,285	6,242,853
Prepaid expenditures	531,352	-	-	531,352
Other current assets	4,264	-	-	4,264
Total assets	$ 27,948,491	$ 13,704,965	$ 6,565,778	$ 48,219,234
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 5,651,960	$ 869,599	$ 207,732	$ 6,729,291
Unearned revenue	1,807,895	-	48,151	1,856,046
Total liabilities	7,459,855	869,599	255,883	8,585,337
Fund Balances				
Nonspendable	536,352	-	-	536,352
Restricted	7,026,448	-	5,635,974	12,662,422
Committed	-	-	673,921	673,921
Assigned	826,742	12,835,366	-	13,662,108
Unassigned	12,099,094	-	-	12,099,094
Total fund balances	20,488,636	12,835,366	6,309,895	39,633,897
Total liabilities and fund balances	$ 27,948,491	$ 13,704,965	$ 6,565,778	$ 48,219,234

Total Fund Balance - Governmental Funds		$ 39,633,897
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	$ 197,248,995	
Accumulated depreciation is	(63,620,863)	
Net capital assets		133,628,132
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	(105,145)	
Net right-to-use leased assets		226,893
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.		(1,015,230)
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)	651,304	
Other postemployment benefits (OPEB)	2,456,822	
Net pension liability	12,295,445	
Total deferred outflows of resources		15,403,571
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	(1,596,124)	
Net pension liability	(32,368,998)	
Total deferred inflows of resources		(33,965,122)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(36,479,185)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(13,503,947)

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	$ (60,075,000)	
Premium on issuance	(4,960,617)	
Finance purchase agreement (private placement debt)	(422,935)	
Leases	(230,460)	
Compensated absences	(620,859)	
Supplemental early retirement plan	(2,405,635)	
Total long-term liabilities		$ (68,715,506)
Total net position - governmental activities		$ 35,213,503

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 57,308,293	$ -	$ -	$ 57,308,293
Federal sources	6,030,430	-	45,000	6,075,430
Other State sources	11,826,693	-	811,943	12,638,636
Other local sources	4,813,133	(408,671)	6,521,737	10,926,199
Total revenues	79,978,549	(408,671)	7,378,680	86,948,558
Expenditures				
Current				
Instruction	47,648,539	-	514,878	48,163,417
Instruction-related activities				
Supervision of instruction	2,457,681	-	975	2,458,656
Instructional library, media, and technology	446,069	-	-	446,069
School site administration	4,533,448	-	246,358	4,779,806
Pupil services				
Home-to-school transportation	1,487,669	-	-	1,487,669
Food services	113,109	-	-	113,109
All other pupil services	3,417,665	-	-	3,417,665
Administration				
Data processing	1,308,884	-	-	1,308,884
All other administration	3,728,556	-	155,820	3,884,376
Plant services	7,051,342	184,937	-	7,236,279
Ancillary services	141,075	-	-	141,075
Other outgo	786,137	-	-	786,137
Facility acquisition and construction	348,983	2,336,705	389,731	3,075,419
Debt service				
Principal	158,944	-	2,040,000	2,198,944
Interest and other	19,386	-	2,600,450	2,619,836
Total expenditures	73,647,487	2,521,642	5,948,212	82,117,341
Excess (Deficiency) of Revenues Over Expenditures	6,331,062	(2,930,313)	1,430,468	4,831,217
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	5,631,062	(2,930,313)	2,130,468	4,831,217
Fund Balance - Beginning	14,857,574	15,765,679	4,179,427	34,802,680
Fund Balance - Ending	$ 20,488,636	$ 12,835,366	$ 6,309,895	$ 39,633,897

Total Net Change in Fund Balances - Governmental Funds		$ 4,831,217
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expenses exceeds capital outlays in the period.		
Depreciation and amortization expenses	$ (3,786,676)	
Capital outlays	3,382,735	
Net expense adjustment		(403,941)
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.		(2,461,707)
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.		6,124,628
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.		(521,319)
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	$ 2,040,000
Finance purchase agreement (private placement debt)	94,416
Leases	64,528
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.	20,208
Change in net position of governmental activities	$ 10,041,519

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 $826,742.

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. 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 entity-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 and Depreciation

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, 2022.

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.

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is 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 related to leases, 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. 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.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022 , 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 $11,647,192 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or 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 is included in Note 5 and Note 9.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact to the financial statements.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	$ 41,440,765

Deposits and investments as of June 30, 2022, consist of the following:

Cash in revolving	$ 5,000
Investments	41,435,765
Total deposits and investments	$ 41,440,765

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 $41,435,765 with the Los Angeles County Treasury Investment Pool that has a weighted average maturity of 933 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, 2022.

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, 2022, 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, 2022, the District's investments of $41,435,765 in the Los Angeles County Treasury Investment Pool are uncategorized.

Note 4 - Receivables

Receivables at June 30, 2022, 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	$ 3,993,898	$ -	$ -	$ 3,993,898
State Government				
LCFF apportionment	401,702	-	-	401,702
Categorical aid	1,649,528	-	36,598	1,686,126
Lottery	39,039	-	-	39,039
Local Government				
Interest	70,425	31,725	9,687	111,837
Other local sources	10,251	-	-	10,251
Total	$ 6,164,843	$ 31,725	$ 46,285	$ 6,242,853

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 26,437,149	$ -	$ -	$ 26,437,149
Construction in progress	-	2,002,350	-	2,002,350
Total capital assets not being depreciated	26,437,149	2,002,350	-	28,439,499
Capital assets being depreciated				
Land improvements	8,816,448	217,753	-	9,034,201
Buildings and improvements	151,760,968	635,960	-	152,396,928
Furniture and equipment	6,851,695	526,672	-	7,378,367
Total capital assets being depreciated	167,429,111	1,380,385	-	168,809,496
Total capital assets	193,866,260	3,382,735	-	197,248,995
Accumulated depreciation				
Land improvements	(4,277,452)	(231,600)	-	(4,509,052)
Buildings and improvements	(50,089,857)	(3,223,083)	-	(53,312,940)
Furniture and equipment	(5,533,286)	(265,585)	-	(5,798,871)
Total accumulated depreciation	(59,900,595)	(3,720,268)	-	(63,620,863)
Net depreciable capital assets	107,528,516	(2,339,883)	-	105,188,633
Right-to-use leased assets being amortized				
Furniture and equipment	332,038	-	-	332,038
Accumulated amortization				
Furniture and equipment	(38,737)	(66,408)	-	(105,145)
Net right-to-use leased assets	293,301	(66,408)	-	226,893
Governmental activities capital assets and right-to-use leased assets, net	$ 134,258,966	$ (403,941)	$ -	$ 133,855,025

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

Governmental Activities	
Instruction	$ 3,138,611
School site administration	185,152
Home-to-school transportation	8,180
Data processing	209,228
All other administration	172,482
Plant services	73,023
Total depreciation and amortization expenses governmental activities	$ 3,786,676

Note 6 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2022, 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, 2022, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	$ 3,247,636	$ 869,599	$ 61,200	$ 4,178,435
Salaries and benefits	2,404,324	-	146,532	2,550,856
Total	$ 5,651,960	$ 869,599	$ 207,732	$ 6,729,291

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,286,622	$ -	$ 1,286,622
State categorical aid	518,618	45,951	564,569
Other local	2,655	2,200	4,855
Total	$ 1,807,895	$ 48,151	$ 1,856,046

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, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 62,115,000	$ -	$ (2,040,000)	$ 60,075,000	$ 2,270,000
Premiums on issuance	5,252,418	-	(291,801)	4,960,617	-
Finance purchase agreement (private placement debt)	517,351	-	(94,416)	422,935	97,845
Leases	294,988		(64,528)	230,460	65,831
Supplemental early retirement plan	-	2,405,635	-	2,405,635	481,127
Compensated absences	564,787	56,072	-	620,859	-
Total	$ 68,744,544	$ 2,461,707	$ (2,490,745)	$ 68,715,506	$ 2,914,803

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 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, 2021	Redeemed	Bonds Outstanding June 30, 2022
05/01/04	05/01/25	1.00% - 5.00%	$ 18,310,000	$ 4,850,000	$ (1,120,000)	$ 3,730,000
06/29/17	08/01/38	2.00% - 5.00%	60,000,000	57,265,000	(920,000)	56,345,000
				$ 62,115,000	$ (2,040,000)	$ 60,075,000

Debt Service Requirements to Maturity

The bonds mature through 2039 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 2,270,000	$ 2,532,250	$ 4,802,250
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
2028-2032	13,890,000	8,445,175	22,335,175
2033-2037	22,735,000	4,584,300	27,319,300
2038-2039	12,180,000	440,100	12,620,100
Total	$ 60,075,000	$ 24,964,325	$ 85,039,325

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 $108,492, which amounted to $94,416 in principal and $14,076 in interest.

The remaining principal and interest payment requirements for the finance purchase agreement as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 97,845	$ 11,367	$ 109,212
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	$ 422,935	$ 28,285	$ 451,220

Leases

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

Lease	Outstanding July 1, 2021 as restated	Addition	Payments	Leases Outstanding June 30, 2022
Copiers	$ 294,988	$ -	$ (64,528)	$ 230,460

Copiers

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, 2022. At June 30, 2022, the District has recognized a net right-to-use asset of $226,893 and a lease liability of $230,460 related to this agreement. During the fiscal year, the District recorded $66,408 in amortization expense and $5,312 in interest expense for the right-to-use of 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, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 65,831	$ 4,008	$ 69,839
2024	67,159	2,680	69,839
2025	68,515	1,324	69,839
2026	28,955	144	29,099
Total	$ 230,460	$ 8,156	$ 238,616

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, 2022, is $2,405,635.

Future payments are as follows:

Year Ending June 30,	Payment
2023	$ 481,127
2024	481,127
2025	481,127
2026	481,127
2027	481,127
Total	$ 2,405,635

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $620,859.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2022, 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	$ 13,175,762	$ 2,456,822	$ 1,596,124	$ 603,796
Medicare Premium Payment (MPP) Program	328,185	-	-	(82,477)
Total	$ 13,503,947	$ 2,456,822	$ 1,596,124	$ 521,319

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, 2022, the District paid $517,488 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $13,175,762 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 %
Salary increases	3.00 %, average, including inflation
Discount rate	3.69 %
Healthcare cost trend rates	5.50 % for 2022

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, 2021	$ 13,514,958
Service cost	645,044
Interest	266,928
Differences between expected and actual experience	1,115,797
Changes of assumptions	(1,849,477)
Benefit payments	(517,488)
Net change in total OPEB liability	(339,196)
Balance, June 30, 2022	$ 13,175,762

No changes to benefit terms noted from the previous valuation.

Change of assumptions reflects a change in the discount rate from 1.92% in 2021 to 3.69% in 2022.

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 (2.69%)	$ 14,356,850
Current discount rate (3.69%)	13,175,762
1% increase (4.69%)	12,120,997

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 (4.50%)	$ 12,067,311
Current healthcare cost trend rate (5.50%)	13,175,762
1% increase (6.50%)	14,450,849

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $603,796. At June 30,2022, 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	$ 1,409,104	-
Changes of assumptions	1,047,718	1,596,124
Total	$ 2,456,822	$ 1,596,124

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
2023	$ 209,312
2024	209,312
2025	209,312
2026	209,312
2027	99,244
Thereafter	(75,794)
Total	$ 860,698

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, 2020 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, 2022, the District reported a liability of $328,185 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 and June 30, 2020, was 0.0823% and 0.0969%, respectively, resulting in a decrease in the proportionate share of 0.0146%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(82,477).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2020 through June 30, 2018	July 1, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
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, 2020, 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 361,749
Current discount rate (2.16%)	328,185
1% increase (3.16%)	299,507

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)	$ 298,445
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	328,185
1% increase (5.50% Part A and 6.40% Part B)	362,279

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
Prepaid expenditures	531,352	-	-	531,352
Total nonspendable	536,352	-	-	536,352
Restricted				
Legally restricted programs	7,026,448	-	52,317	7,078,765
Capital projects	-	-	3,229,825	3,229,825
Debt services	-	-	2,353,832	2,353,832
Total restricted	7,026,448	-	5,635,974	12,662,422
Committed				
Deferred maintenance program	-	-	673,921	673,921
Assigned				
OPEB liability	826,742	-	-	826,742
Capital projects	-	12,835,366	-	12,835,366
Total assigned	826,742	12,835,366	-	13,662,108
Unassigned				
Reserve for economic uncertainties	4,466,160	-	-	4,466,160
Remaining unassigned	7,632,934	-	-	7,632,934
Total unassigned	12,099,094	-	-	12,099,094
Total	$ 20,488,636	$ 12,835,366	$ 6,309,895	$ 39,633,897

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 in various public entity risk pools (JPAs) for the workers' compensation programs and purchases liability coverage through the JPAs. Refer to Note 14 for additional information regarding the JPAs. Excess property and liability coverage is obtained through Schools Excess Liability Fund (SELF).

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, 2022, 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	$ 24,910,091	$ 9,940,188	$ 26,502,260	$ 554,650
CalPERS	11,569,094	2,355,257	5,866,738	533,034
Total	$ 36,479,185	$ 12,295,445	$ 32,368,998	$ 1,087,684

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, 2020, 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, 2022, 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	16.92%	16.92%
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, 2022, are presented above and the District's total contributions were $5,202,422.

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

At June 30, 2022, 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	$ 24,910,091
State's proportionate share of the net pension liability	12,533,792
Total	$ 37,443,883

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0547% and 0.0556%, respectively, resulting in a net decrease in the proportionate share of 0.0009%.

For the year ended June 30, 2022, the District recognized pension expense of $554,650. In addition, the District recognized pension expense and revenue of $428,828 for support provided by the State. At June 30, 2022, 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	$ 5,202,422	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,145,870	4,146,784
Differences between projected and actual earnings on pension plan investments	-	19,704,523
Differences between expected and actual experience in the measurement of the total pension liability	62,401	2,650,953
Changes of assumptions	3,529,495	-
Total	$ 9,940,188	$ 26,502,260

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
2023	$ (5,003,768)
2024	(4,576,813)
2025	(4,690,393)
2026	(5,433,549)
Total	$ (19,704,523)

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
2023	$ 275,154
2024	446,263
2025	(738,046)
2026	(705,554)
2027	(847,655)
Thereafter	(490,133)
Total	$ (2,059,971)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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, 2021, 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%)	$ 50,708,029
Current discount rate (7.10%)	24,910,091
1% increase (8.10%)	3,498,295

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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, 2020 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, 2022, 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%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above and the total District contributions were $2,009,890.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $11,569,094. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.0569% and 0.0592%, respectively, resulting in a net decrease in the proportionate share of 0.0023%.

For the year ended June 30, 2022, the District recognized pension expense of $533,034. At June 30, 2022, 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	$ 2,009,890	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,399,591
Differences between projected and actual earnings on pension plan investments	-	4,439,874
Differences between expected and actual experience in the measurement of the total pension liability	345,367	27,273
Total	$ 2,355,257	$ 5,866,738

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
2023	$ (1,113,516)
2024	(1,023,978)
2025	(1,067,564)
2026	(1,234,816)
Total	$ (4,439,874)

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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (362,079)
2024	(496,615)
2025	(205,638)
2026	(17,165)
Total	$ (1,081,497)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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. 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 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 (6.15%)	$ 19,507,117
Current discount rate (7.15%)	11,569,094
1% increase (8.15%)	4,978,832

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 $3,520,323 (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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, 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 Office Remodel	$ 15,000	Summer 2022
Various Sites - HVAC Project	4,428,642	Spring 2023
Total	$ 4,443,642	

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, 2022, the District made payments of $838,998 and $517,929 to ASCIP for workers' compensation and property liability coverage, respectively. The District did not receive reimbursements from SCVSFSA for costs related to food services in the current fiscal year.

Note 16 - Restatement of Prior Year Net Position

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or 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. 87 as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 25,173,671
Right-to-use intangible asset, net of amortization	293,301
Lease liability	(294,988)
Net Position - Beginning as Restated	$ 25,171,984

Required Supplementary Information
June 30, 2022

Newhall School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 57,141,450	$ 57,306,015	$ 57,308,293	$ 2,278
Federal sources	12,185,627	7,905,382	6,030,430	(1,874,952)
Other State sources	7,946,728	10,698,575	11,826,693	1,128,118
Other local sources	4,203,152	4,904,064	4,813,133	(90,931)
Total revenues [1]	81,476,957	80,814,036	79,978,549	(835,487)
Expenditures				
Current				
Certificated salaries	31,359,364	31,449,448	31,333,412	116,036
Classified salaries	10,787,008	10,551,717	10,406,046	145,671
Employee benefits	17,709,629	16,342,703	16,603,355	(260,652)
Books and supplies	2,605,797	3,819,101	3,543,399	275,702
Services and operating expenditures	9,901,421	10,346,553	10,404,133	(57,580)
Other outgo	1,368,647	1,043,829	656,391	387,438
Capital outlay	3,162,009	1,181,335	522,421	658,914
Debt service				
Debt service - principal	-	-	158,944	(158,944)
Debt service - interest and other	-	-	19,386	(19,386)
Total expenditures [1]	76,893,875	74,734,686	73,647,487	1,087,199
Excess (Deficiency) of Revenues Over Expenditures	4,583,082	6,079,350	6,331,062	251,712
Other Financing Uses				
Transfers out	(10,784)	(700,000)	(700,000)	-
Net Change in Fund Balances	4,572,298	5,379,350	5,631,062	251,712
Fund Balance - Beginning	14,857,574	14,857,574	14,857,574	-
Fund Balance - Ending	$ 19,429,872	$ 20,236,924	$ 20,488,636	$ 251,712

[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.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 645,044	$ 545,657	$ 480,287	$ 455,231	$ 439,327
Interest	266,928	315,250	349,036	358,185	348,326
Difference between expected and actual experience	1,115,797	-	730,937	-	-
Changes of assumptions	(1,849,477)	603,494	604,144	464,424	-
Benefit payments	(517,488)	(539,034)	(487,915)	(514,109)	(516,504)
Net change in total OPEB liability	(339,196)	925,367	1,676,489	763,731	271,149
Total OPEB Liability - Beginning	13,514,958	12,589,591	10,913,102	10,149,371	9,878,222
Total OPEB Liability - Ending	$ 13,175,762	$ 13,514,958	$ 12,589,591	$ 10,913,102	$ 10,149,371
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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0823%	0.0969%	0.1031%	0.1013%	0.1025%
Proportionate share of the net OPEB liability	$ 328,185	$ 410,662	$ 384,081	$ 387,579	$ 431,355
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	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018
CalSTRS					
Proportion of the net pension liability	0.0547%	0.0556%	0.0583%	0.0564%	0.0566%
Proportionate share of the net pension liability	$ 24,910,091	$ 53,894,084	$ 52,656,278	$ 51,848,110	$ 52,374,594
State's proportionate share of the net pension liability	12,533,792	27,782,407	28,727,515	29,685,468	30,984,367
Total	$ 37,443,883	$ 81,676,491	$ 81,383,793	$ 81,533,578	$ 83,358,961
Covered payroll	$ 29,699,368	$ 30,304,889	$ 34,117,334	$ 33,879,833	$ 35,321,379
Proportionate share of the net pension liability as a percentage of its covered payroll	83.87%	177.84%	154.34%	153.04%	148.28%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS					
Proportion of the net pension liability	0.0569%	0.0592%	0.0636%	0.0651%	0.0666%
Proportionate share of the net pension liability	$ 11,569,094	$ 18,178,946	$ 18,533,486	$ 17,348,236	$ 15,903,115
Covered payroll	$ 8,166,894	$ 8,586,395	$ 9,591,286	$ 8,579,988	$ 8,284,382
Proportionate share of the net pension liability as a percentage of its covered payroll	141.66%	211.72%	193.23%	202.19%	191.97%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0604%	0.0611%	0.0602%
Proportionate share of the net pension liability	$ 48,846,653	$ 41,153,177	$ 35,176,404
State's proportionate share of the net pension liability	27,807,528	21,765,494	21,241,031
Total	$ 76,654,181	$ 62,918,671	$ 56,417,435
Covered payroll	$ 40,065,097	$ 26,412,565	28,429,527
Proportionate share of the net pension liability as a percentage of its covered payroll	121.92%	155.81%	123.73%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.0679%	0.0642%	0.0641%
Proportionate share of the net pension liability	$ 13,413,614	$ 9,460,034	$ 7,273,726
Covered payroll	$ 7,629,180	$ 7,042,184	7,244,057
Proportionate share of the net pension liability as a percentage of its covered payroll	175.82%	134.33%	100.41%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2021	2020	2019	2018
CalSTRS					
Contractually required contribution	$ 5,202,422	$ 4,796,448	$ 5,182,136	$ 5,554,302	$ 4,262,083
Less contributions in relation to the contractually required contribution	5,202,422	4,796,448	5,182,136	5,554,302	4,262,083
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 30,747,175	$ 29,699,368	$ 30,304,889	$ 34,117,334	$ 29,536,265
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%
CalPERS					
Contractually required contribution	$ 2,009,890	$ 1,690,547	$ 1,693,323	$ 1,732,378	$ 1,332,558
Less contributions in relation to the contractually required contribution	2,009,890	1,690,547	1,693,323	1,732,378	1,332,558
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 8,772,981	$ 8,166,894	$ 8,586,395	$ 9,591,286	$ 8,579,988
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 3,789,984	$ 3,557,781	$ 2,345,436
Less contributions in relation to the contractually required contribution	3,789,984	3,557,781	2,345,436
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 30,127,059	$ 33,157,325	$ 26,412,568
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 1,150,535	$ 903,829	$ 828,865
Less contributions in relation to the contractually required contribution	1,150,535	903,829	828,865
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 8,284,382	$ 7,629,180	$ 7,041,585
Contributions as a percentage of covered payroll	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 1.92% to 3.69% 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 2.21% to 2.16% 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 either the CalSTRS or CalPERS plans from the previous valuations.

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, 2022

Newhall School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Financial Assistance Listing	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	$ 983,960
Mental Health Allocation Plan, Part B, Section 611	84.027	10115	2,417
Subtotal			986,377
Preschool Grants, Part B, Sec 619	84.173	13430	48,803
Preschool Staff Development, Part B, Sec 619	84.173A	13431	49
Subtotal			48,852
Total Special Education Cluster			1,035,229
Passed Through California Department of Education (CDE)			
COVID-19: Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	15536	40,669
COVID-19: Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	2,710,186
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	32,069
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	380,289
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	50,909
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	60,089
Subtotal			3,274,211
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	649,245
Title II, Part A, Supporting Effective Instruction	84.367	14341	451,793
Title III, English Learner Student Program	84.365	14346	227,512
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	85,246
Total U.S. Department of Education			5,723,236
U.S. Department of Health and Human Services			
Passed Through California Department of Education (CDE)			
Child Care and Development Fund Cluster			
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	15555	21,920
Total Child Care and Development Fund Cluster			21,920
Passed Through Los Angeles County Office of Education			
COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	[1]	307,194
Total U.S. Department of Health and Human Services			329,114
Total Federal Financial Assistance			$ 6,052,350

[1] Pass-Through Entity Identifying Number not available

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. Donna Rose	President	2022
Mr. Ernesto Smith	Clerk	2022
Mr. Isaiah Talley	Clerk Pro Tem	2024
Mr. Brian Walters	Member	2022
Mrs. Suzan T. Solomon	Member	2024

ADMINISTRATION

NAME	TITLE
Dr. Leticia Hernandez	Superintendent
Ms. Sheri Staszewaki	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	3,074.66	3,076.63
Fourth through sixth	2,461.98	2,461.90
Total Regular ADA	5,536.64	5,538.53
Extended Year Special Education		
Transitional kindergarten through third	4.08	4.08
Fourth through sixth	3.49	3.49
Total Extended Year Special Education	7.57	7.57
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	2.80	2.73
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.21	0.21
Total ADA	5,547.22	5,549.04

Dr. J. Michael McGrath Elementary School

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	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	Status
Kindergarten	36,000	48,870	210	49,080	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		55,920	210	56,130	179	1	180	-	-	-	Complied
Grade 2		55,920	210	56,130	179	1	180	-	-	-	Complied
Grade 3		55,920	210	56,130	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		55,920	210	56,130	179	1	180	-	-	-	Complied
Grade 5		55,920	210	56,130	179	1	180	-	-	-	Complied
Grade 6		55,920	210	56,130	179	1	180	-	-	-	Complied

* The District received an approved J-13A for 210 minutes and 1 day for Dr. J. Michael McGrath Elementary School.

All Other Schools

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	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	Status
Kindergarten	36,000	37,800	-	37,800	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		56,000	-	56,000	180	-	180	-	-	-	Complied
Grade 2		56,000	-	56,000	180	-	180	-	-	-	Complied
Grade 3		56,000	-	56,000	180	-	180	-	-	-	Complied
Grades 4 - 6	54,000										
Grade 4		56,000	-	56,000	180	-	180	-	-	-	Complied
Grade 5		56,000	-	56,000	180	-	180	-	-	-	Complied
Grade 6		56,000	-	56,000	180	-	180	-	-	-	Complied

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

	Bond Interest and Redemption Fund
Fund Balance	
Balance, June 30, 2022, Unaudited Actuals	$ 2,455,469
Decrease in	
Fair Value Adjustment to Cash in County Treasury	(101,637)
Balance, June 30, 2022, Audited Financial Statements	$ 2,353,832

	(Budget) 2023 [1]	2022	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 88,576,913	$ 80,004,063	$ 73,148,030	$ 71,105,957
Expenditures	81,930,693	72,861,350	67,995,951	67,663,424
Other uses and transfers out	700,000	1,486,137	1,081,273	1,386,606
Total expenditures and other uses	82,630,693	74,347,487	69,077,224	69,050,030
Increase in Fund Balance	5,946,220	5,656,576	4,070,806	2,055,927
Ending Fund Balance	$ 25,608,114	$ 19,661,894	$ 14,005,318	$ 9,934,512
Available Reserves [2]	$ 2,478,921	$ 12,099,094	$ 7,246,813	$ 3,318,579
Available Reserves as a Percentage of Total Outgo	3.00%	16.27%	10.49%	4.81%
Long-Term Liabilities	N/A	$ 118,698,638	$ 154,743,194	$ 154,448,206
K-12 Average Daily Attendance at P-2	5,619	5,547	6,047	6,047

The General Fund balance has increased by $9,727,382 over the past two years. The fiscal year 2022-2023 budget projects a further increase of $5,946,220 (30.2%). 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 2022-2023 fiscal year. Total long-term liabilities have decreased by $35,749,568 over the past two years.

Average daily attendance has decreased by 500 over the past two years. A growth of 72 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 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	$ 215,725	$ 673,832	$ 3,276,104	$ 2,353,832	$ 6,519,493
Receivables	37,409	89	8,787	-	46,285
Total assets	$ 253,134	$ 673,921	$ 3,284,891	$ 2,353,832	$ 6,565,778
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 152,666	$ -	$ 55,066	$ -	$ 207,732
Unearned revenue	48,151	-	-	-	48,151
Total liabilities	200,817	-	55,066	-	255,883
Fund Balances					
Restricted	52,317	-	3,229,825	2,353,832	5,635,974
Committed	-	673,921	-	-	673,921
Total fund balances	52,317	673,921	3,229,825	2,353,832	6,309,895
Total liabilities and fund balances	$ 253,134	$ 673,921	$ 3,284,891	$ 2,353,832	$ 6,565,778

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ 45,000	$ -	$ -	$ -	$ 45,000
Other State sources	785,004	-	-	26,939	811,943
Other local sources	10,705	(26,873)	1,856,442	4,681,463	6,521,737
Total revenues	840,709	(26,873)	1,856,442	4,708,402	7,378,680
Expenditures					
Current					
Instruction	514,878	-	-	-	514,878
Instruction-related activities					
Supervision of instruction	975	-	-	-	975
School site administration	246,358	-	-	-	246,358
Administration					
All other administration	59,910	-	95,910	-	155,820
Facility acquisition and construction	-	250,000	139,731	-	389,731
Debt service					
Principal	-	-	-	2,040,000	2,040,000
Interest and other	-	-	-	2,600,450	2,600,450
Total expenditures	822,121	250,000	235,641	4,640,450	5,948,212
Excess (Deficiency) of Revenues Over Expenditures	18,588	(276,873)	1,620,801	67,952	1,430,468
Other Financing Sources					
Transfers in	-	700,000	-	-	700,000
Net Change in Fund Balances	18,588	423,127	1,620,801	67,952	2,130,468
Fund Balance - Beginning	33,729	250,794	1,609,024	2,285,880	4,179,427
Fund Balance - Ending	$ 52,317	$ 673,921	$ 3,229,825	$ 2,353,832	$ 6,309,895

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, 2022. 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 One-time Stipend funds have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

Description	Financial Assistance Listing	Amount
Total Federal Revenues reported on the financial statements		$ 6,075,430
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-time Stipend	93.575	21,920
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	(45,000)
Total federal financial assistance		$ 6,052,350

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, 2022

Newhall School District

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, 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2023.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

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*.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
January 19, 2023

Independent Auditor's Report on Compliance for the 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 the Major Federal Program

Opinion on the 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 the District's major federal program for the year ended June 30, 2022. The District's major federal program is 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, 2022.

Basis for Opinion on the 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 the 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 the 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
January 19, 2023

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 *2021-2022 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, 2022.

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, 2022.

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 audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 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 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 *2021-2022 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 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 state 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 state 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 compliance requirements as identified in the table below 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.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
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	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes

	Procedures Performed
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	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 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.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

We did not perform District of Choice procedures because the program is not offered by the District.

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.

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.

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 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
January 19, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Newhall School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
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
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

None reported.

None reported.

None reported.

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