Dehesa School District

County of San Diego
El Cajon California

Audit Report

June 30, 2023

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Dehesa School District
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June 30, 2023

Independent Auditor's Report

To the Board of Education
Dehesa School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is 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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 and other required supplementary information as identified in the table of contents, 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 (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financials 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 accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, identified in the table of contents, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 accompanying supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the 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 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 7, 2023

DEHESA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Unaudited)

The discussion and analysis of Dehesa School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2021-22 to 2022-23 was $58,880 (4.31%).

- The general fund expenditures decreased by $780,429 (21.66%) over the previous year amount.

- General Fund expenses and other uses exceeded revenues and other sources by $337,300.

- The General Fund ended the fiscal year with 5% reserves in unrestricted fund balance.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Dehesa School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the district as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2022-2023?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the district's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the district's activities are reported in governmental funds. The District's major funds are the General Fund, the Building Fund, and the County School Facilities Fund. All other governmental funds are aggregated into one nonmajor governmental funds column. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The district as a Whole

The District's net position was $2 million at June 30, 2023. Of this amount, unrestricted net position was ($0.5) million, net investment in capital assets was $0.3 million, and restricted net position was $2.2 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased $0.2 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 63% of total expenses. The administrative activities of the District accounted for just 16% of total costs. The remaining 21% was spent on plant services. (See Figure 2).

(Table 1)
Comparative Statement of Net Position

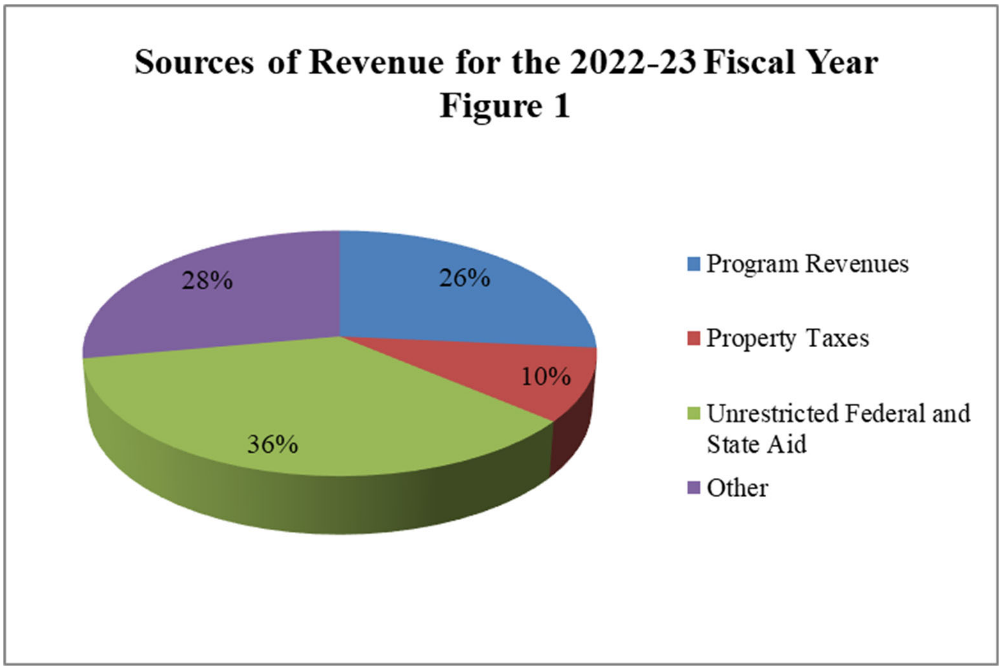
	Governmental Activities			
	6/30/2023	**6/30/2022**	**Change**	**% Change**
Assets				
Cash	$ 5,077,104	$ 5,592,911	$ (515,807)	-9.22%
Accounts receivable	758,159	1,155,416	(397,257)	-34.38%
Lease receivable	21,718	-	21,718	100.00%
Capital assets, net	5,558,753	5,626,647	(67,894)	-1.21%
Lease assets, net	21,100	-	21,100	100.00%
Total Assets	$ 11,436,834	$ 12,374,974	$ (938,140)	-7.58%
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	$ 859,893	$ 682,836	$ 177,057	25.93%
Total Deferred Outflows of Resources	$ 859,893	$ 682,836	$ 177,057	25.93%
Liabilities				
Accounts payable and other current liabilities	$ 1,421,862	$ 2,362,959	$ (941,097)	-39.83%
Unearned revenue	-	39,395	(39,395)	-100.00%
Long-term liabilities	8,193,322	7,401,695	791,627	10.70%
Total Liabilities	$ 9,615,184	$ 9,804,049	$ (188,865)	-1.93%
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	$ 685,713	$ 1,448,205	$ (762,492)	-52.65%
Total Deferred Inflows of Resources	$ 685,713	$ 1,448,205	$ (762,492)	-52.65%
Net Position				
Net investment in capital assets	$ 323,792	$ 320,800	$ 2,992	0.93%
Restricted	2,158,775	2,400,432	(241,657)	-10.07%
Unrestricted	(486,737)	(915,676)	428,939	-46.84%
Total Net Position	$ 1,995,830	$ 1,805,556	$ 190,274	10.54%

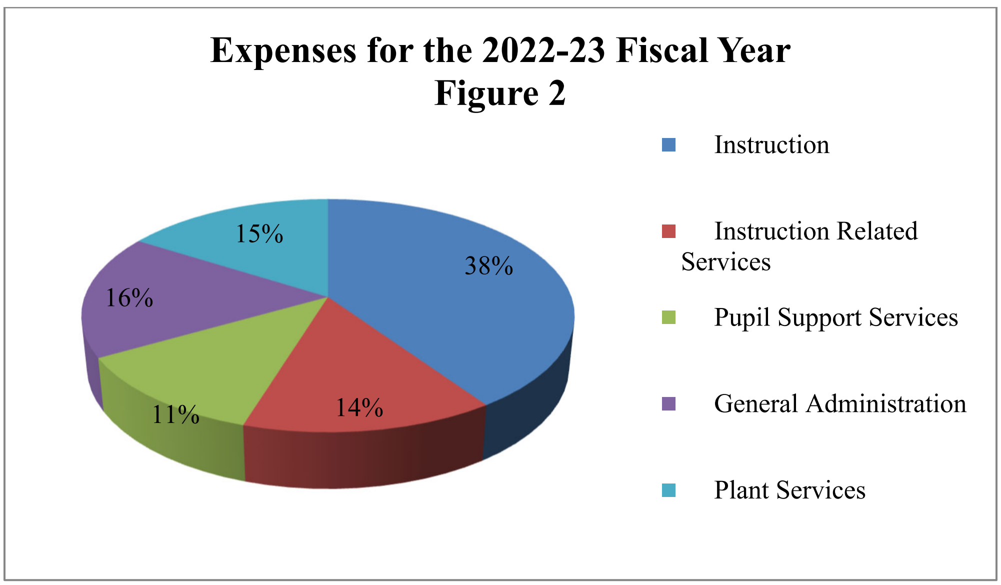
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities			
	Year Ended 6/30/2023	**Year Ended 6/30/2022**	**Change**	**% Change**
Revenues				
Program revenues				
Charges for services	$ (3,481)	$ 10,957	$ (14,438)	100.00%
Operating grants and contributions	1,030,135	1,375,657	(345,522)	-25.12%
General revenues				
Taxes levied for general purposes	98,288	102,985	(4,697)	-4.56%
Taxes levied for debt service	276,587	250,154	26,433	10.57%
Federal and state aid not restricted	1,396,304	1,295,854	100,450	7.75%
Interest and investment earnings	111,175	(100,331)	211,506	-210.81%
Miscellaneous	969,073	769,806	199,267	25.89%
Total Revenues	3,878,081	3,705,082	172,999	4.67%
Expenses				
Instruction	1,410,801	1,907,166	(496,365)	-26.03%
Instruction Related Services	499,202	397,540	101,662	25.57%
Pupil Support Services	417,764	394,020	23,744	6.03%
General Administration	600,372	545,415	54,957	10.08%
Plant Services	559,159	219,765	339,394	154.43%
Other Expenses	200,509	422,449	(221,940)	-52.54%
Total Expenses	3,687,807	3,886,355	(198,548)	-5.11%
Increase (Decrease) in Net Position	190,274	(181,273)	371,547	-204.97%
Net Position - Beginning Balance	1,805,556	1,986,829	(181,273)	-9.12%
Net Position - Ending Balance	$ 1,995,830	$ 1,805,556	$ 190,274	10.54%

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $3.7 million. The amount that our local taxpayers financed for these activities through property taxes was $0.4 million. Federal and State aid not restricted to specific purposes totaled $1.4 million. Operating grants and contributions revenue was $1 million. Operating grants and unrestricted federal and state aid and covered 65.8% of the expenses of the entire District (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's governmental funds reported a combined fund balance of $4.5 million, an increase of $0.1 million from the previous fiscal year's combined ending balance of $4.4 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $1.8 million.

The District ended the year with an increase of $0.3 million to the general fund ending balance. The State recommends available reserves of 5% of total general fund expenditures and other financing uses of the general fund, or $75,000 whichever is greater.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
Land	$ 3,000	$ 3,000	$ -	0.0%
Work in Progress	0	242,670	(242,670)	-100.0%
Land Improvements	531,832	531,832	-	0.0%
Buildings & Improvements	7,999,846	7,563,335	436,511	5.8%
Equipment	937,982	932,482	5,500	0.6%
Less Accumulated Depreciation for				
Land Improvements	(147,120)	(121,868)	(25,252)	20.7%
Buildings & Improvements	(2,889,389)	(2,673,216)	(216,173)	8.1%
Equipment	(877,398)	(851,588)	(25,810)	3.0%
Lease Assets	26,375	-	26,375	100.0%
Less Accumulated Amortization	(5,275)	-	(5,275)	100.0%
Total	$ 5,579,853	$ 5,626,647	$ (46,794)	-0.8%

Long-Term Debt

The following represents a comparative schedule of the District's long-term debt outstanding.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
General Obligation Bonds	$ 6,055,347	$ 6,111,769	$ (56,422)	-0.92%
Leases Payable	21,350	0	21,350	100.00%
Total Long-Term Debt	$ 6,076,697	$ 6,111,769	$ (35,072)	-0.57%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The governor's 2023-24 Budget Act addresses a significant decline in revenues following two years of unprecedented General Fund growth, which resulted in a state shortfall of more than $30 billion. Despite the shortfall the governor provided a cost of living adjustment of 8.22% to the Local Control Funding Formula, funding for universal school meals, transitional kindergarten, community schools, and the expanded learning opportunities program for an overall increase in funding to schools for the 2023-24 fiscal year.

Despite increases in school funding, costs of salaries, pensions, and other employee benefits continue to rise. With declining enrollment, the District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at Dehesa School District, in person at 4612 Dehesa Road, El Cajon, CA 92019 or via phone at (619) 444-2161.

Basic Financial Statements

Dehesa School District

Statement of Net Position
June 30, 2023

		Governmental Activities
Assets		
Cash	$	5,077,104
Accounts Receivable		758,159
Lease Receivable		21,718
Capital Assets:		
Land		3,000
Land Improvements		531,832
Buildings & Improvements		7,999,846
Equipment		937,982
Less Accumulated Depreciation		(3,913,907)
Lease Assets:		
Equipment		26,375
Less Accumulated Amortization		(5,275)
Total Assets		11,436,834
Deferred Outflows of Resources		859,893
Liabilities		
Accounts Payable and Other Current Liabilities		1,421,862
Long-Term Liabilities:		
Due Within One Year		162,333
Due In More Than One Year		8,030,989
Total Liabilities		9,615,184
Deferred Inflows of Resources		685,713
Net Position		
Net Investment in Capital Assets		323,792
Restricted For:		
Capital Projects		1,559,563
Debt Service		239,374
Educational Programs		214,712
Other Purposes (Expendable)		142,419
Other Purposes (Nonexpendable)		2,707
Unrestricted		(486,737)
Total Net Position	$	1,995,830

The accompanying notes to the financial statements are an integral part of this statement.

Dehesa School District

Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 1,410,801	$ -	$ 586,467	$ -	$ (824,334)
Instruction-Related Services:					
Instructional Library, Media and Technology	123,665	-	9,645	-	(114,020)
School Site Administration	375,537	-	89,012	-	(286,525)
Pupil Services:					
Home-to-School Transportation	162,602	-	5,646	-	(156,956)
Food Services	159,345	(3,481)	235,094	-	72,268
All Other Pupil Services	95,817	-	12,454	-	(83,363)
General Administration:					
All Other General Administration	600,372	-	36,812	-	(563,560)
Plant Services	559,159	-	45,981	-	(513,178)
Ancillary Services	13,107	-	9,024		(4,083)
Debt Issuance Costs	1,191	-	-	-	(1,191)
Interest on Long-term Debt	186,211	-	-	-	(186,211)
Total Governmental Activities	$ 3,687,807	$ (3,481)	$ 1,030,135	$ -	(2,661,153)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 98,288
Property Taxes, Levied for Debt Service	276,587
Federal and State Aid Not Restricted for Specific Purposes	1,396,304
Interest and Investment Earnings	111,175
Interagency Revenues	522,152
Miscellaneous	446,921
Total General Revenues	2,851,427
Change in Net Position	190,274
Net Position - Beginning of Year	1,805,556
Net Position - Ending	$ 1,995,830

The accompanying notes to the financial statements are an integral part of this statement.

Dehesa School District

Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and Cash Equivalents	$ 2,774,479	$ 813,408	$ 704,048	$ 785,169	$ 5,077,104
Accounts Receivable	710,908	7,228	6,919	33,104	758,159
Lease Receivable	21,718	-	-	-	21,718
Total Assets	$ 3,507,105	$ 820,636	$ 710,967	$ 818,273	$ 5,856,981
Liabilities Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts Payable	$ 1,352,784	$ -	$ 6,700	$ 3,547	$ 1,363,031
Total Liabilities	1,352,784	-	6,700	3,547	1,363,031
Deferred Inflows of Resources					
Deferred Rent	21,273	-	-	-	21,273
Fund Balance:					
Nonspendable	2,707	-	-	-	2,707
Restricted	222,035	820,636	704,267	409,130	2,156,068
Assigned	1,766,157	-	-	405,596	2,171,753
Unassigned	142,149	-	-	-	142,149
Total Fund Balance	2,133,048	820,636	704,267	814,726	4,472,677
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,507,105	$ 820,636	$ 710,967	$ 818,273	$ 5,856,981

The accompanying notes to the financial statements are an integral part of this statement.

Dehesa School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances governmental funds:		$ 4,472,677
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation, and accumulated amortization.		
Capital assets relating to governmental activities, at historical cost	9,472,660	
Accumulated depreciation	(3,913,907)	
Net		5,558,753
Lease assets relating to governmental activities, at historical cost	26,375	
Accumulated amortization	(5,275)	
Net		21,100
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:		29,765
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(58,831)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt.		
Deferred outflows of resources relating to debt refunding	83,723	
Deferred inflows of resources relating to debt refunding	(21,146)	
Net		62,577

The accompanying notes to the financial statements are an integral part of this statement.

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable		6,055,347	
Leases payable		21,350	
Net pension liability		2,017,371	
Net OPEB liability		11,233	
Legal settlement		54,800	
Compensated absences payable		33,221	
	Total		(8,193,322)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions		732,578	
Deferred inflows of resources relating to pensions		(582,589)	
	Net		149,989

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.

Deferred outflows of resources relating to OPEB		13,827	
Deferred inflows of resources relating to OPEB		(60,705)	
	Net		(46,878)

Total net position governmental activities:	$ 1,995,830

Dehesa School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Revenues					
State Apportionment	$ 1,213,481	$ -	$ -	$ -	$ 1,213,481
Education Protection Account Funds	114,599	-	-	-	114,599
Property Taxes	98,288	-	-	276,587	374,875
Federal Revenue	260,539	-	-	51,378	311,917
Other State Revenue	405,721	-	-	178,542	584,263
Interest	68,124	21,863	24,674	14,998	129,659
Fair Market Value Adjustment	(12,277)	(2,424)	2,379	(6,162)	(18,484)
Charter School Fees	522,152	-	-	-	522,152
Other Local Revenue	483,273	-	-	14,854	498,127
Total Revenues	$ 3,153,900	$ 19,439	$ 27,053	$ 530,197	$ 3,730,589
Expenditures					
Current Expenditures:					
Instruction	1,164,694	-	-	-	1,164,694
Instruction - Related Services	490,876	-	-	-	490,876
Pupil Services	228,811	-	-	157,405	386,216
Ancillary Services	-	-	-	13,107	13,107
General Administration	608,271	-	-	-	608,271
Plant Services	292,845	4,725	14,970	-	312,540
Capital Outlay	31,875	-	436,511	-	468,386
Debt Service:					
Principal	5,025	-	-	99,311	104,336
Interest	578	-	-	131,342	131,920
Total Expenditures	2,822,975	4,725	451,481	401,165	3,680,346
Excess (Deficiency) of Revenues Over (Under) Expenditures	330,925	14,714	(424,428)	129,032	50,243
Other Financing Sources (Uses):					
Transfers In	-	-	-	20,000	20,000
Transfers Out	(20,000)	-	-	-	(20,000)
Proceeds from Leases	26,375	-	-	-	26,375
Total Other Financing Sources (Uses)	6,375	-	-	20,000	26,375
Net Change in Fund Balance	337,300	14,714	(424,428)	149,032	76,618
Fund Balance, Beginning of Year	1,795,748	805,922	1,128,695	665,694	4,396,059
Fund Balance, End of Year	$ 2,133,048	$ 820,636	$ 704,267	$ 814,726	$ 4,472,677

The accompanying notes to the financial statements are an integral part of this statement.

Dehesa School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Total change in fund balances, governmental funds:		$ 76,618
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation expense or amortization expense. The difference between capital outlay expenditures, depreciation expense and amortization expense for the period is:		
Expenditures for capital outlay	468,386	
Cancelled capital projects	(242,670)	
Depreciation expense	(267,235)	
Amortization expense	(5,275)	
Net		(46,794)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		104,336
Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:		(1,191)
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(26,375)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from		(56,158)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	361
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer contributions was:	(2,645)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or Other Financing Use in the period that it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is:	1,868
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	126,554
Other liabilities not normally liquidated with current financial resources: In government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:	13,700
Change in net position of governmental activities:	$ 190,274

A. Summary of Significant Accounting Policies

Dehesa School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-8 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food services, child development, charter schools, capital facilities funds, debt service funds, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. 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 of 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 general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Building Fund: The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

County School Facilities Fund: This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), 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). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Green School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Charter School Fund: This fund is used to account separately for the operating activities of District operated charter schools.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code§41003*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service fund:

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

4. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District’s policy to use restricted resources first, then unrestricted resources.

5. Encumbrances

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

6. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

Non-exchange transactions are transactions in which the District receives value without directly giving equal value in return, including 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 are 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.

b. 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, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

   a. Deposits and Investments

      Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

      In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

      The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

      Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

   b. Stores Inventories and Prepaid Expenditures

      Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

      The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

   c. Capital Assets

      Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of $5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of $5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

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

g. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

j. Minimum Fund Balance Policy

The District maintains a minimum reserve of 5% of general fund expenditures including other financing uses within the general fund. This reserve may be increased from time to time in order to address specific anticipated shortfalls. If necessary, the Special Reserve Fund for Other Than Capital Outlay may also be used to meet the minimum state required reserve level. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either 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. The Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20) do not have continuing revenue sources that are either restricted or committed in nature. As such these funds do not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. The funds have been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

n. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

9. Property Taxes

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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

10. Use of 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.

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 91, Conduit Debt Obligations	05/2019
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020
GASB Statement 96, Subscription Based Information Technology Arrangements	05/2020
GASB Statement 99, Omnibus 2022 (Portions related to leases, PPPs, and SBITAs)	04/2022
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Except Question 5.1)	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2023:

- Subscription based information technology arrangements (SBITAs) were previously accounted for as a current expense in the years the subscription payments were made. Under the provisions of GASB Statement No. 96 long-term subscriptions are recorded on the government wide statement of net position as subscription assets which are amortized over the life of the agreement, and subscription liabilities which are reduced over the life of the agreement by principal payments.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

   In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

   The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2023, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 5,071,475	$ -	$ 5,071,475	$ -
Total investments by fair value level	$ 5,071,475	$ -	$ 5,071,475	$ -

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 §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as 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 the 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.

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2023, the District held the following cash and cash equivalents:

	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Cash In County Treasury	$ 2,849,494	$ 836,216	$ 723,789	$ 797,470	$ 5,206,969
Fair Market Value Adjustment	(77,722)	(22,808)	(19,741)	(15,223)	(135,494)
Cash In Banks and Revolving Fund	2,707	-	-	2,922	5,629
Total Cash and Cash Equivalents	$ 2,774,479	$ 813,408	$ 704,048	$ 785,169	$ 5,077,104

1. Cash in County Treasury

   In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($5,206,969 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $5,071,475. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

   Cash balances on hand and in banks ($2,922 as of June 30, 2023) and in revolving fund ($2,707 as of June 30, 2023) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2023, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 5,071,475

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2023, the District's bank balances, including revolving cash, did not exceed FDIC insurance limitations and as such were not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the San Diego County Treasury with a fair value of $5,071,475. The average weighted maturity for this pool was 438 days at June 30, 2023.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2023, consisted of:

	Major Governmental Funds				
	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Federal Government:					
Special Education	$ 132,295	$ -	$ -	$ -	$ 132,295
Child Nutrition Program	-	-	-	10,049	10,049
Title I	810	-	-	-	810
State Government:					
LCFF State Aid	3,554	-	-	-	3,554
Lottery	6,309	-	-	-	6,309
Special Education	21,524	-	-	-	21,524
Child Nutrition Program	-	-	-	18,802	18,802
Local Sources					
Charter Schools Oversight Fees	500,976	-	-	-	500,976
Charter Schools Overpayments	21,175	-	-	-	21,175
Interest	21,520	7,228	6,919	4,253	39,920
Other Local Sources	2,745	-	-	-	2,745
Total Accounts Receivable	$ 710,908	$ 7,228	$ 6,919	$ 33,104	$ 758,159

F. Lease Receivable

The District entered into a lease agreement with Cabrillo Point Academy, Pacific Coast Academy, and Mission Vista Academy for the use of facilities through June 30, 2024. The lease calls for quarterly rent payments of $5,397 during the 2022-23 fiscal year and $5,532 during the 2023-24 fiscal year. Activity on the leases receivable during the fiscal year ended June 30, 2023 is as follows:

Description	# of Agreements	Discount Rate
Facilities Use Agreement	1	2.40%

	Lease Receivable			
Description	Balance July 1, 2022	New Lease Agreements	Principal Received	Balance June 30, 2023
Facilities Use Agreement	$ -	$ 42,547	$ 20,829	$ 21,718

	Deferred Inflows of Resources			
Description	Balance July 1, 2022	Deferred Rent Receivable	Amortization	Balance June 30, 2023
Facilities Use Agreement	$ -	$ 42,547	$ 21,274	$ 21,273

G. Capital Assets and Lease Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 3,000	$ -	$ -	$ 3,000
Work in progress	242,670	-	242,670	-
Total capital assets not being depreciated	245,670	-	242,670	3,000
Capital assets being depreciated:				
Land improvements	531,832	-	-	531,832
Buildings and improvements	7,563,335	436,511	-	7,999,846
Equipment	932,482	5,500	-	937,982
Total capital assets being depreciated	9,027,649	442,011	-	9,469,660
Less accumulated depreciation for:				
Land improvements	(121,868)	(25,252)	-	(147,120)
Buildings and improvements	(2,673,216)	(216,173)	-	(2,889,389)
Equipment	(851,588)	(25,810)	-	(877,398)
Total accumulated depreciation	(3,646,672)	(267,235)	-	(3,913,907)
Total capital assets, net	5,626,647	174,776	242,670	5,558,753
Lease assets				
Equipment	-	26,375	-	26,375
Less accumulated amortization	-	(5,275)	-	(5,275)
Total lease assets	-	21,100	-	21,100
Total Capital & Lease Assets, Net	$ 5,626,647	$ 195,876	$ 242,670	$ 5,579,853

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	$ 231,372	$ 5,275
Instruction Related	3,003	-
Pupil Services	29,998	-
General Administration	821	-
Plant Services	2,041	-
	$ 267,235	$ 5,275

H. Interfund Balances & Activities

1. Interfund Receivables and Payables (Due To and From Other Funds)

   There were no interfund receivables or payables as of June 30, 2023.

2. Transfers To and From Other Funds

   Transfers to and from other funds at June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Governmental Funds	General Fund	$ 20,000	Program contribution
	Total	$ 20,000	

I. Accounts Payable

Accounts payable balances as of June 30, 2023, consisted of:

	Major Governmental Funds			
	General Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Vendors payable	$ 208,005	$ 6,700	$ 3,547	$ 218,252
Payroll and related benefits	13,060	-	-	13,060
Charter schools in-lieu of property tax	1,131,719	-	-	1,131,719
Total Accounts Payable	$ 1,352,784	$ 6,700	$ 3,547	$ 1,363,031

J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The District did not issue any short-term debt during the fiscal year ended June 30, 2023.

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2023, consisted of:

	Major Governmental Funds				
	General Fund	Building Fund	County School Facilities Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance					
Revolving Cash	$ 2,707	$ -	$ -	$ -	$ 2,707
Total Nonspendable Fund Balance	2,707	-	-	-	2,707
Restricted Fund Balance					
Capital Projects	-	820,636	704,267	34,660	1,559,563
Debt Service	-	-	-	239,374	239,374
Educational Programs	213,531	-	-	1,181	214,712
Other Purposes	8,504	-	-	133,915	142,419
Total Restricted Fund Balance	222,035	820,636	704,267	409,130	2,156,068
Assigned Fund Balance					
Capital Projects	-	-	-	264,976	264,976
Educational Programs	834,650	-	-	140,620	975,270
Other Post Employment Benefits	715,758	-	-	-	715,758
Other Purposes	215,749	-	-	-	215,749
Total Assigned Fund Balance	1,766,157	-	-	405,596	2,171,753
Unassigned Fund Balance					
For Economic Uncertainty	142,149	-	-	-	142,149
Total Unassigned Fund Balance	142,149	-	-	-	142,149
Total Fund Balance	$ 2,133,048	$ 820,636	$ 704,267	$ 814,726	$ 4,472,677

L. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds					
Principal Balance	$ 5,681,546	$ -	$ 99,311	$ 5,582,235	$ 99,595
Accreted Interest	169,453	-	4,524	164,929	5,265
Bond Premium	260,770	53,102	5,689	308,183	5,405
Total GO Bonds	6,111,769	53,102	109,524	6,055,347	110,265
Leases Payable	-	26,375	5,025	21,350	5,147
Net OPEB Liability	2,233	9,000	-	11,233	-
Net Pension Liability	1,185,611	831,760	-	2,017,371	-
Legal Settlement Payable	68,500	-	13,700	54,800	13,700
Compensated Absences	33,582	-	361	33,221	33,221
Total Governmental Activities	$ 7,401,695	$ 920,237	$ 128,610	$ 8,193,322	$ 162,333

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for leases payable are made from the general fund.
- Payments for legal settlement payable are made from the general fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.
- Payments for compensated absences are made from the general fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

On November 2, 2010, registered voters authorized the issuance of $5,500,000 principal amount of general obligation bonds. On November 6, 2012, registered voters reauthorized the issuance of $3,000,000 principal amount of general obligation bonds. There are no available amounts available for issuance as of June 30, 2023.

General obligation bonds at June 30, 2023 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2010 Election, Series A	07/12/12	3.00-5.25%	08/01/43	$ 2,499,852
2012 Election, Series A	05/20/14	3.75-5.50%	08/01/44	2,170,992
2022 Refunding Bonds	05/04/22	2.55%	08/01/43	2,110,000
2022 Refunding Bonds, Series A	05/04/22	3.255%	08/01/44	1,365,000
2022 Refunding Bonds, Series B	05/04/22	2.788%	08/01/44	295,000
2012 Election, Series B	04/24/22	1.50 - 6.00%	02/01/47	824,996
				$ 9,265,840

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2010 Election, Series A					
Principal	$ 384,852	$ -	$ 35,000	$ 349,852	$ 35,000
Premium	150,687	-	3,130	147,557	3,130
Accreted Interest	107,461	16,515	-	123,976	-
2012 Election, Series A					
Principal	726,698	-	19,311	707,387	24,595
Premium	52,459	-	1,394	51,065	1,775
Accreted Interest	61,992	8,370	5,689	64,673	5,405
2022 Refunding Bonds					
Principal	2,110,000	-	30,000	2,080,000	25,000
2022 Refunding Bonds, Series A					
Principal	1,365,000	-	15,000	1,350,000	5,000
2022 Refunding Bonds, Series B					
Principal	295,000	-	-	295,000	5,000
2012 Election, Series B					
Principal	799,996	-	-	799,996	5,000
Premium	57,624	-	-	57,624	360
Accreted Interest	-	28,217	-	28,217	-
Total GO Bonds	$ 6,111,769	$ 53,102	$ 109,524	$ 6,055,347	$ 110,265

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2024	$ 104,595	$ 139,926	$ 5,405	$ 249,926
2025	104,286	137,167	10,714	252,167
2026	121,310	134,385	13,690	269,385
2027	127,968	131,270	17,032	276,270
2028	134,199	127,980	20,801	282,980
2029-2033	794,504	589,256	177,856	1,561,616
2034-2038	1,115,285	474,195	332,474	1,921,954
2039-2043	1,919,604	255,950	133,110	2,308,664
2044-2048	995,484	42,567	540,796	1,578,847
2049-2053	165,000	2,888	-	167,888
Total	$ 5,582,235	$ 2,035,584	$ 1,251,878	$ 8,869,697

Accreted Interest

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2023.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	2010 Election, Series A	2012 Election, Series A	2012 Election, Series B
Total Interest Payments	$ 3,075,100	$ 2,659,700	$ 1,028,375
Less Bond Premium	(223,578)	(156,719)	(59,425)
Net Interest Payments	$ 2,851,522	$ 2,502,981	$ 968,950
PAR Amount of Bonds	$ 2,499,582	$ 2,170,992	$ 824,996
Periods	30	30	27
Effective Interest Rate	3.80%	3.84%	4.35%

3. Leases Payable

The District entered into a lease arrangement with Signa Digital for the right to use copy machines. The lease calls for payments of $467 per month over sixty months beginning July 2022 and extending through June 2027. Interest was imputed at a rate of 2.40%. There are no residual value guarantees included in the lease.

Future payments on the leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 5,147	$ 456	$ 5,603
2025	5,272	331	5,603
2026	5,400	203	5,603
2027	5,531	72	5,603
Total	$ 21,350	$ 1,062	$ 22,412

4. Legal Settlement

In January 2021, the District entered into a legal agreement and release with a court appointed receiver to repay a settlement obligation related to charges and overpayment received under Education Code 74613 arising out of its authorization with involved charter schools and the fees charged.

The District will transfer funds to the court appointed receiver in the amount of $68,500 payable over five years in increments of $13,700. Each payment is due annually on or before September 1, of each year beginning September 1, 2022 with the final payment due September 1, 2026. The District agrees that the court appointed receiver may transfer the right to receive the funds to a third party, including without limitation to the state, as the court appointed receiver determines.

The payments under the agreement are as follows:

Year Ended June 30,	Principal
2024	$ 13,700
2025	13,700
2026	13,700
2027	13,700
Total	$ 54,800

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023, amounted to $33,221. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District's beginning net pension liability was $1,185,611 and increased by $831,760 during the year ended June 30, 2023 for an ending net pension liability of $2,017,371. See Note M for additional information regarding the net pension liability.

7. Net OPEB Liability

The District's beginning net OPEB liability was $2,233 and increased by $9,000 during the year ended June 30, 2023 for an ending net OPEB liability of $11,233. See Note N for additional information regarding the net OPEB liability.

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
Hire Date	Before Jan. 1, 2013	After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2022-23)	10.250%	10.205%
Required Employer Contribution Rates (2022-23)	19.100%	19.100%
Required State Contribution Rates (2022-23)	10.828%	10.828%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2022-23)	7.000%	8.000%
Required Employer Contribution Rates (2022-23)	25.370%	25.370%

*Amounts are limited to 120% of Social Security Wage Base
**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2023, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2023. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2023, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 25.37% of covered payroll.

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2023 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	$ 62,169	$ 64,817
2022	10.828%	69,487	10,483
2023	10.828%	63,052	210,542

The State contributed an additional $297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 118,451	$ 150,198	$ 268,649
Contributions - State On Behalf Payments	63,052	-	63,052
Total Governmental Funds	$ 181,503	$ 150,198	$ 331,701

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 110,839	$ 134,840	$ 245,679
Contributions - State On Behalf Payments	69,487	-	69,487
Total Government-Wide	$ 180,326	$ 134,840	$ 315,166

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

As of June 30, 2022 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 712,923	$ 1,304,448	$ 2,017,371

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to measurement date June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and June 30, 2023 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2022	0.001011%	0.000655%	0.001666%	0.003568%
Proportion June 30, 2023	0.001026%	0.000626%	0.001652%	0.003791%
Change in Proportion	0.000015%	-0.000029%	-0.000014%	0.000223%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	$ 210,542	$ -	$ 210,542
Employer Contributions	118,451	150,198	268,649
Change In:			
Net Pension Liability	252,845	578,915	831,760
Deferred Outflows of Resources	85,394	(541,789)	(456,395)
Deferred Inflows of Resources	(489,042)	(12,877)	(501,919)
Total Pension Expense - Governmental	$ 178,190	$ 174,447	$ 352,637

b. Deferred Outflows and Inflows of Resources

At June 30, 2023, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Contributions Subsequent to Measurement	$ 118,451	$ 150,198	$ 268,649
Experience Differences	722	6,404	7,126
Changes in Assumptions	38,550	96,496	135,046
Changes in Proportionate Share	74,023	77,213	151,236
Earnings Differences	-	170,521	170,521
Total Deferred Outflows of Resources	$ 231,746	$ 500,832	$ 732,578

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Experience Differences	$ 61,371	$ 32,386	$ 93,757
Changes in Proportionate Share	370,796	100,150	470,946
Earnings Differences	17,886	-	17,886
Total Deferred Inflows of Resources	$ 450,053	$ 132,536	$ 582,589

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2024. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Governmental Activities					
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2024	$ 221,343	$ 259,509	$ (176,045)	$ (44,728)	$ 260,079
2025	3,467	82,844	(179,736)	(44,727)	(138,152)
2026	3,467	55,494	(135,386)	(43,081)	(119,506)
2027	3,469	102,985	50,884	-	157,338
2028	-	-	(7,317)	-	(7,317)
Thereafter	-	-	(2,453)	-	(2,453)
Total	$ 231,746	$ 500,832	$ (450,053)	$ (132,536)	$ 149,989

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Payroll Growth	3.50%	(3)
Investment Rate of Return	7.00%	6.90%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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.

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitivie	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigating Strategies	10.00%	1.75%
Cash/Liquidity	2.00%	-0.35%

*20 year average

CalPERS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

*20 year average

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 1,210,813	$ 1,884,342
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 712,923	$ 1,304,448
1% Increase	8.10%	7.90%
Net Pension Liability	$ 299,530	$ 825,188

1. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022 (Previously Reported)	$ 5,927,639	$ 5,169,489	$ 758,150	$ 298,072	$ 460,078
Changes for the year					
Change in proportionate share	(49,812)	(43,441)	(6,371)	(13,197)	6,826
Service cost	126,791	-	126,791	48,046	78,745
Interest	416,238	-	416,238	157,727	258,511
Experience differences	(27,638)	-	(27,638)	(10,473)	(17,165)
Change in assumptions	-	-	-	-	-
Change in benefits	1,156	-	1,156	438	718
Contributions:					
Employer	-	107,733	(107,733)	(40,824)	(66,909)
Employee	-	67,196	(67,196)	(25,463)	(41,733)
State on behalf	-	70,705	(70,705)	(26,793)	(43,912)
Net investment income	-	(122,088)	122,088	46,263	75,825
Other income	-	2,151	(2,151)	(815)	(1,336)
Benefit payments[1]	(289,541)	(289,541)	-	-	-
Administrative expenses	-	(3,157)	3,157	1,196	1,961
Borrowing costs	-	(2,029)	2,029	769	1,260
Other expenses	-	(88)	88	34	54
Net changes	177,194	(212,559)	389,753	136,908	252,845
Balance at June 30, 2023	$ 6,104,833	$ 4,956,930	$ 1,147,903	$ 434,980	$ 712,923

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022			
(Previously Reported)	$ 3,812,675	$ 3,087,143	$ 725,532
Changes for the year			
Change in proportionate share	238,292	192,946	45,346
Service cost	94,219	-	94,219
Interest	281,892	-	281,892
Experience differences	(42,019)	-	(42,019)
Change in assumptions	129,770	-	129,770
Change in benefits	-	-	-
Contributions:			
Employer	-	134,850	(134,850)
Employee	-	41,862	(41,862)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	(244,385)	244,385
Benefit payments(1)	(200,876)	(200,876)	-
Administrative expenses	-	(2,035)	2,035
Other expenses	-	-	-
Net changes	501,278	(77,638)	578,916
Balance at June 30, 2023	$ 4,313,953	$ 3,009,505	$ 1,304,448

(1) – Includes refunds of employee contributions

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

N. Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

The District's defined benefit OPEB plan, Dehesa School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board. The District has established an irrevocable trust with CalPERS CERBT under Investment Strategy 1.

2. Plan Eligibility

The District provides retiree health benefits to employees who meet eligibility requirements. To be eligible for benefits employees must have been hired prior to August 17, 2017 and retired at a minimum age of 60 with 15 years of service at the District.

3. Benefits Provided

The District provides medical, dental and vision benefits to eligible employees up to age 65. Dependents can be added to plans on a self-pay basis.

4. Contributions

For eligible plan members hired before January 1, 2016 the District pays 100% of premiums for medical, dental and vision benefits. For eligible plan members hired between January 1, 2016 and August 17, 2017 the District pays 100% of premiums up to a cap which is equal to the Kaiser Permanente single premium. Dependent benefit contributions are made by the plan member.

5. Plan Membership

Membership of the plan consisted of the following as of June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	9
	9

6. Net OPEB Liability

The Dehesa School District's net OPEB liability of $11,233 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

7. Actuarial Assumptions and Other Inputs

The net OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:	
Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Investment rate of return	6.25%
Discount rate	6.25%
Healthcare cost trend rates	4.00%
Retiree's share of costs	0.00%

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus the long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation Municipal Bonds rated AA or higher. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 2009 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

Actuarial Cost Method

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Actuarial Value of Assets

Any assets of the plan are valued on a market value basis.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	5.50%
Global Debt Securities	25%	2.35%
Inflation Assets	5%	1.50%
Real Estate Investment Trusts	8%	3.65%
Commodities	3%	1.75%
Cash	0%	0.00%

Long-term expected rate of return is 6.25%.

8. Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance July 1, 2022	$ 93,938	$ 91,705	$ 2,233
Service cost	6,159	-	6,159
Interest	6,064	-	6,064
Investment Earnings	-	3,301	(3,301)
Administrative Expense	-	(78)	78
Current Year Changes	12,223	3,223	9,000
Balance June 30, 2023	$ 106,161	$ 94,928	$ 11,233

9. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.25%)	Valuation Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	$ 19,870	$ 11,233	$ 3,318

10. Sensitivity of the Net OPEB liability to Changes in Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Healthcare Cost Trends Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability	$ (1,215)	$ 11,233	$ 25,969

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

For the year ended June 30, 2023, the District recognized OPEB expense of $2,645. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Differences	$ 2,100	$ 23,970
Change of Assumptions	2,869	36,735
Investment Gains and Losses	8,858	-
Total	$ 13,827	$ 60,705

Amounts reported as 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 of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2024	$ 3,646	$ (7,573)	$ (3,927)
2025	3,646	(7,574)	(3,928)
2026	3,645	(7,463)	(3,818)
2027	916	(7,463)	(6,547)
2028	432	(7,463)	(7,031)
Thereafter	1,542	(23,169)	(21,627)
Total	$ 13,827	$ (60,705)	$ (46,878)

O. Participation in Joint Powers Authorities

The District is a member of two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the Fringe Benefit Consortium (FBC) for the operation of common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

P. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. 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 as of June 30, 2023.

3. Construction Commitments

   As of June 30, 2023, the District did not have any commitments with respect to capital projects.

R. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

In accordance with GASB Statement No. 65, prepaid debt insurance and refunding losses are recorded as deferred outflows of resources and amortized over the life of the debt.

A summary of the deferred outflows of resources as of June 30, 2023, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 317,140	$ 125,277	$ 210,671	$ 231,746
CalPERS	(40,957)	794,893	253,104	500,832
OPEB Related	15,045	2,428	3,646	13,827
Prepaid Insurance	30,956	-	1,191	29,765
Refunding Loss	87,528	-	3,805	83,723
Total Deferred Outflows of Resources	$ 409,712	$ 922,598	$ 472,417	$ 859,893

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Prepaid Insurance	Refunding Losses	Total
2024	$ 480,852	$ 3,646	$ 1,191	$ 3,805	$ 489,494
2025	86,311	3,646	1,191	3,805	94,953
2026	58,961	3,645	1,191	3,805	67,602
2027	106,454	916	1,191	3,805	112,366
2028	-	432	1,191	3,805	5,428
Thereafter	-	1,542	23,810	64,698	90,050
Total	$ 732,578	$ 13,827	$ 29,765	$ 83,723	$ 859,893

S. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

In accordance with GASB Statement No. 65, refunding gains are recorded as deferred inflows of resources and amortized over the life of the debt.

In accordance with GASB Statement No. 87, deferred rent associated with lease receivable is set up as a deferred inflow of resources and amortized over the life of the lease.

A summary of the deferred inflows of resources as of June 30, 2023, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 939,095	$ (283,679)	$ 205,363	$ 450,053
CalPERS	145,413	42,019	54,896	132,536
OPEB Related	68,278	-	7,573	60,705
Deferred Rent	-	21,273	-	21,273
Refunding Gain	22,295	-	1,149	21,146
Total Deferred Inflows of Resources	$ 1,175,081	$ (220,387)	$ 268,981	$ 685,713

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Deferred Rent	Refunding Gain	Total
2024	$ 220,773	$ 7,573	$ 5,318	$ 1,149	$ 234,813
2025	224,463	7,574	5,318	1,149	238,504
2026	178,467	7,463	5,318	1,149	192,397
2027	(50,884)	7,463	5,319	1,149	(36,953)
2028	7,317	7,463	-	1,149	15,929
Thereafter	2,453	23,169	-	15,401	41,023
Total	$ 582,589	$ 60,705	$ 21,273	$ 21,146	$ 685,713

T. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 99, Omnibus 2022 (Portions related to financial guarantees and derivative instruments)	04/2022	2024-25
GASB Statement 100, Accounting Changes for Error Corrections	06/2022	2024-25
GASB Statement 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Question 5.1)	05/2021	2024-25
GASB Implementation Guide 2023-1, Implementation Guidance Update - 2023	06/2023	2024-25

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

Required Supplementary Information

Dehesa School District

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance to Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
LCFF Sources				
State Apportionment	$ 982,718	$ 1,209,580	$ 1,213,481	$ 3,901
Education Protection Account	306,539	114,616	114,599	(17)
Property Taxes	38,291	1,779,340	98,288	(1,681,052)
Federal Revenue	102,362	259,482	260,539	1,057
Other State Revenue	183,425	384,179	405,721	21,542
Interest Income	13,000	25,514	43,420	17,906
Fair Market Value Adjustment	-	-	5,107	5,107
Other Local Revenue	977,422	1,013,774	995,212	(18,562)
Total Revenues	2,603,757	4,786,485	3,136,367	(1,650,118)
Expenditures				
Current Expenditures:				
Certificated Salaries	662,450	668,326	667,777	549
Classified Salaries	658,291	672,913	680,652	(7,739)
Employee Benefits	656,288	607,050	603,128	3,922
Books and Supplies	182,437	147,927	134,747	13,180
Services and Other Operating	814,924	788,187	699,193	88,994
Capital Outlay	-	5,500	31,875	(26,375)
Debt Service				
Principal	-	-	5,025	(5,025)
Interest	-	-	578	(578)
Total Expenditures	2,974,390	2,889,903	2,822,975	66,928
Excess (Deficiency) of Revenues Over Expenditures	(370,633)	1,896,582	313,392	(1,583,190)
Other Financing Sources (Uses)				
Proceeds from Leases	-	-	26,375	26,375
Transfers Out	(40,000)	(20,000)	(20,000)	-
Net Financing Sources (Uses)	(40,000)	(20,000)	6,375	26,375
Net Change in Fund Balance	(410,633)	1,876,582	319,767	(1,556,815)
Fund Balance - Beginning of Year	881,773	881,773	881,773	-
Fund Balance - End of Year	$ 471,140	$ 2,758,355	$ 1,201,540	$ (1,556,815)

See Accompanying Notes to Required Supplementary Information

Dehesa School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0010%	0.0010%	0.0014%	0.0018%	0.0014%	0.0015%	0.0018%	0.0019%	0.0021%	N/A
District's proportionate share of the net pension liability (asset)	$ 712,923	$ 460,078	$ 1,385,799	$ 1,609,459	$ 1,294,970	$ 1,394,602	$ 1,443,542	$ 1,290,433	$ 1,238,358	N/A
State's proportionate share of the net pension liability (asset) associated with the District	434,981	341,304	912,548	1,660,940	1,686,840	1,607,307	1,555,346	1,292,619	1,140,103	N/A
Total	$ 1,147,904	$ 801,382	$ 2,298,347	$ 3,270,399	$ 2,981,810	$ 3,001,909	$ 2,998,888	$ 2,583,052	$ 2,378,461	N/A
District's covered payroll**	655,077	594,124	880,556	957,813	748,330	797,289	886,736	885,766	939,006	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.83%	77.44%	157.38%	168.03%	173.05%	174.92%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Dehesa School District

Schedule of the District's Contributions - CalSTRS
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 118,451	$ 110,839	$ 95,951	$ 150,575	$ 155,932	$ 107,984	$ 100,299	$ 95,147	$ 78,656	N/A
Contributions in relation to the contractually required contribution	(118,451)	(110,839)	(95,951)	(150,575)	(155,932)	(107,984)	(100,299)	(95,147)	(78,656)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 620,162	$ 655,077	$ 594,124	$ 880,556	$ 957,813	$ 748,330	$ 797,289	$ 886,736	$ 885,766	N/A
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Dehesa School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0038%	0.0036%	0.0041%	0.0039%	0.0036%	0.0038%	0.0036%	0.0038%	0.0039%	N/A
District's proportionate share of the net pension liability (asset)	$ 1,304,448	$ 725,533	$ 1,261,688	$ 1,140,997	$ 954,007	$ 905,012	$ 717,752	$ 566,268	$ 442,757	N/A
District's covered payroll**	$ 588,564	$ 512,242	$ 597,602	$ 547,857	$ 477,052	$ 486,910	$ 440,087	$ 427,220	$ 410,077	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.63%	141.64%	211.13%	208.27%	199.98%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Dehesa School District

Schedule of the District's Contributions - CalPERS
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 150,198	$ 134,840	$ 106,034	$ 117,853	$ 98,954	$ 74,091	$ 67,622	$ 52,137	$ 50,288	N/A
Contributions in relation to the contractually required contribution	(150,198)	(134,840)	(106,034)	(117,853)	(98,954)	(74,091)	(67,622)	(52,137)	(50,288)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A
District's covered payroll**	$ 592,030	$ 588,564	$ 512,242	$ 597,602	$ 547,857	$ 477,052	$ 486,910	$ 440,087	$ 427,220	N/A
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.77%	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Dehesa School District

Schedule of Changes in the District's Net OPEB liability and Related Ratios – DSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	$ 6,159	$ 7,441	$ 13,832	$ 10,349	$ 10,048	$ 9,883	N/A	N/A	N/A	N/A
Interest	6,064	6,868	2,915	4,321	4,781	4,598	N/A	N/A	N/A	N/A
Experience differences	-	(25,326)	2,940	(4,304)	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	-	1,906	(39,280)	(13,665)	3,377	(881)	N/A	N/A	N/A	N/A
Benefit payments	-	-	(2,940)	(9,506)	(12,767)	(11,988)	N/A	N/A	N/A	N/A
Change in total OPEB	12,223	(9,111)	(22,533)	(12,805)	5,439	1,612	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	93,938	103,049	125,582	138,387	136,775	131,336	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 106,161	$ 93,938	$ 103,049	$ 125,582	$ 142,214	$ 132,948	N/A	N/A	N/A	N/A
Plan fiduciary net position:										
Investment earnings	$ 3,301	$ (8,279)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employer contributions	-	100,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(78)	(16)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in plan fiduciary net position	3,223	91,705	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	91,705	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	$ 94,928	$ 91,705	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability	$ 11,233	$ 2,233	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$ 1,370,000	$ 1,370,000	$ 1,880,000	$ 1,880,000	$ 1,060,000	$ 1,060,000	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	0.82%	0.16%	5.48%	6.68%	13.42%	12.54%	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The District established an OPEB trust during the 2021-22 fiscal year.

Dehesa School District

Schedule of the District's Contributions – DSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	-	(100,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ (100,000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll**	$ 1,370,000	$ 1,370,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.000%	7.299%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The District established an OPEB trust during the 2021-22 fiscal year.

Budgetary Comparison Schedule Reconciliation

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Other Postemployment Benefits (Fund 20) do not meet the definition of a special revenue fund and are therefore included with the General Fund for reporting purposes. The budgetary comparison schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below represents a reconciliation between the schedules:

General Fund - Basic Financial Statements Ending Fund Balance	$ 2,133,048
Less Fund 17 Fund Balance	(215,750)
Less Fund 20 Fund Balance	(715,758)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 1,201,540
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 337,300
Less Fund 17 Net Change in Fund Balance	(4,159)
Less Fund 20 Net Change in Fund Balance	(13,374)
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 319,767

Excess of Expenditures Over Appropriations

As of June 30, 2023, the District's expenditures which exceeded appropriations in the following categories:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Classified Salaries	$ 7,739	The District underestimated salary increases associated with bargaining agreements.
Capital Outlay	26,375	The District did not budget for capital expenditures associated with leases.
Debt Service	5,603	The District did not budget for debt service payments associated with leases.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020 (released in May 2021). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return (1)	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return (1)	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS 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.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. Subsequently the CalPERS Board decrease from 7.25% to 7.15% for the school pool valuation occurred in the June 30, 2019, valuation. Finally, the CalPERS board decreased the discount rate from 7.15% to 6.90% for measurement date June 30, 2022 as a result of the 2021 experience study. Additional adjustments were made to mortality and other assumptions based upon the experience study completed in 2021.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/00 - 06/30/19
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	2.75%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

Schedule of Changes in the District's Net OPEB liability and Related Ratios

1) Benefit Changes: There were no changes to benefit terms during the current fiscal year.

2) Changes in Assumptions: Thre were no changes in assumptions during the 2022-23 fiscal year.

3) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.50%
2019	3.15%
2020	2.20%
2021	6.50%
2022	6.25%
2023	6.25%

Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis through the OPEB Trust administered by CalPERS.

Combining Statements as Supplementary Information

Dehesa School District

Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Capital Project Funds		Debt Service Fund	
	Associated Student Body Fund	Charter School Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Capital Outlay Projects	Bond Interest and Redemption Fund	Total Nonmajor Funds
Assets								
Cash and Cash Equivalents	$ 143	$ 138,383	$ 2,189	$ 108,077	$ 34,355	$ 262,648	$ 239,374	$ 785,169
Accounts Receivable	-	1,227	2	29,242	305	2,328	-	33,104
Total Assets	$ 143	$ 139,610	$ 2,191	$ 137,319	$ 34,660	$ 264,976	$ 239,374	$ 818,273
Liabilities, Deferred Inflows of Resources, and Fund Balance:								
Liabilities:								
Accounts Payable	$ -	$ -	$ -	$ 3,547	$ -	$ -	$ -	$ 3,547
Total Liabilities	-	-	-	3,547	-	-	-	3,547
Deferred Inflows of Resources								
Deferred Rent Income	-	-	-	-	-	-	-	-
Fund Balance:								
Restricted	143	1,181	-	133,772	34,660	-	239,374	409,130
Assigned	-	138,429	2,191	-	-	264,976	-	405,596
Total Fund Balance	143	139,610	2,191	133,772	34,660	264,976	239,374	814,726
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 143	$ 139,610	$ 2,191	$ 137,319	$ 34,660	$ 264,976	$ 239,374	$ 818,273

Dehesa School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Capital Project Funds		Debt Service Fund	
	Associated Student Body Fund	Charter School Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Capital Outlay Projects	Bond Interest and Redemption Fund	Total Nonmajor Funds
Revenues								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 276,587	$ 276,587
Federal Revenue	-	-	-	51,378	-	-	-	51,378
Other State Revenue	-	-	-	178,542	-	-	-	178,542
Interest	-	3,703	12	838	854	7,027	2,564	14,998
Fair Market Value Adjustment	-	(1,013)	14	(2,800)	(441)	(1,922)	-	(6,162)
Other Local Revenue	9,023	-	-	(3,481)	9,718	-	(406)	14,854
Total Revenues	$ 9,023	$ 2,690	$ 26	$ 224,477	$ 10,131	$ 5,105	$ 278,745	$ 530,197
Expenditures								
Current Expenditures:								
Pupil Services	-	-	773	156,632	-	-	-	157,405
Ancillary Services	13,107	-	-	-	-	-	-	13,107
Debt Service:								
Principal	-	-	-	-	-	-	99,311	99,311
Interest	-	-	-	-	-	-	131,342	131,342
Total Expenditures	13,107	-	773	156,632	-	-	230,653	401,165
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,084)	2,690	(747)	67,845	10,131	5,105	48,092	129,032
Other Financing Sources (Uses):								
Transfers In	-	-	-	20,000	-	-	-	20,000
Total Other Financing Sources (Uses)	-	-	-	20,000	-	-	-	20,000
Net Change in Fund Balance	(4,084)	2,690	(747)	87,845	10,131	5,105	48,092	149,032
Fund Balance, Beginning of Year	4,227	136,920	2,938	45,927	24,529	259,871	191,282	665,694
Fund Balance, End of Year	$ 143	$ 139,610	$ 2,191	$ 133,772	$ 34,660	$ 264,976	$ 239,374	$ 814,726

Other Supplementary Information

Dehesa School District
Local Education Agency Organization Structure
June 30, 2023

The Dehesa School District was established in 1876 and is comprised of approximately 19 square miles, located in San Diego County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating one elementary school for kindergarten through grade eight.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Cynthia White	President	Four Year Term Expires November 2026
Karen Kirkpatrick	Vice President	Four Year Term Expires November 2024
Richard White	Clerk	Four Year Term Expires November 2024
Christopher Pham	Member	Four Year Term Expires November 2026
Dustin White	Member	Four Year Term Expires November 2026

ADMINISTRATION

Bradley Johnson
Superintendent
Chief Business Officer

Jholei Evans
Principal

Dehesa School District

Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Second Period Report		Annual Report	
	Original DD9AB596	Revised	Original 5BE09BB5	Revised
TK/K-3				
Regular ADA	44.48	N/A	45.60	N/A
Total TK/K-3	44.48	N/A	45.60	N/A
Grades 4-6				
Regular ADA	18.93	N/A	19.30	N/A
Total Grades 4-6	18.93	N/A	19.30	N/A
Grades 7-8				
Regular ADA	17.31	N/A	17.32	N/A
Total Grades 7-8	17.31	N/A	17.32	N/A
Total ADA	80.72	N/A	82.22	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

Dehesa School District
Schedule of Instructional Time
Year Ended June 30, 2023

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	53,940	0	53,940	180	0	180	Complied
Kindergarten	36,000	53,940	0	53,940	180	0	180	Complied
1st Grade	50,400	53,940	0	53,940	180	0	180	Complied
2nd Grade	50,400	53,940	0	53,940	180	0	180	Complied
3rd Grade	50,400	54,840	0	54,840	180	0	180	Complied
4th Grade	54,000	54,840	0	54,840	180	0	180	Complied
5th Grade	54,000	54,840	0	54,840	180	0	180	Complied
6th Grade	54,000	54,840	0	54,840	180	0	180	Complied
7th Grade	54,000	56,640	0	56,640	180	0	180	Complied
8th Grade	54,000	56,640	0	56,640	180	0	180	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112:Grades 1 to 3 230 minutes
- EC §46113: Grades 4 to 8 240 minutes
- EC §46114: Kindergarten 180 minutes
- EC §46141: Grades 9 to 12 240 minutes

Dehesa School District

Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

General Fund	Budget 2024 (See Note 1)	2023	2022	2021
Revenues and Other Financing Sources	$ 2,410,377	$ 3,162,742	$ 3,536,198	$ 3,018,495
Expenditures and Other Financing Uses	3,068,777	2,842,975	3,603,404	3,139,630
Net Change in Fund Balance	(658,400)	319,767	(67,206)	(121,135)
Ending Fund Balance	$ 543,140	$ 1,201,540	$ 881,773	$ 948,979
Available Reserves (See Note 2)	$ 153,439	$ 142,149	$ 686,042	$ 881,028
Available Reserves as a Percentage of Total Outgo	5.00%	5.00%	19.04%	28.06%
Long Term Debt	$ 6,053,644	$ 6,131,497	$ 6,180,269	$ 4,986,248
Average Daily Attendance at P2	81	81	95	133

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.

The general fund balance has increased by $252,561 (26.61%) over the past two years. The fiscal year 2023-24 budget projects a decrease of $658,400 (54.80%). For a district of this size, the State recommends available reserves of 5% of total general fund expenditures and other financing uses (total outgo) or $75,000, whichever is greater.

Total long-term debt has increased by $1,145,249 over the past two years.

Average daily attendance (ADA) has decreased by 52 as compared to ADA funded in 2020-21. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

Notes:

1. Budget 2024 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Other Postemployment Benefits (Fund 20) do not meet the definition of special revenue funds and were therefore combined with the General Fund for financial statement reporting. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

Dehesa School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

	General Fund (Fund 01)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Postemployment Benefits (Fund 20)
June 30, 2023, annual financial and budget report fund balances	$ 1,201,540	$ 215,750	$ 715,758
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB 54 Fund Presentation	931,508	(215,750)	(715,758)
Net adjustments and reclassifications	931,508	(215,750)	(715,758)
June 30, 2023, audited financial statement fund balances	$ 2,133,048	$ -	$ -

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

Dehesa School District
Schedule of Charter Schools
Year Ended June 30, 2023

The following charter schools are chartered by Dehesa School District:

Charter Schools	Charter Number	Included in Audit?
The Heights Charter School	1488	No
Methods Charter School	1617	No
Diego Hills Central Public Charter	1909	No
Pacific Coast Academy	1892	No
Cabrillo Point Academy	1748	No

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

Other Independent Auditors’ Reports

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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 Board of Education
Dehesa School District

We have audited, in accordance with the 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 the Dehesa School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not 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*.

218 West Douglas Avenue, El Cajon, CA 92020
Phone: 619-447-6700 | Fax: 619-447-6707 | whllp.com

Purpose of this Report

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 7, 2023

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance and on Internal Control over State Compliance

To the Board of Education
Dehesa School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited the Dehesa School District's (the District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2023.

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide 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 applicable state 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 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 generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

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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 applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, 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 state 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 Audit Guide, 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.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following programs:

		Procedures Performed
Local Education Agencies Other than Charter Schools		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	No
E.	Continuation Education	N/A
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	N/A
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	N/A
N.	Middle or Early College High Schools	N/A
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	N/A
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	N/A
TT.	Home to School Transportation Reimbursement	Yes
UU.	Independent Study Certification for ADA Loss Mitigation	Yes

School Districts, County Offices of Education, and Charter Schools		Procedures Performed
T.	California Clean Energy Jobs Act	N/A
U.	After/Before School Education and Safety Program	N/A
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study - Course Based	N/A
Z.	Immunizations	No
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	N/A
EZ.	Transitional Kindergarten	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for independent study because there was no long-term independent study ADA reported and short-term ADA generated by independent study was below the level which required testing.

We did not perform procedures for Immunizations because the school site for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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 State Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 state compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over state 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 7, 2023

Auditor’s Results, Findings & Recommendations

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Any audit findings disclosed that are required to be reported in accordance with *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies?*	____ Yes	X No

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* or the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. State Award Findings

None

Dehesa School District
Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2022-001 **Instructional Materials** <u>Condition</u> During our review of the notice of public hearing held to determine sufficiency of textbooks and instructional materials, we noted that the date the notice was posted did not provide the required 10 days of notice (provided six days notice) and was posted in only two public places. <u>Recommendation</u> Implement review procedures over public hearing notices to ensure the notice is posted to be in compliance within the minimum required amount of time and in the minimum required public locations.	Implemented	