Financial Statements
June 30, 2022

Alvord Unified School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Alvord Unified School District
Corona, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alvord Unified 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, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 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 and fund balance of the non-major governmental funds as of July 1, 2021, to restate beginning net position and fund balance. 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*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 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
December 14, 2022

This section of Alvord Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the 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 Alvord Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, the District reports all of its services in the following category:

Governmental Activities - This includes the education of transitional kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State, and local grants, and 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 has established other funds to help control and manage money for particular purposes or show that it meets the legal responsibilities for using certain taxes, grants, and other money received from the U.S. Department of Education.

Governmental Funds - Most of the District's services are reported in governmental funds, focusing 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 essential services the district provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the District's programs. The differences 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.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for scholarship activities and Community Facilities Districts (CFD) activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.* We exclude these activities from the District's other financial statements because these funds cannot be used to finance its general operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

Total net position decreased 27.2% over the course of the year. Overall revenues were $325,729,192, $39,199,813 more than expenses. The total cost of basic programs was $286,529,379. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was $55,401,523.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) is $(104,792,065) for the fiscal year ended June 30, 2022. Of this amount, $(283,351,384) was unrestricted (deficit). The restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the governing board's ability to use that 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	$ 109,799,408	$ 138,083,830
Capital assets	350,203,932	342,933,350
Total assets	460,003,340	481,017,180
Deferred outflows of resources	70,831,390	76,857,766
Liabilities		
Current liabilities	17,334,138	64,059,791
Long-term liabilities	489,897,092	606,950,279
Total liabilities	507,231,230	671,010,070
Deferred inflows of resources	128,395,565	30,856,754
Net Position		
Net investment in capital assets	133,323,390	120,238,958
Restricted	45,235,929	35,452,963
Unrestricted (deficit)	(283,351,384)	(299,683,799)
Total net position (deficit)	$ (104,792,065)	$ (143,991,878)

Unrestricted net position (deficit) decreased to $(283,351,384) compared to $(299,683,799), in the previous period.

Changes in Net Position

The results of this year's operations for the District are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them so you can see total revenues for the year more easily.

Table 2

	Governmental Activities	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 1,337,788	$ 1,142,868
Operating grants and contributions	66,596,753	78,238,732
Capital grants and contributions	-	8,886,488
General revenues		
Federal and State aid not restricted	179,605,145	162,934,492
Property taxes	55,401,523	52,859,743
Other general revenues	22,787,983	4,678,078
Total revenues	325,729,192	308,740,401
Expenses		
Instruction-related	190,005,817	222,146,474
Pupil services	29,611,018	29,063,934
Administration	15,454,552	11,515,900
Plant services	27,472,333	26,557,454
All other services	23,985,659	24,347,739
Total expenses	286,529,379	313,631,501
Change in net position	$ 39,199,813	$ (4,891,100)

*The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $286,529,379. The amount our taxpayers ultimately financed for these activities through local taxes was $55,401,523. The District collected $1,337,788 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized district programs with grants and contributions of $66,596,753. The remaining "public benefit" portion of our governmental activities was paid with $202,393,128 in unrestricted State and Federal funds and other revenues and other entitlements.

Table 3 presents the cost and net cost of the District's largest operational activities: instruction-related, including special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the District taxpayers' financial burden by each of these functions. Providing this information allows our citizens to consider each function's cost compared to the benefits they believe are provided by that activity.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021 *	2022	2021 *
Instruction-related	$ 190,005,817	$ 222,146,474	$ 146,056,001	$ 150,602,469
Pupil services	29,611,018	29,063,934	13,418,414	17,379,581
Administration	15,454,552	11,515,900	12,783,997	10,329,264
Plant services	27,472,333	26,557,454	24,032,040	25,692,144
All other services	23,985,659	24,347,739	22,304,386	21,359,955
Total	$ 286,529,379	$ 313,631,501	$ 218,594,838	$ 225,363,413

*The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $84,266,598, which increased $18,829,178 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 36,806,399	$ 302,796,728	$ 285,255,399	$ 54,347,728
Bond Interest and Redemption Fund	13,493,853	14,592,171	14,182,665	13,903,359
Student Activity Fund	749,057	1,717,009	1,490,547	975,519
Adult Education Fund	202,484	543,033	545,070	200,447
Child Development	-	254,051	263,571	(9,520)
Cafeteria Fund	1,765,241	13,371,030	9,993,871	5,142,400
Building Fund	2,767,586	(16,690)	1,506,261	1,244,635
Capital Facilities Fund	1,645,928	1,071,003	1,849,216	867,715
County School Facilities Fund	1,896,198	(4,122)	1,700,836	191,240
Special Reserve Fund for Capital Outlay Projects	5,697,833	3,453,235	2,160,915	6,990,153
Capital Projects Fund for Blended Component Units	412,841	81	-	412,922
Total	$ 65,437,420	$ 337,777,529	$ 318,948,351	$ 84,266,598

The primary reasons for these increases/decreases are:

- The change to the General Fund balance is related to expenditures in the 2021-2022 school year with COVID-19 one-time federal dollars being less than anticipated due to a shift in project completion dates. In addition, an allocation of restricted revenue from state funding was received.
- The change to the Child Nutrition Services Fund balance is related to an increase of general federal funding and federal COVID-19 federal funding.
- The change in the Building Fund balance is related to the receipt of state modernization dollars being received and the reimbursement of prior year project expenditures. These dollars will be spent on site projects using the Measures H Bond specifications.
- The change in the Capital Facilities Fund balance is related to increase revenues from the Community Facilities Districts (CFDs). The district continues to use these funds for site improvement projects.
- The change in the Special Reserve Fund for Capital Outlay Project Fund balance is related to an increase in approved redevelopment agency (RDA) revenues received. Revenues in this fund are used to fund site repairs, district debt related to the energy program and the District Office lease.
- The change in the Bond Interest and Redemption Fund balance comes from property taxes reserved for future bond debt. This fund is stable as it serves as a holding fund.
- The change in the Capital Project Fund for Blended Component Units Fund balance is related to a draw on balances to fund district site improvement projects.

General Fund Budgetary Highlights

Throughout the school year, the District revises its budget as changes in revenues and expenditures occur. The Governing Board took action to adopt the District budget on June 23, 2022. (A schedule showing the District's original and final budget amounts compared with amounts paid and received is provided in the annual financial report on page 74.)

Total General Fund Revenues increased by $53.9 million in 2021-2022 from Budget Adoption to Actuals

- LCFF Revenues increased $11.2 million due to an increased COLA augmentation.
- Federal Revenues changed by $31.9 million due to the implementation of COVID-19 safety projects.
- State Revenues increased by $9.1 million due to additional revenues being received from the state government. Funding included the one-time Educator Effectiveness Block Grant and on-going ELOP funds.
- Local Revenues increased $1.7 million due to reimbursement programs.

Budgeted expenditures increased due to increased revenues received.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

As of June 30, 2022, the District had $350,203,932 in a broad range of capital assets and right-to-use leased assets, including land, construction in progress, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, depreciation, and amortization expenses) of approximately $7,270,582, or 2.1%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 51,166,756	$ 30,653,329
Buildings and improvements	284,075,926	295,289,560
Equipment	3,345,356	3,809,523
Leased assets	11,615,894	13,180,938
Total	$ 350,203,932	$ 342,933,350

Note 4 of the financial statements provides additional information on the District's capital assets.

Long-Term Liabilities

The District had $489,897,092 in long-term liabilities outstanding versus $606,950,279 last year, a 19.3% decrease at the end of this year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 51,166,756	$ 30,653,329
Buildings and improvements	284,075,926	295,289,560
Equipment	3,345,356	3,809,523
Leased assets	11,615,894	13,180,938
Total	$ 350,203,932	$ 342,933,350

Notes 9, 10, and 14 of the financial statements contains additional information on the District's long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the district's 2022-2023 General Fund Adopted Budget, the governing board and management used the following criteria:

The key assumptions for General Fund revenue projections are:

- Local Control Funding Formula (LCFF) used a 6.56% COLA increase and at First Interim added an augmentation of 6.7% with the three-year rolling Average Daily Attendance (ADA) funding guarantee.
- Federal income was budgeted at prior-year grant award levels. At First Interim reporting, federal revenue increased to current year funding, including carry-over, and to project completion with COVID-19 one-time restricted grants.
- State Income was budgeted at prior-year restricted grant award levels; unrestricted lottery revenue was budgeted @ $163 per annual ADA, restricted lottery revenue was budgeted @ $65, $17.2 million was included for STRS on Behalf. The CTE and After School programs were added at First Interim reporting in addition to $30.5 million of Learning Recovery Block Grant and $10.5 million in The Arts, Music, and Instructional Materials Discretionary Block Grant.

Local income is budgeted using predictable sources such as leases, interest, and Special Education funding from the Riverside County SELPA. At First Interim a new grant was awarded in the amount of $0.5 million.

Student Enrollment was projected to be 17,029. Actual student enrollment for October CBEDS count is 17,108.

Student Attendance, also known as Average Daily Attendance (ADA)

Grades transitional kindergarten through third	4,854
Grades four through six	3,640
Grades seven through eight	2,492
Grades nine through twelve	5,352

Key assumptions for expenditures projections are:

- Staffing costs include increases for automatic salary step advancements, negotiated salary increases, projected educational column movement for certificated staff, changes in known employee retirement percentages and positions approved by the board, as adjusted for student enrollment projections
- The district budgets and funding received to effectively utilize funding to meet Local Control Accountability Plan (LCAP) goals and activities, restricted federal and state programs, and one-time funding received to address the impact of the COVID-19 pandemic
- Support for our school site and department educational needs, maintenance of our school sites, and other general operating costs (such as insurance and utilities) that support the District's overall educational program

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, staff, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and spends. If you have questions about this report or need any additional financial information, contact Alisha Fogerty, Chief Business Officer, Business Services at Alvord Unified School District, Corona, California. Alisha can be reached at (951) 509-5095 or email by: cbo@alvordschools.org.

	Governmental Activities
Assets	
Deposits and investments	$ 75,962,363
Receivables	33,041,220
Prepaid expense	10,427
Stores inventories	385,521
Lease receivables	399,877
Capital assets not depreciated	51,166,756
Capital assets, net of accumulated depreciation	287,421,282
Right-to-use leased assets, net of accumulated amortization	11,615,894
Total assets	460,003,340
Deferred Outflows of Resources	
Deferred charge on refunding	3,040,838
Deferred outflows of resources related to OPEB	8,761,198
Deferred outflows of resources related to pensions	59,029,354
Total deferred outflows of resources	70,831,390
Liabilities	
Accounts payable	12,456,463
Interest payable	2,111,139
Unearned revenue	2,766,536
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	15,015,811
Long-term liabilities other than OPEB and pensions due in more than one year	294,029,446
Net other postemployment benefits (OPEB) liability	49,094,279
Aggregate net pension liability	131,757,556
Total liabilities	507,231,230
Deferred Inflows of Resources	
Deferred charge on refunding	355,645
Deferred inflows of resources related to OPEB	13,316,144
Deferred inflows of resources related to pensions	114,323,899
Deferred inflows of resources related to leases	399,877
Total deferred inflows of resources	128,395,565
Net Position	
Net investment in capital assets	133,323,390
Restricted for	
Debt service	11,792,220
Capital projects	1,058,955
Educational programs	20,803,358
Self-Insurance	5,648,551
Cafeteria	4,756,879
Other restrictions	1,175,966
Unrestricted (deficit)	(283,351,384)
Total net position (deficit)	$ (104,792,065)

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	$ 165,301,343	$ 8,565	$ 39,323,801	$ (125,968,977)
Instruction-related activities				
Supervision of instruction	8,519,779	-	3,215,683	(5,304,096)
Instructional library, media, and technology	2,527,600	-	234,060	(2,293,540)
School site administration	13,657,095	-	1,167,707	(12,489,388)
Pupil services				
Home-to-school transportation	4,683,901	-	-	(4,683,901)
Food services	9,739,918	259,666	13,025,293	3,545,041
All other pupil services	15,187,199	31,562	2,876,083	(12,279,554)
Administration				
Data processing	3,365,658	-	56,720	(3,308,938)
All other administration	12,088,894	-	2,613,835	(9,475,059)
Plant services	27,472,333	7,072	3,433,221	(24,032,040)
Ancillary services	4,053,594	4,386	20,975	(4,028,233)
Community services	1,020	-	-	(1,020)
Enterprise services	(5,416)	-	-	5,416
Interest on long-term liabilities	18,236,609	-	-	(18,236,609)
Other outgo	1,699,852	1,026,537	629,375	(43,940)
Total governmental activities	$ 286,529,379	$ 1,337,788	$ 66,596,753	(218,594,838)
General Revenues and Subventions				
Property taxes, levied for general purposes				37,441,358
Property taxes, levied for debt service				14,826,802
Taxes levied for other specific purposes				3,133,363
Federal and State aid not restricted to specific purposes				179,605,145
Interest and investment earnings				(785,776)
Miscellaneous				23,573,759
Subtotal, general revenues and subventions				257,794,651
Change in Net Position				39,199,813
Net Position - Beginning, as restated				(143,991,878)
Net Position - Ending				$ (104,792,065)

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 36,713,934	$ 13,903,359	$ 15,441,915	$ 66,059,208
Receivables	31,539,980	-	1,494,453	33,034,433
Due from other funds	349,656	-	50,137	399,793
Prepaid expenditures	10,427	-	-	10,427
Stores inventories	-	-	385,521	385,521
Lease receivables	-	-	399,877	399,877
Total assets	$ 68,613,997	$ 13,903,359	$ 17,771,903	$ 100,289,259
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 11,662,934	$ -	$ 793,521	$ 12,456,455
Due to other funds	50,137	-	349,656	399,793
Unearned revenue	2,553,198	-	213,338	2,766,536
Total liabilities	14,266,269	-	1,356,515	15,622,784
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	-	-	399,877	399,877
Fund Balances				
Nonspendable	55,427	-	385,521	440,948
Restricted	20,803,358	13,903,359	8,649,357	43,356,074
Assigned	24,898,431	-	6,990,153	31,888,584
Unassigned	8,590,512	-	(9,520)	8,580,992
Total fund balances	54,347,728	13,903,359	16,015,511	84,266,598
Total liabilities, deferred inflows of resources, and fund balances	$ 68,613,997	$ 13,903,359	$ 17,771,903	$ 100,289,259

Total Fund Balance - Governmental Funds		$ 84,266,598
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	$ 563,979,875	
Accumulated depreciation is	(225,391,837)	
Net capital assets		338,588,038
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	13,180,938	
Accumulated amortization is	(1,565,044)	
Net right-to-use leased assets		11,615,894
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.		(2,111,139)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		5,648,551
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		
Deferred amount on refunding	3,040,838	
Net other postemployment benefits (OPEB) liability	8,761,198	
Aggregate net pension liability	59,029,354	
Total deferred outflows of resources		70,831,390
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		
Deferred amount on refunding	(355,645)	
Net other postemployment benefits (OPEB) liability	(13,316,144)	
Aggregate net pension liability	(114,323,899)	
Total deferred inflows of resources		(127,995,688)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(131,757,556)

The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (49,094,279)
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	$ (197,211,602)	
Unamortized premium on issuance	(9,465,467)	
Leases	(12,036,846)	
Financed purchase agreement	(2,509,377)	
Compensated absences (vacations)	(747,431)	
Special termination benefits payable	(7,365,130)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(75,448,021)	
Total long-term liabilities		(304,783,874)
Total net position - governmental activities		$ (104,792,065)

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 213,102,631	$ -	$ -	$ 213,102,631
Federal sources	43,544,903	-	12,444,575	55,989,478
Other State sources	39,983,443	103,133	1,328,061	41,414,637
Other local sources	6,165,751	14,489,038	6,403,319	27,058,108
Total revenues	302,796,728	14,592,171	20,175,955	337,564,854
Expenditures				
Current				
Instruction	173,857,672	-	582,378	174,440,050
Instruction-related activities				
Supervision of instruction	9,498,630	-	74,928	9,573,558
Instructional library, media, and technology	2,485,961	-	160	2,486,121
School site administration	14,975,543	-	72,093	15,047,636
Pupil services				
Home-to-school transportation	3,896,686	-	-	3,896,686
Food services	194,207	-	9,704,976	9,899,183
All other pupil services	16,982,944	-	1,266	16,984,210
Administration				
Data processing	3,320,960	-	-	3,320,960
All other administration	11,671,511	-	343,477	12,014,988
Plant services	25,251,354	-	1,464,609	26,715,963
Ancillary services	2,818,618	-	1,490,547	4,309,165
Community services	1,020	-	-	1,020
Other outgo	1,699,852	-	-	1,699,852
Facility acquisition and construction	17,807,721	-	3,923,996	21,731,717
Debt service				
Principal	188,009	8,815,000	1,206,837	10,209,846
Interest and other	392,036	5,367,665	645,020	6,404,721
Total expenditures	285,042,724	14,182,665	19,510,287	318,735,676
Excess of Revenues Over Expenditures	17,754,004	409,506	665,668	18,829,178
Other Financing Sources (Uses)				
Transfers in	-	-	212,675	212,675
Transfers out	(212,675)	-	-	(212,675)
Net Financing Sources	(212,675)	-	212,675	-
Net Change in Fund Balances	17,541,329	409,506	878,343	18,829,178
Fund Balance - Beginning, as restated	36,806,399	13,493,853	15,137,168	65,437,420
Fund Balance - Ending	$ 54,347,728	$ 13,903,359	$ 16,015,511	$ 84,266,598

Total Net Change in Fund Balances - Governmental Funds		$ 18,829,178
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceed depreciation and amortization in the period.		
Capital outlays	$ 21,955,871	
Depreciation and amortization expenses	(14,685,289)	
Net expense adjustment		7,270,582
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		397,754
In the Statement of Activities, certain operating expenses, such as special termination benefits (supplemental early retirement plans) 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 the amount paid by the District and the amounts committed to annuities.		(2,603,048)
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.		18,692,186
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.		(1,322,559)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	$ 738,573
Deferred gain on refunding amortization	(3,040,839)
Deferred loss on refunding amortization	39,516
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	8,815,000
Financed purchase agreement	250,754
Leases	1,144,092
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.	(9,569,138)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(442,238)
Change in net position of governmental activities	$ 39,199,813

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 9,903,155
Receivables	6,787
Total assets	9,909,942
Liabilities	
Current liabilities	
Accounts payable	8
Current portion of claims liabilities	2,226,502
Total current liabilities	2,226,510
Noncurrent liabilities	
Claims liabilities - net of current portion	2,034,881
Total liabilities	4,261,391
Net Position	
Restricted	5,648,551
Total net position	$ 5,648,551

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges to other funds	$ 7,958,224
Other operating revenues	708,893
Total operating revenues	8,667,117
Operating Expenses	
Payroll costs	76,044
Professional and contract services	8,992,707
Total operating expenses	9,068,751
Operating Loss	(401,634)
Nonoperating Revenues (Expenses)	
Fair market value adjustments	(66,619)
Interest income	26,015
Total nonoperating expense	(40,604)
Change in Net Position	(442,238)
Total Net Position - Beginning	6,090,789
Total Net Position - Ending	$ 5,648,551

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from interfund services provided	$ 7,958,224
Other operating cash receipts	705,078
Cash payments to employees for services	(76,044)
Cash payments for insurance premiums	(8,976,794)
Net Cash Used for Operating Activities	(389,536)
Investing Activities	
Fair market value adjustments	(66,619)
Interest on investments	26,015
Net Cash Used for Investing Activities	(40,604)
Net Change in Cash and Cash Equivalents	(430,140)
Cash and Cash Equivalents, Beginning	10,333,295
Cash and Cash Equivalents, Ending	$ 9,903,155
Reconciliation of Operating loss to Net Cash Used for Operating Activities	
Operating loss	$ (401,634)
Changes in assets and liabilities	
Receivables	(3,815)
Accounts payable	(26,941)
Claims liability	42,854
Net Cash Used for Operating Activities	$ (389,536)

	Scholarship Trust	Custodial Funds
Assets		
Deposits and investments	$ 210,142	$ 1,293,357
Receivables	397	-
Total assets	$ 210,539	$ 1,293,357
Net Position		
Restricted for individuals, organizations, and other governments	$ 210,539	$ 1,293,357

	Scholarship Trust	Custodial Funds
Additions		
Contributions		
Private donations	$ 66,869	$ -
Taxes	-	1,536,216
Interest	849	165
Total contributions	67,718	1,536,381
Deductions		
Debt service payments	-	793,224
Other expenditures	25,337	22,508
Scholarships awarded	29,750	-
Total deductions	55,087	815,732
Net Increase In Fiduciary Net Position	12,631	720,649
Net Position - Beginning	197,908	572,708
Net Position - Ending	$ 210,539	$ 1,293,357

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Alvord Unified School District was unified on July 1, 1960 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 TK-12 as mandated by the State and/or Federal agencies. The District operates fourteen elementary schools, four middle schools, three comprehensive high schools, and two continuation schools.

A reporting entity is comprised of the primary government, component units, 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 Alvord Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

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

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions 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 $1,608,481.

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).

Non-Major Governmental Funds

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

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

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

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

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

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

- **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).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **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).

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health & welfare program that are accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District’s own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District’s trust funds are used to account for private scholarship activity. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District’s reporting entity. The District’s custodial funds are used to account for activities of various Community Facilities Districts.

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. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

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

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Fund**s 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.

- **Proprietary Funds** Proprietary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental 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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

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

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund 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 other 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 and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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 charges on refunding of debt, 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 primarily by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. 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.

Committed – amount 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 of the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $45,235,929 of restricted net position, which is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in 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 Riverside 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 17 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.

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.

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	$ 66,059,208
Proprietary funds	9,903,155
Fiduciary funds	1,503,499
Total deposits and investments	$ 77,465,862

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

Cash on hand and in banks	$ 1,044,467
Cash with fiscal agent	1,571,143
Cash in revolving	45,000
Investments	74,805,252
Total deposits and investments	$ 77,465,862

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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in the Pool is reported in the accompanying financial statement at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Treasury Investment Pool and LAIF. The Riverside County Treasury Investment Pool and LAIF purchase a combination of shorter term and longer term investments and time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
Local Agency Investment Fund	$ 4,937,588	311
First American Treasury Obligation Money Market Funds, Class D	1,706,279	31
Riverside County Treasury Investment Pool	68,161,385	434
Total	$ 74,805,252	

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 Riverside County Treasury Investment Pool are rated Aaaf by Fitch Ratings. In addition, the First American Treasury Obligation Money Market Funds, Class D is rated Aaa by Moody's Investor Service. The investment with the Local Agency Investment Fund 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 of $897,943 was exposed to custodial credit risk because it was uninsured and uncollateralized and $789,366 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - 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	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Federal Government					
Restricted programs	$ 26,747,692	$ 1,370,599	$ -	$ 28,118,291	$ -
State Government					
Restricted programs	1,830,099	62,680	-	1,892,779	-
Lottery	1,029,969	-	-	1,029,969	-
Special Education	1,454,665	-	-	1,454,665	-
Local Government					
Interest	66,012	24,802	6,787	97,601	397
Other local sources	411,543	36,372	-	447,915	-
Total	$ 31,539,980	$ 1,494,453	$ 6,787	$ 33,041,220	$ 397

Note 4 - 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	$ 28,545,954	$ -	$ -	$ 28,545,954
Construction in progress	2,107,375	21,469,427	(956,000)	22,620,802
Total capital assets not being depreciated	30,653,329	21,469,427	(956,000)	51,166,756
Capital assets being depreciated				
Land improvements	44,202,363	243,780	-	44,446,143
Buildings and improvements	446,424,318	974,509	-	447,398,827
Furniture and equipment	20,743,994	224,155	-	20,968,149
Total capital assets being depreciated	511,370,675	1,442,444	-	512,813,119
Total capital assets	542,024,004	22,911,871	(956,000)	563,979,875
Accumulated depreciation				
Land improvements	(32,771,373)	(1,246,191)	-	(34,017,564)
Buildings and improvements	(162,565,748)	(11,185,732)	-	(173,751,480)
Furniture and equipment	(16,934,471)	(688,322)	-	(17,622,793)
Total accumulated depreciation	(212,271,592)	(13,120,245)	-	(225,391,837)
Net depreciable capital assets	299,099,083	(11,677,801)	-	287,421,282
Right-to-use leased assets being amortized				
Buildings and improvements	12,924,186	-	-	12,924,186
Furniture and equipment	256,752	-	-	256,752
Total right-to-use leased assets being amortized	13,180,938	-	-	13,180,938
Accumulated amortization				
Buildings and improvements	-	(1,372,480)	-	(1,372,480)
Furniture and equipment	-	(192,564)	-	(192,564)
Total accumulated amortization	-	(1,565,044)	-	(1,565,044)
Net right-to-use leased assets	13,180,938	(1,565,044)	-	11,615,894
Governmental activities capital assets and right-to-use leased assets, net	$ 342,933,350	$ 8,226,582	$ (956,000)	$ 350,203,932

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

Governmental Activities	
Instruction	$ 11,832,655
Supervision of instruction	10,105
School site administration	171,907
Home-to-school transportation	787,215
Food services	121,121
All other pupil services	6,283
Data processing	67,262
All other administration	132,142
Plant services	1,556,599
Total depreciation and amortization expenses governmental activities	$ 14,685,289

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivable	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Bus Yard	$ 457,328	$ -	$ (141,430)	$ 315,898
Cell Tower	115,224	-	(31,245)	83,979
Total	$ 572,552	$ -	$ (172,675)	$ 399,877

Bus Yard

The District leases a portion of the Bus Yard Site premises for the provision of transportation and bussing services. The lease is for a term of five years and the agreement allows for 3.00% annual increases to the lease payments. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the licensee will not exercise the termination option. At termination, the lessee must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $141,430 in lease revenue and $17,705 in interest revenue related to the agreement. At June 30, 2022, the District recorded $315,898 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 5.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

Cell Tower

The District licenses (leases) a portion of the Arizona Middle School premises for a cellular tower structure. The license is for a term of five years. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the licensee will not exercise the termination option. At termination, the lessee must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $31,245 in lease revenue and $4,560 in interest revenue related to the agreement. At June 30, 2022, the District recorded $83,979 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 5.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 349,656	$ 349,656
Non-Major Governmental Funds	50,137	-	50,137
Total	$ 50,137	$ 349,656	$ 399,793

A balance of $348,248 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from temporary cash borrowing.

A balance of $9,955 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from the transfer of indirect costs.

A balance of $40,182 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund resulted from the transfer of lease revenues.

All remaining balances resulted from the time lag between the date (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund Transfers

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

The General Fund transferred $212,675 to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for rental revenues.

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Vendor payables	$ 4,152,710	$ 759,064	$ 8	$ 4,911,782
LCFF apportionment	6,263,063	-	-	6,263,063
Salaries and benefits	1,247,161	34,457	-	1,281,618
Total	$ 11,662,934	$ 793,521	$ 8	$ 12,456,463

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal grants	$ 500,268	$ 5,940	$ 506,208
State grants	2,039,766	111,096	2,150,862
Other local grants	13,164	96,302	109,466
Total	$ 2,553,198	$ 213,338	$ 2,766,536

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	$ 271,721,373	$ 9,753,250	$ (8,815,000)	$ 272,659,623	$ 9,995,000
Premium on issuance of debt	10,204,040	-	(738,573)	9,465,467	-
Leases	13,180,938	-	(1,144,092)	12,036,846	1,059,371
Financed purchase agreeement	2,760,131	-	(250,754)	2,509,377	261,912
Supplemental Early Retirement Plan (SERP)	4,762,082	7,365,130	(4,762,082)	7,365,130	1,473,026
Compensated absences	1,145,185	-	(397,754)	747,431	-
Claims liability	4,218,529	8,829,980	(8,787,126)	4,261,383	2,226,502
Total	$ 307,992,278	$ 25,948,360	$ (24,895,381)	$ 309,045,257	$ 15,015,811

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. The General Fund and Special Reserve Fund for Capital Outlay Projects make payments for the leases. The Special Reserve Fund for Capital Outlay Projects also makes payments for the lease/purchase agreement. The General Fund makes payments related to the supplemental early retirement plan (SERP). The compensated absences are paid primarily by the General Fund and the Cafeteria Fund. The claims liability is paid by the Internal Service Fund.

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	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
11/5/02	8/1/30	2.30-5.90	$ 52,810,000	$ 21,835,000	$ -	$ -	$ (2,600,000)	$ 19,235,000
6/15/11	8/1/46	3.00-5.10	56,941,560	120,163,872	-	9,657,985	(2,290,000)	127,531,857
11/21/13	8/1/42	5.00-5.25	78,998,673	3,002,501	-	95,265	(850,000)	2,247,766
5/24/18	8/1/32	3.00-5.00	43,300,000	39,330,000	-	-	(1,855,000)	37,475,000
8/27/20	8/1/42	0.334-2.955	87,390,000	87,390,000	-	-	(1,220,000)	86,170,000
				$ 271,721,373	$ -	$ 9,753,250	$ (8,815,000)	$ 272,659,623

2002 Refunding General Obligation Bonds, Series A

On November 5, 2002, the District issued the 2002 Refunding General Obligation Bonds, Series A in the amount of $52,810,000. The bonds have a final maturity to occur August 1, 2030 with interest rates ranging from 2.30 to 5.90%. Proceeds from the sale of bonds were used to provide advance refunding of the District's $12,000,000 1997 General Obligation Bonds, Series A, $22,000,000 1997 General Obligation Bonds, Series B, $14,000,000 General Obligation Bonds, Series C, and $9,000,000 1997 General Obligation Bonds, Series D. As of June 30, 2022, the principal balance of $19,235,000 remained outstanding.

2007 General Obligation Bonds, Series B

On June 15, 2011, the District issued the 2007 General Obligation Bonds, Series B in the amount of $56,941,560. The Series B represents the second series of the authorized bonds not to exceed $196,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as capital appreciation bonds and convertible capital appreciation bonds, with the value of the capital appreciation bonds accreting to $210,049,593 and convertible capital appreciation bonds accreting to $42,623,847. The Series B bonds will have an aggregate principal debt service balance of $309,615,000.

The bonds have a final maturity to occur on August 1, 2046 with interest rates ranging from 3.00 to 5.10%. Proceeds from the sale of bonds were used for defeasance of the outstanding principal balance on the $60,000,000 2009 General Obligation Bond Anticipation Notes. At June 30, 2022, the principal outstanding (including accretion) was $127,531,857. Unamortized premium received on issuance amounted to $4,708,444.

2012 General Obligation Bonds, Series A

On November 21, 2013, the District issued the 2012 General Obligation Bonds, Series A, in the amount of $78,998,673. The Series A represents the first series of the reauthorized bonds not to exceed $79,000,000 to be issued under the measure as approved by the voters. The Series A bonds were issued as current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $3,596,327 and an aggregate principal debt service balance of $82,595,000. The bonds have a final maturity to occur on August 1, 2042 with interest rates ranging from 5.00 to 5.25%. Proceeds from the sale of the bonds were used for defeasance of the outstanding principal balance on the $51,999,394 2010 General Obligation Bond Anticipation Notes and to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2022, the principal outstanding (including accretion) was $2,247,766. Unamortized premium received on issuance was $24,843.

2018 Refunding General Obligation Bonds

On May 24, 2018, the District issued the 2018 Refunding General Obligation Bonds in the amount of $43,300,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2032 with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds were used for defeasance of certain outstanding maturities on the 2007 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of the payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability The refunding resulted in a cumulative cash flow saving of $10,032,028 over the life of the new debt and the economic gain of $8,242,934 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.51%. At June 30, 2022, the principal outstanding was $37,475,000. Unamortized premium received on issuance and deferred amount on refunding were $4,732,180 and $355,645, respectively.

2020 General Obligation Refunding Bonds

On August 27, 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $87,390,000. The bonds were issued as current interest bonds and have a final maturity date of August 1, 2042, with interest yields of 0.334 to 2.955%. The net proceeds of $86,533,947 (representing the principal amount of $87,390,000, less cost of issuance of $856,053) were used to advance refund a portion of the District's 2012 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $16,112,482 over the life of the new debt and an economic gain of $12,021,348, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.64%. As of June 30, 2022, the principal balance outstanding was $86,170,000 and deferred charges on refunding was $3,040,838.

Debt Service Requirements to Maturity

The bonds mature through August 1, 2046 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2023	$ 9,995,000	$ -	$ 5,012,203	$ 15,007,203
2024	10,674,713	425,287	4,734,574	15,834,574
2025	10,700,553	774,447	4,427,050	15,902,050
2026	11,123,360	1,156,640	4,090,857	16,370,857
2027	11,671,869	1,598,131	5,996,798	19,266,798
2028-2032	44,141,089	6,763,911	36,195,932	87,100,932
2033-2037	51,946,550	40,663,450	30,058,923	122,668,923
2038-2042	60,965,389	80,984,612	26,241,893	168,191,894
2043-2047	61,441,100	43,998,900	16,317,551	121,757,551
Total	$ 272,659,623	$ 176,365,378	$ 133,075,781	$ 582,100,782

Compensated Absences

Compensated absences (unpaid employee vacation), for the District at June 30, 2022, amounted to $747,431.

Supplemental Early Retirement Plans (SERP)

During 2019, the District adopted supplemental early retirement plans whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 191 employees who retired during the 2018-2019 school year, were purchased from United of Omaha Life Insurance Company.

As of June 30, 2022, the total balance of all outstanding obligations for the supplemental early retirement plans was $7,365,130. Future payments are as follows:

Year Ending June 30,	Annual Payment
2023	$ 1,473,026
2024	1,473,026
2025	1,473,026
2026	1,473,026
2027	1,473,026
	$ 7,365,130

Claims Liability

Liabilities associated with health and welfare and workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liabilities for worker's compensation and health and welfare claims are reported in the Internal Service Fund. The outstanding claims liabilities at June 30, 2022, amounted to $2,226,443 (discounted at 2.5%) and $2,034,940 (undiscounted) for workers' compensation and health and welfare programs, respectively.

Leases

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

Lease	Outstanding July 1, 2021 as restated	Addition	Payments	Leases Outstanding June 30, 2022
Copiers	$ 256,752	$ -	$ (191,227)	$ 65,525
Office Space	12,924,186	-	(952,865)	11,971,321
Total	$ 13,180,938	$ -	$ (1,144,092)	$ 12,036,846

Copiers

The District entered an agreement to lease copiers for 60 months, beginning November 2017. The lease terminates November 2022. Under the terms of the lease, the District pays a monthly base fee of $16,552. At June 30, 2022, the District has recognized a right-to-use asset of $64,188 and a lease liability of $65,525 related to this agreement. During the fiscal year, the District recorded $192,564 in amortization expense and $7,400 in interest expense for the right to use the copiers. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Office Space

The District entered an agreement to lease office space for 180 months, beginning January 2016. The lease terminates December 2030. Under the terms of the lease, the District pays a monthly base fee of $124,618, increasing 3.12% annually. At June 30, 2022, the District has recognized a right-to-use asset of $11,551,706 and a lease liability of $11,971,321 related to this agreement. During the fiscal year, the District recorded $1,372,480 in amortization expense and $569,762 in interest expense for the right to use the office space. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 1,059,371	$ 576,972	$ 1,636,343
2024	1,094,810	524,312	1,619,122
2025	1,202,503	467,135	1,669,638
2026	1,317,317	404,412	1,721,729
2027	1,438,436	335,793	1,774,229
2028-2031	5,924,409	541,807	6,466,216
Total	$ 12,036,846	$ 2,850,431	$ 14,887,277

Financed Purchase Agreement

On June 30, 2014, the District entered into a financed purchase agreement with the Banc of America Public Capital Corporation to advance funds in the amount of $7,621,555. The proceeds from the lease will finance the acquisition, construction, and installation of certain energy efficiency capital improvements to existing District buildings and property. The direct borrowing agreement has a final maturity date of November 30, 2029. As of June 30, 2022, the principal balance outstanding was $2,509,377.

The District's financed purchase direct borrowing agreement of $7,621,555 contains provisions that in an event of default, the lessor may retake posession of the leased equipment, terminate the escrow agreement and apply any proceeds in escrow account to the outstanding payments due, or take other lawful actions that may appear necessary or desirable to collect outstanding payments.

The financed purchase agreement has minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 261,912	$ 69,681	$ 331,593
2024	276,424	62,130	338,554
2025	295,779	54,129	349,908
2026	319,463	45,544	365,007
2027	347,089	36,255	383,344
2028-2030	1,008,710	44,378	1,053,088
Total	$ 2,509,377	$ 312,117	$ 2,821,494

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 47,908,784	$ 8,761,198	$ 13,316,144	$ 4,210,584
Medicare Premium Payment (MPP) Program	1,185,495	-	-	(175,400)
Total	$ 49,094,279	$ 8,761,198	$ 13,316,144	$ 4,035,184

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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	110
Active employees	1,546
Total	1,656

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 Alvord Education Association (AEA), 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, AEA, CSEA, and District management. For measurement period of June 30, 2021, the District paid $2,580,541 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $47,908,784 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	4.00% for 2021

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table 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, 2021 valuation were based on the results of an actual experience study for period through June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 58,762,179
Service cost	3,324,040
Interest	1,294,450
Differences between expected and actual experience	(13,039,103)
Changes of assumptions or other inputs	147,759
Benefit payments	(2,580,541)
Net change in total OPEB liability	(10,853,395)
Balance, June 30, 2022	$ 47,908,784

There were no changes in benefits terms from 2021 to 2022.

Changes of assumptions and other inputs reflect a change in the inflation rate from 2.75% in 2020 to 2.50% in 2021 and a change in the discount rate from 2.20% in 2020 to 2.16% in 2021.

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 (1.16%)	$ 51,677,243
Current discount rate (2.16%)	47,908,784
1% increase (3.16%)	44,297,354

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

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 rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.0%)	$ 41,977,996
Current healthcare cost trend rate (4.0%)	47,908,784
1% increase (5.0%)	55,000,948

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

For the year ended June 30, 2022, the District recognized OPEB expense of $4,210,584. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,611,425	$ -
Differences between expected and actual experience	1,903,572	12,302,193
Changes of assumptions	5,246,201	1,013,951
Total	$ 8,761,198	$ 13,316,144

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining 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	$ (407,906)
2024	(407,906)
2025	(407,906)
2026	(407,906)
2027	(407,906)
Thereafter	(4,126,841)
Total	$ (6,166,371)

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 $1,185,495 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, respectively, was 0.2972%, and 0.2793%, resulting in a net increase in the proportionate share of 0.0179 %.

For the year ended June 30, 2022, the District recognized OPEB expense of ($175,400).

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, 2015 through June 30, 2018	June 30,-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%)	$ 1,306,740
Current discount rate (2.16%)	1,185,495
1% increase (3.16%)	1,081,902

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 1,078,069
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,185,495
1% increase (5.50% Part A and 6.40% Part B)	1,308,655

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $8,335,000 as of June 30, 2022, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 45,000	$ -	$ -	$ 45,000
Stores inventories	-	-	385,521	385,521
Prepaid expenditures	10,427	-	-	10,427
Total nonspendable	55,427	-	385,521	440,948
Restricted				
Legally restricted programs	20,803,358	-	5,932,845	26,736,203
Capital projects	-	-	2,716,512	2,716,512
Debt services	-	13,903,359	-	13,903,359
Total restricted	20,803,358	13,903,359	8,649,357	43,356,074
Assigned				
Alvord Cares	28,064	-	-	28,064
Textbooks	4,463,170	-	-	4,463,170
Hold for deficit spending	16,804,425	-	-	16,804,425
LCAP carryover	1,994,291	-	-	1,994,291
Deferred maintenance	1,608,481	-	-	1,608,481
Capital projects	-	-	6,990,153	6,990,153
Total assigned	24,898,431	-	6,990,153	31,888,584
Unassigned				
Reserve for economic uncertainties	8,590,512	-	-	8,590,512
Remaining unassigned	-	-	(9,520)	(9,520)
Total unassigned	8,590,512	-	(9,520)	8,580,992
Total	$ 54,347,728	$ 13,903,359	$ 16,015,511	$ 84,266,598

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2022, the District contracted with the Southern California Regional Liability Excess Fund (SoCal ReLiEF) risk management pool for property and liability insurance coverage. The District's member retention limit was $50,000 and $5,000, respectively for liability and property claims.

Workers' Compensation

For fiscal year ending June 30, 2022, the District participated in the Riverside Schools Risk Management Authority (RSRMA) joint powers agency. The intent of participation is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants of RSRMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all participants. Each participant pays its workers’ compensation premium based on the identified rate. Excess liability coverage for workers' compensation claims is provided through Star Insurance Company, a commercial insurance carrier.

Employee Medical Benefits

The District has contracted with Self Insured Schools of California (SISC) and Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Medical benefits are provided by United Health Care, Anthem Blue Cross, Blue Shield of California, and Kaiser. Dental benefits are provided by Delta Dental and MetLife Dental. Vision benefits are provided by Medical Eye Service and term life insurance is provided by Prudential Life and Mutual of Omaha Life.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2020 to June 30, 2022:

	Workers' Compensation	Health and Welfare	Total
Liability Balance, July 1, 2020	$ 3,242,772	$ 968,675	$ 4,211,447
Claims and changes in estimates	(272,052)	8,061,932	7,789,880
Claims payments	(658,903)	(7,123,895)	(7,782,798)
Liability Balance, June 30, 2021	2,311,817	1,906,712	4,218,529
Claims and changes in estimates	106,188	8,723,792	8,829,980
Claims payments	(191,562)	(8,595,564)	(8,787,126)
Liability Balance, June 30, 2022	$ 2,226,443	$ 2,034,940	$ 4,261,383
Assets available to pay claims at June 30, 2022	$ 3,263,501	$ 6,646,433	$ 9,909,934

Note 14 - 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	$ 89,982,253	$ 48,134,545	$ 93,415,306	$ 5,042,577
CalPERS	41,775,303	10,894,809	20,908,593	2,927,410
Total	$ 131,757,556	$ 59,029,354	$ 114,323,899	$ 7,969,987

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 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	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	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 $19,248,780.

Pension Liabilities, Pension Expense, 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	$ 89,982,253
State’s proportionate share of the net pension liability	45,275,580
Total	$ 135,257,833

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, respectively, was 0.1977% and 0.1843%, resulting in a net increase in the proportionate share of 0.0134%.

For the year ended June 30, 2022, the District recognized pension expense of $5,042,577. In addition, the District recognized pension expense and revenue of $1,549,048 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	$ 19,248,780	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	15,910,826	12,661,038
Differences between projected and actual earnings on pension plan investments	-	71,178,280
Differences between expected and actual experience in the measurement of the total pension liability	225,410	9,575,988
Changes of assumptions	12,749,529	-
Total	$ 48,134,545	$ 93,415,306

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	$ (18,075,015)
2024	(16,532,734)
2025	(16,943,020)
2026	(19,627,511)
Total	$ (71,178,280)

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	$ 5,514,203
2024	5,727,066
2025	(1,810,254)
2026	(1,303,958)
2027	(1,852,187)
Thereafter	373,869
Total	$ 6,648,739

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%)	$ 183,171,661
Current discount rate (7.10%)	89,982,253
1% increase (8.10%)	12,636,824

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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 are 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 $7,413,393.

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 $41,775,303. 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, respectively, was 0.2054% and 0.1963%, resulting in a net increase in the proportionate share of 0.0091%.

For the year ended June 30, 2022, the District recognized pension expense of $2,927,410. 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	$ 7,413,393	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,234,316	4,777,992
Differences between projected and actual earnings on pension plan investments	-	16,032,119
Differences between expected and actual experience in the measurement of the total pension liability	1,247,100	98,482
Changes of assumptions	-	-
Total	$ 10,894,809	$ 20,908,593

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	$ (4,020,842)
2024	(3,697,524)
2025	(3,854,911)
2026	(4,458,842)
Total	$ (16,032,119)

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	$ (561,574)
2024	(1,327,789)
2025	430,745
2026	63,560
Total	$ (1,395,058)

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%)	$ 70,439,027
Current discount rate (7.15%)	41,775,303
1% increase (8.15%)	17,978,262

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $12,716,406 (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. On behalf payments have been included in the calculation of available reserves and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 15 - 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
La Sierra Culinary	$ 652,550	12/31/22
Collett Parking Lot	516,487	12/31/22
Hillcrest Slope/Drain	77,778	12/31/22
Total	$ 1,246,815	

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Riverside Schools Risk Management Authority (RSRMA), Southern California Regional Liability Excess Fund (SoCal ReLiEF), Self-Insured Schools of California (SISC), and Riverside County Employer/Employee Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to RSRMA for workers' compensation coverage. The District pays an annual premium to SoCal ReLiEF for property and liability coverage. Payments for health benefits are paid to SISC and REEP. The relationship between the District and the pools is such that it is not a component unit of the District for financial reporting purposes.

During the year ended June 30, 2022, the District made payments of $3,303,771, $1,774,007, $7,813,238, and $1,981,453 to RSRMA, SoCal ReLiEF, SISC, and REEP for the services and coverage noted.

Note 17 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

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:

	Non-Major Governmental Funds	Total Governmental Funds
Governmental Funds		
Fund Balance - Beginning, as previously reported June 30, 2021	$ 15,137,168	$ 65,437,420
Lease receivables	572,552	572,552
Deferred inflows of resources related to leases	(572,552)	(572,552)
Fund Balance - Beginning, as restated July 1, 2021	$ 15,137,168	$ 65,437,420
Governmental Activities		
Net Position - Beginning, as previously reported June 30, 2021		$ (143,991,878)
Lease receivables		572,552
Right-to-use intangible assets, net of amortization		13,180,938
Lease liability		(13,180,938)
Deferred inflows of resources related to leases		(572,552)
Net Position - Beginning, as restated July 1, 2021		$ (143,991,878)

Required Supplementary Information
June 30, 2022

Alvord Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 201,885,855	$ 212,961,152	$ 213,102,631	$ 141,479
Federal sources	11,689,874	54,430,000	43,544,903	(10,885,097)
Other State sources	30,870,342	39,877,563	39,983,443	105,880
Other local sources	4,453,562	6,582,554	6,165,751	(416,803)
Total revenues [1]	248,899,633	313,851,269	302,796,728	(11,054,541)
Expenditures				
Current				
Certificated salaries	112,532,025	118,004,296	118,235,373	(231,077)
Classified salaries	30,880,940	30,406,804	30,820,302	(413,498)
Employee benefits	71,044,475	81,004,465	77,219,134	3,785,331
Books and supplies	11,064,201	11,062,571	10,514,246	548,325
Services and operating expenditures	28,244,755	29,011,149	28,824,666	186,483
Other outgo	(62,390)	(51,395)	1,499,501	(1,550,896)
Capital outlay	2,255,944	29,876,278	17,929,502	11,946,776
Total expenditures [1]	255,959,950	299,314,168	285,042,724	14,271,444
Excess (Deficiency) of Revenues Over Expenditures	(7,060,317)	14,537,101	17,754,004	3,216,903
Other Financing Sources (Uses)				
Transfers out	(1,010,000)	(2,010,000)	(212,675)	1,797,325
Net Change in Fund Balances	(8,070,317)	12,527,101	17,541,329	5,014,228
Fund Balance - Beginning	36,806,399	36,806,399	36,806,399	-
Fund Balance - Ending	$ 28,736,082	$ 49,333,500	$ 54,347,728	$ 5,014,228

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this other fund 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	$ 3,324,040	$ 2,593,815	$ 3,427,928	$ 3,515,759	$ 3,421,663
Interest	1,294,450	1,800,333	1,775,730	1,685,466	1,436,645
Difference between expected and actual experience	(13,039,103)	(174,316)	2,404,515	-	-
Changes of assumptions	147,759	5,932,446	(290,653)	(1,094,293)	-
Benefit payments	(2,580,541)	(3,236,878)	(1,335,500)	(1,677,300)	(1,612,788)
Net change in total OPEB liability	(10,853,395)	6,915,400	5,982,020	2,429,632	3,245,520
Total OPEB Liability - Beginning	$ 58,762,179	$ 51,846,779	$ 45,864,759	$ 43,435,127	$ 40,189,607
Total OPEB Liability - Ending	$ 47,908,784	$ 58,762,179	$ 51,846,779	$ 45,864,759	$ 43,435,127
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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[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	0.2972%	0.2793%	0.3572%	0.3460%	0.3566%
Proportionate share of the net OPEB liability	$ 1,185,495	$ 1,360,895	$ 1,330,335	$ 1,324,268	$ 1,500,388
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	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.1977%	0.1843%	0.2019%	0.1928%	0.1970%	0.2039%	0.2027%	0.1771%
Proportionate share of the net pension liability	$ 89,982,253	$ 178,599,838	$ 182,384,822	$ 177,152,960	$ 182,175,385	$ 164,913,328	$ 136,472,756	$ 103,490,342
State's proportionate share of the net pension liability	45,275,580	92,068,238	99,503,096	101,428,355	107,773,419	93,882,216	72,179,043	62,491,937
Total	$ 135,257,833	$ 270,668,076	$ 281,887,918	$ 278,581,315	$ 289,948,804	$ 258,795,544	$ 208,651,799	$ 165,982,279
Covered payroll	$ 110,098,452	$ 100,987,070	$ 108,137,181	$ 103,972,065	$ 104,212,774	$ 105,567,586	$ 94,087,387	$ 81,588,014
Proportionate share of the net pension liability as a percentage of its covered payroll	81.73%	176.85%	168.66%	170.39%	174.81%	156.22%	145.05%	126.85%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.2054%	0.1963%	0.2255%	0.2231%	0.2233%	0.1990%	0.2007%	0.1807%
Proportionate share of the net pension liability	$ 41,775,303	$ 60,235,089	$ 65,725,614	$ 59,487,602	$ 53,308,071	$ 39,209,748	$ 29,589,636	$ 20,518,289
Covered payroll	$ 30,165,498	$ 28,344,922	$ 31,711,173	$ 29,641,420	$ 31,321,047	$ 23,994,277	$ 22,224,102	$ 19,063,577
Proportionate share of the net pension liability as a percentage of its covered payroll	138.49%	212.51%	207.26%	200.69%	170.20%	163.41%	133.14%	107.63%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 19,248,780	$ 17,780,900	$ 17,268,789	$ 17,604,733	$ 15,003,169	$ 13,109,967	$ 11,327,402	$ 8,354,960
Less contributions in relation to the contractually required contribution	19,248,780	17,780,900	17,268,789	17,604,733	15,003,169	13,109,967	11,327,402	8,354,960
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 113,763,475	$ 110,098,452	$ 100,987,070	$ 108,137,181	$ 103,972,065	$ 104,212,774	$ 105,567,586	$ 94,087,387
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 7,413,393	$ 6,244,258	$ 5,589,902	$ 5,727,672	$ 4,603,609	$ 4,349,867	$ 2,842,602	$ 2,615,999
Less contributions in relation to the contractually required contribution	7,413,393	6,244,258	5,589,902	5,727,672	4,603,609	4,349,867	2,842,602	2,615,999
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 32,358,765	$ 30,165,498	$ 28,344,922	$ 31,711,173	$ 29,641,420	$ 31,321,047	$ 23,994,277	$ 22,224,102
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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. 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.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the inflation rate from 2.75% in 2020 to 2.50% in 2021 and a change in the discount rate from 2.20% in 2020 to 2.16% in 2021.

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

Alvord Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education			
Passed through California Department of Education (CDE)			
English Language Acquisition State Grants - Limited English Proficiency	84.365	14346	$ 653,959
English Language Acquisition State Grants - Immigrant Education Program	84.365	15146	41,841
Subtotal			695,800
Education Stabilization Fund			
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	239,440
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	3,002,352
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	9,248,697
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	1,531,911
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	15,564,376
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	2,117,347
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	1,008,576
Subtotal			32,712,699
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	5,224,468
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	82,220
Subtotal			5,306,688
Adult Education - Basic Grants to States ELA	84.002A	14508	38,465
Adult Education - Basic Grants to States Secondary	84.002	13978	63,550
Subtotal			102,015
Supporting Effective Instruction State Grants	84.367	14341	100,592
Student Support and Academic Enrichment Program	84.424	15396	377,325
Career and Technical Education - Basic Grants to States: Secondary	84.048	14894	145,807

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Riverside County Special Education Local Plan Area			
Special Education Cluster (IDEA)			
Special Education Grants to States - Local Assistance	84.027	13379	$ 3,244,110
ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	750,228
Special Education Grants to States - Mental Health	84.027A	15197	104,994
Subtotal			4,099,332
Special Education Preschool Grants	84.173	13430	52,436
ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	54,075
Preschool Staff Development	84.173A	13431	149
Subtotal			106,660
Total Special Education Cluster (IDEA)			4,205,992
Total U.S. Department of Education			43,646,918
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE			
Child Nutrition Cluster			
Basic School Breakfast	10.553	13525	61,584
Especially Needy Breakfast	10.553	13526	1,598,993
Subtotal			1,660,577
Child Nutrition: School Programs (NSL Sec 4)	10.555	13523	720,227
Commodities	10.555	13396	871,339
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	1,017,524
Subtotal			2,609,090
Child Nutrition: School Programs (NSL Sec 11)	10.556	13524	6,893,242
Summer Food Service Program Operations	10.559	13004	217,428
Summer Food Service Sponsor Admin	10.559	13006	22,431
Subtotal			239,859
Fresh Fruit and Vegetable Program	10.582	14968	83,169
Total Child Nutrition Cluster			11,485,937
NSLP Equipment Assistance Grants	10.579	14906	84,098
Pandemic EBT Local Administrative Grant	10.649	15644	5,814
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13666	617,587
Child and Adult Care Food Program Cash in Lieu of Commodities	10.558	13534	43,873
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	105,251
Subtotal			766,711
Total U.S. Department of Agriculture			12,342,560
Total Federal Financial Assistance			$ 55,989,478

ORGANIZATION

The Alvord Unified School District was unified on July 1, 1960 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 TK-12 as mandated by the State and/or Federal agencies. The District operates fourteen elementary schools, four middle schools, three comprehensive high schools, and two continuation schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Julie Moreno	President	2022
Dr. Joanna Dorado	Vice President	2022
Robert Schwandt	Clerk	2022
Lizeth Vega	Member	2024
Carolyn Wilson	Member	2024

ADMINISTRATION

NAME	TITLE
Dr. Allan Mucerino	Superintendent
Dr. Robert Presby	Assistant Superintendent, Human Resources
Dr. Resma Byrne	Assistant Superintendent, Educational Services
Dusteen Nevatt	Chief Business Officer
Kevin Emenaker	Executive Director of Administrative Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,535.07	4,560.85
Fourth through sixth	3,576.10	3,586.17
Seventh and eighth	2,422.11	2,425.89
Ninth through twelfth	5,006.29	4,989.70
Total Regular ADA	15,539.57	15,562.61
Extended Year Special Education		
Transitional kindergarten through third	4.79	4.79
Fourth through sixth	1.19	1.19
Seventh and eighth	1.34	1.34
Ninth through twelfth	1.41	1.41
Total Extended Year Special Education	8.73	8.73
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.85	0.85
Fourth through sixth	1.19	1.19
Seventh and eighth	1.55	1.55
Ninth through twelfth	15.33	14.04
Total Special Education, Nonpublic, Nonsectarian Schools	18.92	17.63
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.09	0.09
Seventh and eighth	0.11	0.11
Ninth through twelfth	1.08	1.08
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.28	1.28
Total ADA	15,568.50	15,590.25

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	40,500	-	40,500	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		53,220	-	53,220	180	-	180	N/A	N/A	N/A	Complied
Grade 2		53,220	-	53,220	180	-	180	N/A	N/A	N/A	Complied
Grade 3		53,220	-	53,220	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		55,257	-	55,257	180	-	180	N/A	N/A	N/A	Complied
Grade 5		55,257	-	55,257	180	-	180	N/A	N/A	N/A	Complied
Grade 6		61,785	-	61,785	180	-	180	N/A	N/A	N/A	Complied
Grade 7		61,875	-	61,875	180	-	180	N/A	N/A	N/A	Complied
Grade 8		61,785	-	61,785	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,635	-	65,635	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,635	-	65,635	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,635	-	65,635	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,635	-	65,635	180	-	180	N/A	N/A	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 284,544,588	$ 302,805,341	$ 268,428,018	$ 238,524,932
Expenditures	288,619,445	282,640,550	254,159,610	226,067,489
Other uses and transfers out	1,150,000	3,709,852	1,517,981	1,480,082
Total expenditures and other uses	289,769,445	286,350,402	255,677,591	227,547,571
Increase/(Decrease) in Fund Balance	(5,224,857)	16,454,939	12,750,427	10,977,361
Ending Fund Balance	$ 47,514,390	$ 52,739,247	$ 36,284,308	$ 23,533,881
Available Reserves [2]	$ 8,950,000	$ 8,590,512	$ 7,680,330	$ 8,569,149
Available Reserves as a Percentage of Total Outgo	3.09%	3.00%	3.00%	3.77%
Long-Term Liabilities	N/A	$ 489,897,092	$ 593,769,341	$ 586,514,581
TK-12 Average Daily Attendance at P-2	16,405	15,569	17,355	17,355

The General Fund balance has increased by $29,205,366 over the past two years. However, the fiscal year 2022-2023 budget projects a decrease of $5,224,857 (9.9%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $96,617,489 over the past two years.

Average daily attendance has decreased by 1,786 over the past two years. An increase of 836 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 Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund
Assets					
Deposits and investments	$ 975,519	$ 185,930	$ 494,163	$ 3,501,020	$ 1,454,142
Receivables	-	42,348	30,912	1,397,019	3,711
Due from other funds	-	-	-	9,955	-
Stores inventories	-	-	-	385,521	-
Lease receivables	-	-	-	-	-
Total assets	$ 975,519	$ 228,278	$ 525,075	$ 5,293,515	$ 1,457,853
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 26,566	$ 81,805	$ 42,176	$ 213,218
Due to other funds	-	1,265	348,248	143	-
Unearned revenue	-	-	104,542	108,796	-
Total liabilities	-	27,831	534,595	151,115	213,218
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	385,521	-
Restricted	975,519	200,447	-	4,756,879	1,244,635
Assigned	-	-	-	-	-
Unassigned	-	-	(9,520)	-	-
Total fund balances	975,519	200,447	(9,520)	5,142,400	1,244,635
Total liabilities, deferred inflows of resources, and fund balances	$ 975,519	$ 228,278	$ 525,075	$ 5,293,515	$ 1,457,853

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 1,085,470	$ 191,240	$ 7,141,509	$ 412,922	$ 15,441,915
Receivables	8,437	-	12,026	-	1,494,453
Due from other funds	-	-	40,182	-	50,137
Stores inventories	-	-	-	-	385,521
Lease receivables	-	-	399,877	-	399,877
Total assets	$ 1,093,907	$ 191,240	$ 7,593,594	$ 412,922	$ 17,771,903
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 226,192	$ -	$ 203,564	$ -	$ 793,521
Due to other funds	-	-	-	-	349,656
Unearned revenue	-	-	-	-	213,338
Total liabilities	226,192	-	203,564	-	1,356,515
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	399,877	-	399,877
Fund Balances					
Nonspendable	-	-	-	-	385,521
Restricted	867,715	191,240	-	412,922	8,649,357
Assigned	-	-	6,990,153	-	6,990,153
Unassigned	-	-	-	-	(9,520)
Total fund balances	867,715	191,240	6,990,153	412,922	16,015,511
Total liabilities, deferred inflows of resources, and fund balances	$ 1,093,907	$ 191,240	$ 7,593,594	$ 412,922	$ 17,771,903

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Building Fund
Revenues					
Federal sources	$ -	$ 102,015	-	$ 12,342,560	$ -
Other State sources	-	444,641	232,659	650,761	-
Other local sources	1,717,009	(3,623)	21,392	377,709	(16,690)
Total revenues	1,717,009	543,033	254,051	13,371,030	(16,690)
Expenditures					
Current					
Instruction	-	362,896	219,482	-	-
Instruction-related activities					
Supervision of instruction	-	69,244	5,684	-	-
Instructional library, media, and technology	-	160	-	-	-
School site administration	-	72,093	-	-	-
Pupil services					
Food services	-	-	-	9,704,976	-
All other pupil services	-	1,266	-	-	-
Administration					
All other administration	-	14,701	8,061	177,590	-
Plant services	-	24,710	-	107,962	11,339
Ancillary services	1,490,547	-	-	-	-
Facility acquisition and construction	-	-	30,344	-	1,494,922
Debt service					
Principal	-	-	-	3,218	-
Interest and other	-	-	-	125	-
Total expenditures	1,490,547	545,070	263,571	9,993,871	1,506,261
Excess (Deficiency) of Revenues Over Expenditures	226,462	(2,037)	(9,520)	3,377,159	(1,522,951)
Other Financing Sources					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	226,462	(2,037)	(9,520)	3,377,159	(1,522,951)
Fund Balance - Beginning, as restated	749,057	202,484	-	1,765,241	2,767,586
Fund Balance - Ending	$ 975,519	$ 200,447	$ (9,520)	$ 5,142,400	$ 1,244,635

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ -	$ -	$ 12,444,575
Other State sources	-	-	-	-	1,328,061
Other local sources	1,071,003	(4,122)	3,240,560	81	6,403,319
Total revenues	1,071,003	(4,122)	3,240,560	81	20,175,955
Expenditures					
Current					
Instruction	-	-	-	-	582,378
Instruction-related activities					
Supervision of instruction	-	-	-	-	74,928
Instructional library, media, and technology	-	-	-	-	160
School site administration	-	-	-	-	72,093
Pupil services					
Food services	-	-	-	-	9,704,976
All other pupil services	-	-	-	-	1,266
Administration					
All other administration	143,125	-	-	-	343,477
Plant services	1,008,197	-	312,401	-	1,464,609
Ancillary services	-	-	-	-	1,490,547
Facility acquisition and construction	697,894	1,700,836	-	-	3,923,996
Debt service					
Principal	-	-	1,203,619	-	1,206,837
Interest and other	-	-	644,895	-	645,020
Total expenditures	1,849,216	1,700,836	2,160,915	-	19,510,287
Excess (Deficiency) of Revenues Over Expenditures	(778,213)	(1,704,958)	1,079,645	81	665,668
Other Financing Sources					
Transfers in	-	-	212,675	-	212,675
Net Change in Fund Balances	(778,213)	(1,704,958)	1,292,320	81	878,343
Fund Balance - Beginning, as restated	1,645,928	1,896,198	5,697,833	412,841	15,137,168
Fund Balance - Ending	$ 867,715	$ 191,240	$ 6,990,153	$ 412,922	$ 16,015,511

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Alvord Unified School District (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 Alvord Unified School District, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of the District.

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

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling $141,135 in inventory.

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

Alvord Unified 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
Alvord Unified School District
Corona, 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 Alvord Unified 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 December 14, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 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 and fund balance of the non-major governmental funds as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 14, 2022.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

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

To the Governing Board
Alvord Unified School District
Corona, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alvord Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. the District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Alvord Unified School District
Corona, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Alvord Unified 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.

Qualified Opinion on After School Education and Safety Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on After School Education and Safety Program

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements related to the After School Education and Safety Program as described in the accompanying schedule of state compliance findings and questioned costs as item 2022-001.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *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 consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *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 controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
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
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, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The District offered an independent study program. However, no ADA was claimed for the program; therefore, we did not perform procedures related to independent study.

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

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 District completed its clean energy projects and submitted the associated final project completion reports in prior fiscal years.

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

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

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

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

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *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
December 14, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Alvord Unified 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 Number
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
Special Education Cluster	84.027, 84.027A, 84.173, 84.173A

Dollar threshold used to distinguish between type A and type B programs	$1,679,684
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Qualified*

*Unmodified for all programs except for the following program which was qualified

Name of Program
After School Education and Safety Program

None reported.

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-001 40000 - After School Education and Safety Program

Criteria or Specific Requirements

According to the California *Education Code* Section 8483a(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy.

Condition

While verifying the total students served at Arlanza Elementary School and Loma Vista Middle School for the month of December 2021, the auditor noted instances where students were signed out early from the after school program without a documented reason for their early release. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy.

Questioned Costs

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

Context

The condition identified resulted from our review of Arlanza Elementary School and Loma Vista Middle School's attendance records for the month of December 2021. The auditor selected 2 out of 16 schools for the first semi-annual reporting period dated July to December 2021. The auditor then reviewed sign out sheets and monthly attendance reports for the month of December 2021 to determine the accuracy of reported attendance.

Effect

As a result of our testing, the District was not in compliance with *Education Code* Section 8483a(2) for the 2021-2022 fiscal year since certain students were signed out early without a documented reason. As such, it could not be determined if each student's early release was in compliance with the early release policy.

Cause

The condition was caused by parents failing to document an early release reason on sign-out sheets when signing children out of the program.

Repeat Finding

No

Recommendation

We recommend the District to continue enforcing its early release policy by communicating the importance of documenting the reasons for early release from the after school program.

Corrective Action Plan and Views of Responsible Officials

The corrective plan is to provide additional support in verification of documentation related to those on early release. A checklist has been provided and professional development has been provided for those tasked with early release to help support the process and to better ensure adherence to the expected policy.

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

Management
Alvord Unified School District
Corona, California

In planning and performing our audit of the financial statements of Alvord Unified School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 14, 2022, on the government-wide financial statements of the District.

Associated Study Body (ASB)

Hillcrest High School

Observations:

1. Based on the review of the disbursement procedures, it was noted that 10 of 25 tested disbursements were not approved prior to the transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. Based on review of disbursement procedures, it was noted that one of the 25 tested disbursements was delivered to a residential address.
3. Based on the review of the disbursement procedures, it was noted that one of the 25 disbursements tested was for an unallowable purchase of gift cards. According to the *Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*, the purchase of gift cards is not allowable because they are not for the benefit of the ASB.
4. Based on review of disbursement procedures, it was noted that one disbursement contained an invoice that did not indicate the specific items purchased. As a result, the auditor was unable to determine the appropriateness of the disbursement.

Recommendations:

1. To ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
2. All ordered items should be received at the school site. Additionally, all ordered items should be documented with explicit receiving documentation.
3. To ensure proper internal controls over ASB disbursements, the site should review the *Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* for allowable and unallowable expenditures. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if the expenditure request is allowable.
4. All ASB disbursements should be accompanied by supporting itemized invoices or receipts which document the specific items purchased. Disbursements should not be made if supporting itemized invoices or receipts are not present during the approval process.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 14, 2022