Financial Statements
June 30, 2023

Santa Ana Unified School District

Independent Auditor's Report

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 Santa Ana Unified School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Santa Ana Unified School District.

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REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds receipt of special taxes and assessments used to pay principal and interest on non-obligatory bonds of the financial reporting entity. The District's fiduciary activities are reported in the *Statement of Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $441,844,390 for the fiscal year ended June 30, 2023, reflecting an increase of 106.4% since June 30, 2022. Of this amount, $(530,884,095) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	$ 806,558,562	$ 557,290,064
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	1,048,069,123	995,283,554
Total assets	1,854,627,685	1,552,573,618
Deferred Outflows of Resources	278,952,723	194,709,452
Liabilities		
Current liabilities	122,682,443	95,833,239
Long-term liabilities	1,477,999,736	1,140,489,050
Total liabilities	1,600,682,179	1,236,322,289
Deferred Inflows of Resources	91,053,839	296,878,390
Net Position		
Net investment in capital assets	628,908,036	615,257,671
Restricted	343,820,449	198,097,720
Unrestricted (deficit)	(530,884,095)	(599,273,000)
Total net position	$ 441,844,390	$ 214,082,391

Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased to $(530,884,095) compared to $(599,273,000).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 20. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022*
Revenues		
Program revenues		
Charges for services and sales	$ 13,578,198	$ 7,422,981
Operating grants and contributions	427,750,376	315,055,476
Capital grants and contributions	53,937,772	7,294,359
General revenues		
Federal and State aid not restricted	410,769,725	367,886,991
Property taxes	246,173,243	229,018,126
Other general revenues	19,389,357	9,178,581
Total revenues	1,171,598,671	935,856,514
Expenses		
Instruction-related	643,272,631	551,101,988
Pupil services	128,587,774	114,975,923
Administration	48,001,728	38,886,195
Plant services	78,261,129	72,226,743
Interest on long-term liabilities	26,897,237	22,933,445
All other functional expenses	18,816,173	15,452,004
Total expenses	943,836,672	815,576,298
Change in net position	$ 227,761,999	$ 120,280,216

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

Governmental Activities

As reported in the *Statement of Activities* on page 20, the cost of all of our governmental activities this year was $943,836,672. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $246,173,243 because the cost was paid by those who benefited from the programs ($13,578,198) or by other governments and organizations who subsidized certain programs with grants and contributions ($481,688,148). We paid for the remaining "public benefit" portion of our governmental activities with $430,159,082 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related programs, pupil services, administration, plant services, interest on long-term liabilities, and all other functional expenses. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 643,272,631	$ 551,101,988	$ (275,909,073)	$ (326,199,448)
Pupil services	128,587,774	114,975,923	(48,171,988)	(43,269,041)
Administration	48,001,728	38,886,195	(36,668,319)	(28,463,356)
Plant services	78,261,129	72,226,743	(57,666,426)	(61,261,478)
Interest on long-term liabilities	26,897,237	22,933,445	(26,897,237)	(22,933,445)
All other functional expenses	18,816,173	15,452,004	(3,257,283)	(3,676,704)
Total	$ 943,836,672	$ 815,576,298	$ (448,570,326)	$ (485,803,472)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $660,695,632, which is an increase of $237,116,669 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	$ 273,601,357	$ 1,010,074,774	$ 863,824,366	$ 419,851,765
Building Fund	32,105,348	110,202,125	70,163,765	72,143,708
Student Activity Fund	2,095,209	3,105,000	3,106,371	2,093,838
Charter School Fund	1,986,274	7,926,183	6,569,587	3,342,870
Child Development Fund	1,241,937	18,960,292	18,931,946	1,270,283
Cafeteria Fund	14,125,530	39,455,404	43,262,511	10,318,423
Deferred Maintenance Fund	7,422,328	1,106,854	1,215,219	7,313,963
Capital Facilities Fund	37,982,028	15,185,120	3,191,513	49,975,635
County School Facilities Fund	3,799,646	53,937,772	22,294,459	35,442,959
Special Reserve Fund for Capital Outlay Projects	8,167,466	6,168,325	4,641,527	9,694,264
Capital Project Fund for Blended Component Units	439,597	198,303	194	637,706
Bond Interest and Redemption Fund	40,573,851	37,575,438	29,631,723	48,517,566
Debt Service Fund for Blended Component Units	38,392	7,847,481	7,793,221	92,652
Total	$ 423,578,963	$ 1,311,743,071	$ 1,074,626,402	$ 660,695,632

The primary reasons for changes are:

1. The General Fund showed an increase of $146.3 million.
2. The Building Fund showed an increase of $40.0 million.
3. The Charter School Fund showed an increase of $1.4 million.
4. The Cafeteria Fund showed a decrease of $3.8 million.
5. The Capital Facilities Fund showed an increase of $12.0 million.
6. The County School Facilities Fund showed an increase of $31.6 million.
7. The Special Reserve Fund for Capital Outlay Projects showed an increase of $1.5 million.
8. The Bond Interest and Redemption Fund showed an increase of $7.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 27, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 86.)

The key differences between the original budget, final budget, and actual results is attributable to:

- Re-allocation of categorical program carryover from the prior year
- Adjusted revenue and expenditures to project spending amounts and carryovers for current year.
- The District spent 82.60% on the personnel costs including certificated salaries, classified salaries, and employee benefits:
- This included the 9.0% ongoing salary increases.
- This included a one-time bonus of 5.0% for certificated and management.
- This included a one-time bonus of $2,500 for each non-management classified.
- Approximately 7.82% was spent with one-time COVID-19 funds.
- The District spent 17.40% on the non-personnel costs:
- Approximately 2.8% were spent on the COVID-19 related expenditures such as PPE, technology (Chromebooks, iPads, hotspots, headphones), catering services for learning loss professional development, parent workshops related to engagement, technology, and leadership, mental health, field trips, art class, classroom furniture, fingerprinting, software licenses, graduation, tutoring services, HVACs, summer school, etc.

As has been the practice of the District, Santa Ana Unified School District does not reallocate categorical program carryover from the prior year until the financial records for the prior year are closed. Consequently, the original budget does not include revenues or expenditures related to categorical carryover, while the final budget and actual results reflects these carryovers.

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

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

At June 30, 2023, the District had $1,048,069,123 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, and depreciation and amortization) of $52,785,569, or 5.3%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 As restated
Land and construction in progress	$ 341,189,985	$ 264,763,719
Land improvements	49,422,874	53,646,423
Buildings and improvements	645,928,373	667,739,124
Furniture and equipment	6,483,035	4,155,312
Right-to-use leased assets	653,380	-
Right-to-use subscription IT assets	4,391,476	4,978,976
Total	$ 1,048,069,123	$ 995,283,554

This year's addition of $96.08 million included new furniture, equipment, right-to-use leased assets, right-to-use subscription IT assets, and several construction projects.

We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 7 to the financial statements.

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had $630,116,873 in long-term liabilities other than OPEB and pension versus $550,417,082 last year. The obligations consisted of:

Table 6

	Governmental Activities	
	2023	2022 As restated
Long-Term Liabilities		
General obligation bonds	$ 506,276,822	$ 422,355,308
Premium on issuance	22,729,202	19,900,026
Certificates of participation	56,064,108	58,996,276
Premium on issuance	1,798,993	1,929,041
Construction loan	7,038,702	8,584,015
Leases	667,121	-
Subscription-based IT arrangements	1,045,414	724,662
Compensated absences	5,703,359	6,049,555
Supplemental early retirement plan (SERP)	11,811,834	16,717,112
Claims liability	16,981,318	15,161,087
Total	$ 630,116,873	$ 550,417,082

The State limits the amount of general obligation debt that unified school districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $506.3 million is below the statutorily-imposed limit.

We present more detailed information regarding our long-term liabilities in Note 11 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had $214,243,440 in net OPEB liability versus $212,841,671 last year, an increase of $1,401,769 or 0.7%. We present more detailed information regarding our pension liability in Note 12 of the financial statements.

At year-end, the District had $633,639,423 in aggregate net pension liability versus $377,553,106 last year, an increase of $256,086,317 or 67.8%. We present more detailed information regarding our pension liability in Note 16 of the financial statements.

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

Accomplishments have been organized and represented via a two-pronged approach: (a) by Board Priority representing the collaborative and collective work of the district's administrative team and (b) by department reflecting accomplishments specific to that team.

Student Achievement

Graduate Profile

- SAP to Promote College Readiness and a College-going Culture
- Advanced Placement Precalculus (AP Precalc) will be Piloted by 3 schools
- 588 Graduating seniors earned the prestigious Seal of Biliteracy this year
- 5,000-semester credits recovered spanning all subject areas and A-G course credit for graduation college readiness for approximately 3,000 students
- Engage over 12,000 students in AVID

Early Learning

- Preschool Mental Health & Wellness Services & Support through Catalyst
- CalNew to support newcomers' access to college and career readiness

Programs Expansions

- Five new Ethnic Studies Courses Implemented
- Before School program expected to serve 130 students
- The Engage 360 15 Enrichment programs enrolled 12,336 students over 3 rotations

Grants/ Partnerships/ Plans

- CALNEW Grant for Supplemental Support
- ProjectCARE CTE pathway for mental health, social work and counseling career exploration/development
- SELA launched to provide SPED leadership PD to educators

Personalized Learning

- Studysync Training for Teachers & Coaches
- New History-Social Science Curriculum for ES
- Effective, Targeted, Materials/Programs for Newcomer English Learners
- Saturday Summer ELD Support for NEW ELL Students

Social Emotional Wellness

Support

- 15,105 students were served through Restorative Practice Support efforts
- We Care Suicide Prevention Campaign (February 2023)
- LGBTQ+ Task Force
- Completed 1,693 IEP assessments and 21,714 mandated screenings
- Millions of breakfasts, lunches, snacks, and dinners served to students and children of the community.

Family and Community Engagement

Digital Outreach

- Increased followers to District social media accounts, up 13% from the previous school year
- Created more than 5.4 million total impressions across all primary SAUSD social media accounts
- Reached 95% of SAUSD families through ParentSquare, the District's primary digital communication platform

Student Achievement Support

- Implementing the (eight) Dimensions of Wellness
- Facilitating communications regarding student achievement among educators and SAUSD parents via the Parent Square platform

Community Support

- FACE Liaisons provided the following: 1:1 Family Support 15,231 connections, Academic Support 14,075 connections, Technology Support 1,877 connections, Mental Health Support 3,337 connections
- Math Training for Migrant ED parents to support students – 40 parents trained
- 3rd Annual Ethnic Studies Community Conference for Students & Parents

Business Services

- Implemented the new Capital Assets reporting process
- Refinanced 2012 Bond for over $700,000 in interest savings to the Santa Ana Community
- Completed 12 Facilities Construction projects, and commenced work on 17 others
- Upgraded the inventory management and tracking software and equipment
- Received $1.4 million in equipment and facilities Grant, used for equipment to bring more scratch-cooked menus to more SAUSD students
- Implemented a new Travel and Conference Process via Informed K12 (IK12)
- Hey HQ App – completed the implementation of the communication integration between radios, PA's, strobes, and cameras across all District school sites
- Introduced the KnowGo Program which focuses on student awareness of the sensitive topic of Sexual Child Abuse & Molestation in a child-friendly manner.
- Enhanced cybersecurity protections, including the Implementation of Multi-Factor Authentication (MFA), and the use of new back-up software and systems.
- Implemented a new field trip request system, and new work order system for all white fleet vehicles

Communications

- Organized 12 Community Town Hall Meetings to connect SAUSD community with district leaders on issues including Student Safety and Wellbeing, Budget and Spending, and District operations
- Grew overall social media presence across the District to help highlight and promote different programs and services for the SAUSD community.
- Supported schools with crisis communications following incidents that necessitated sending out messages to families and community members.

Community Relations

- Organized the Monthly Superintendent's Advisory Committee (SAC)
- Promoted community engagement via the participation of the SAUSD Information Booth at over 60 community events
- Organization and collaboration of community backpack school distribution events with key partners

Human Resources

- Solidified and implemented best practices for position control, hiring, record keeping, data entry, employee files, leaves and grievances
- Restructured Title IX and uniform complaint processes in collaboration with Support Services
- Implemented Title IX training for all administrators
- Implemented Job Fairs targeting graduating SAUSD students
- Updated physical environment to improve working conditions for staff including technology, workstations, and communication systems

School Police

- Implemented the Student Advisory Committee where students from various High Schools participated in zoom meetings and discussions with the Chief.
- Initiated and led a multi-agency, Active Shooter Drill on July 2022 and January 2023. Over 150 Police, Fire, Explorers from throughout Orange County participated.
- Implemented the Emergency Service Manager position to oversee all District Emergency Operations

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2023-2024 budget was adopted according to the statute prior to June 30, 2023. The District's revenue and expenditure projections are reflective of the Governor's May Revise Budget Proposal. In considering the District Budget for the 2023-2024 year, the Board of Education and District Management used the following criteria:

Revenues:

1. The District's major source of income is from the Local Control Funding Formula (LCFF). LCFF funding consists of Base, Supplemental, and Concentration grants, as well as Targeted Instructional Improvement Block Grant, Home-to School Transportation add-on programs as well as the Education Protection Account.
2. Projected declining enrollment of – 1,892 from 39,603 in 2022-2023 to 37,711 in 2023-2024.
3. The District uses the average of three prior's average daily attendance (ADA) to calculate the budget year's LCFF funding.
4. Projected funded ADA of 40,204.71 to calculate LCFF funding.
5. Statutory COLA of 8.22%.
6. Unduplicated pupil count of 83.67%.
7. One-time LCFF Transfers of $9 million to Deferred Maintenance Fund for Lathrop HVAC, Villa HVAC, and other miscellaneous HVAC projects.
8. Decreased Federal funding due to spending down the one-time IDEA/American Rescue Plan, 611 Local Assistance, 619 Federal Preschool and Alternative Dispute Resolution funds, ESSER III-ELO, GEER, American Rescue Plan-Homeless Children and Youth (ARP-HCY) grant funds, Title /ESEA programs, and COPS Office School Violence Prevention.
9. Decreased Other State funding due to budget removal of one-time funds such as Literacy Coaches and Reading Specialists, Educator Effectiveness, CA Community Schools Partnership (CCSPP), Arts, Music and Instructional Materials Block Grant, Child Nutrition Kitchen Infrastructure and Training, Learning Communities for School Success Program: Cohort 6, and Learning Recovery Emergency Block Grant funds; budget reductions in Prop 47 grant, Dual Immersion, CNBCT Incentive Grant, Supplementary Programs, STRS on Behalf, State Lottery, LCFF Transportation add-on, Mandated Cost reimbursement, and Special Education Master Plan; and budget increases in one-time funding for Universal Pre-K Planning and Implementation and Tobacco Grant from DOJ.
10. Decreased Other Local funding due to budget reductions in interest income, fair market value, K12 Strong Workforce Program Pathway Improvement grant, charter school settlement payments, MAA revenue, grants that are expiring as well as budgeting one-time Blue Meridian grant.
11. Increased contribution mostly to Special Education and Ongoing and Major Maintenance Account.
12. Mandated Block Grant funding.
13. Unrestricted and Restricted Lottery funding.

Expenditures:

1. Step and column increase.
2. Full-year cost of vacant positions.
3. New positions, frozen positions, and position conversions for both certificated and classified positions
4. Increased in employee benefits costs due to the PERS rate increase from 25.37% to 26.68%, assumed increased rate of 15% in Health and Welfare benefits, and reinstatement of workers compensation and retiree benefits rates of 1.35% and 2.21%, respectively.
5. Continued budgeting regular positions with one-time COVID-19 funds balances such as Expanded Learning Opportunities funds, expiring September 30, 2024.
6. Continued budgeting facilities projects that address improved indoor air quality and/or outdoor learning environments with one-time COVID-19 ESSER III funds balance, expiring September 30, 2024.
7. Increased in utility costs.
8. Technology Refresh funds for grades 3, 6, and 9.
9. Adoption of textbooks for K-12 Science and replacement textbooks.
10. PARS Supplemental Retirement Program (2021-2026): 3rd of a 5-year payment schedule of $4,153,828.37.
11. Increased Special Education costs.
12. Removal of one-time expenditures.
13. Removal of ESSER II, ESSER II SEA Reserve, GEER, GEER-ELO, ESSER III SEA Reserve Emergency Needs, and ESSER III SEA Reserve Learning Loss funds as the district spent the funds down in 2022-2023.
14. Removal of carryover, however, it will be budgeted when the actual amounts are known.

Staffing ratios:

	Staffing Ratio	Enrollment
Transitional Kindergarten	12:1	1,115
Kindergarten through three	24:1	9,058
Grades four through five	26:1	5,163
Grades six through eight	28:1	8,678
Grades nine through twelve	30:1	13,030

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Santa Ana Unified School District, 1601 East Chestnut Avenue, Santa Ana, California, 92701-6322.

	Governmental Activities
Assets	
Deposits and investments	$ 738,141,528
Receivables	60,104,714
Prepaid expenses	608,409
Stores inventories	2,906,887
Lease receivables	494,814
Long-term receivables	4,302,210
Capital assets not depreciated	341,189,985
Capital assets, net of accumulated depreciation	701,834,282
Right-to-use leased assets, net of accumulated amortization	653,380
Right-to-use subscription IT assets, net of accumulated amortization	4,391,476
Total assets	1,854,627,685
Deferred Outflows of Resources	
Deferred charge on refunding	464,263
Deferred outflows of resources related to OPEB	62,324,524
Deferred outflows of resources related to pensions	216,163,936
Total deferred outflows of resources	278,952,723
Liabilities	
Accounts payable	90,067,251
Accrued interest payable	6,408,045
Unearned revenue	26,207,147
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	29,779,957
Long-term liabilities other than OPEB and pensions due in more than one year	600,336,916
Net other postemployment benefits (OPEB) liability	214,243,440
Aggregate net pension liability	633,639,423
Total liabilities	1,600,682,179
Deferred Inflows of Resources	
Deferred amount on refunding	759,617
Deferred inflows of resources related to OPEB	11,958,931
Deferred inflows of resources related to pensions	77,848,395
Deferred inflows of resources related to leases	486,896
Total deferred inflows of resources	91,053,839
Net Position	
Net investment in capital assets	628,908,036
Restricted for	
Debt service	42,123,606
Capital projects	86,570,809
Educational programs	197,310,561
Other activities	17,815,473
Unrestricted (deficit)	(530,884,095)
Total net position	$ 441,844,390

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 534,613,299	$ 2,124,163	$ 263,674,001	$ 53,937,772	$ (214,877,363)
Instruction-related activities					
Supervision of instruction	52,569,704	189,331	41,551,635	-	(10,828,738)
Instructional library, media, and technology	6,228,121	43,241	1,187,728	-	(4,997,152)
School site administration	49,861,507	46,185	4,609,502	-	(45,205,820)
Pupil services					
Home-to-school transportation	13,935,399	-	-	-	(13,935,399)
Food services	41,968,483	600,123	43,387,395	-	2,019,035
All other pupil services	72,683,892	256,368	36,171,900	-	(36,255,624)
Administration					
Data processing	8,574,696	-	-	-	(8,574,696)
All other administration	39,427,032	54,669	11,278,740	-	(28,093,623)
Plant services	78,261,129	6,633,424	13,961,279	-	(57,666,426)
Ancillary services	14,177,154	3,190	3,328,516	-	(10,845,448)
Community services	305,522	-	52	-	(305,470)
Enterprise services	361,341	6,434	360,288	-	5,381
Interest on long-term liabilities	26,897,237	-	-	-	(26,897,237)
Other outgo	3,972,156	3,621,070	8,239,340	-	7,888,254
Total governmental activities	$ 943,836,672	$ 13,578,198	$ 427,750,376	$ 53,937,772	(448,570,326)
General Revenues and Subventions					
Property taxes, levied for general purposes					211,142,876
Property taxes, levied for debt service					30,486,289
Taxes levied for other specific purposes					4,544,078
Federal and State aid not restricted to specific purposes					410,769,725
Interest and investment earnings					11,316,169
Miscellaneous					8,073,188
Subtotal, general revenues and subventions					676,332,325
Change in Net Position					227,761,999
Net Position - Beginning, as restated					214,082,391
Net Position - Ending					$ 441,844,390

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 467,243,212	$ 81,805,066	$ 161,926,918	$ 710,975,196
Receivables	42,703,287	239,155	16,182,459	59,124,901
Due from other funds	2,229,458	640,595	3,102,794	5,972,847
Prepaid expenditures	-	-	608,409	608,409
Stores inventories	1,102,280	-	1,804,607	2,906,887
Lease receivables	494,814	-	-	494,814
Total assets	$ 513,773,051	$ 82,684,816	$ 183,625,187	$ 780,083,054
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 63,880,791	$ 10,496,860	$ 10,145,748	$ 84,523,399
Due to other funds	5,440,151	44,248	2,685,581	8,169,980
Unearned revenue	24,113,448	-	2,093,699	26,207,147
Total liabilities	93,434,390	10,541,108	14,925,028	118,900,526
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	486,896	-	-	486,896
Fund Balances				
Nonspendable	1,252,280	-	2,414,896	3,667,176
Restricted	194,246,359	72,143,708	148,801,733	415,191,800
Committed	151,219,791	-	7,313,963	158,533,754
Assigned	55,841,431	-	10,169,567	66,010,998
Unassigned	17,291,904	-	-	17,291,904
Total fund balances	419,851,765	72,143,708	168,700,159	660,695,632
Total liabilities, deferred inflows of resources, and fund balances	$ 513,773,051	$ 82,684,816	$ 183,625,187	$ 780,083,054

Total Fund Balance - Governmental Funds		$ 660,695,632
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 1,602,208,783	
Accumulated depreciation is	(559,184,516)	
Net capital assets		1,043,024,267
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	830,140	
Accumulated amortization is	(176,760)	
Net right-to-use leased assets		653,380
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	6,004,210	
Accumulated amortization is	(1,612,734)	
Net right-to-use subscription IT assets		4,391,476
Receivables related to the settlement are not received in the near term (within a year) and therefore, are not reported as receivables in the Governmental Funds.		4,302,210
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(6,408,045)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and property and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		7,818,108
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	464,263	
Net other postemployment benefits (OPEB) liability	62,324,524	
Aggregate net pension liability	216,163,936	
Total deferred outflows of resources		278,952,723

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Deferred charge on refunding	$ (759,617)	
Net other postemployment benefits (OPEB) liability	(11,958,931)	
Aggregate net pension liability	(77,848,395)	
Total deferred inflows of resources		$ (90,566,943)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(633,639,423)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(214,243,440)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(418,970,373)	
Unamortized premium on issuance of bonds	(22,729,202)	
Certificates of participation	(39,397,342)	
Unamortized premium on issuance of certificates	(1,798,993)	
Construction loan	(7,038,702)	
Leases	(667,121)	
Subscription-based IT arrangements	(1,045,414)	
Compensated absences (vacations)	(5,703,359)	
Supplemental early retirement plan (SERP)	(11,811,834)	
In addition, the District has issued 'capital appreciation' general obligation bonds and certificates of participation. The accretion of interest on those bonds and certificates to date is the following		
Accumulated accretion on general obligation bonds	(87,306,449)	
Accumulated accretion on certificates of participation	(16,666,766)	
Total long-term liabilities		(613,135,555)
Total net position - governmental activities		$ 441,844,390

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 597,188,247	$ -	$ 5,527,441	$ 602,715,688
Federal sources	128,305,824	-	34,029,666	162,335,490
Other State sources	256,362,861	-	83,643,412	340,006,273
Other local sources	26,496,270	1,791,168	53,815,565	82,103,003
Total revenues	1,008,353,202	1,791,168	177,016,084	1,187,160,454
Expenditures				
Current				
Instruction	510,134,198	-	19,170,959	529,305,157
Instruction-related activities				
Supervision of instruction	51,640,815	-	1,597,057	53,237,872
Instructional library, media, and technology	6,451,105	-	-	6,451,105
School site administration	50,392,295	-	1,453,617	51,845,912
Pupil services				
Home-to-school transportation	13,957,038	-	-	13,957,038
Food services	609,941	-	41,992,710	42,602,651
All other pupil services	72,338,257	-	1,191,571	73,529,828
Administration				
Data processing	8,886,781	-	-	8,886,781
All other administration	42,138,456	-	1,435,917	43,574,373
Plant services	74,325,218	104,966	2,855,556	77,285,740
Ancillary services	11,159,788	-	3,159,073	14,318,861
Community services	312,185	-	-	312,185
Other outgo	3,972,156	-	-	3,972,156
Enterprise services	-	-	407,915	407,915
Facility acquisition and construction	7,895,160	69,202,300	11,127,393	88,224,853
Debt service				
Principal	733,699	-	23,612,786	24,346,485
Interest and other	105,343	856,499	15,261,677	16,223,519
Total expenditures	855,052,435	70,163,765	123,266,231	1,048,482,431
Excess (Deficiency) of Revenues over Expenditures	153,300,767	(68,372,597)	53,749,853	138,678,023
Other Financing Sources (Uses)				
Transfers in	-	16,410,957	9,733,014	26,143,971
Other sources - leases	830,140	-	-	830,140
Other sources - SBITAs	891,432	-	-	891,432
Other sources - proceeds from issuance of general obligation bonds	-	92,000,000	-	92,000,000
Other sources - premium on issuance of general obligation bonds	-	-	4,717,074	4,717,074
Transfers out	(8,771,931)	-	(17,372,040)	(26,143,971)
Net Financing Sources (Uses)	(7,050,359)	108,410,957	(2,921,952)	98,438,646
Net Change in Fund Balances	146,250,408	40,038,360	50,827,901	237,116,669
Fund Balances - Beginning	273,601,357	32,105,348	117,872,258	423,578,963
Fund Balances - Ending	$ 419,851,765	$ 72,143,708	$ 168,700,159	$ 660,695,632

Total Net Change in Fund Balances - Governmental Funds		$ 237,116,669
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Capital outlay	$ 91,105,753	
Depreciation and amortization expense	(38,320,184)	
Net expense adjustment		52,785,569
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(830,140)
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(891,432)
The collection of revenues related to the long-term receivable are revenues in the governmental funds, but reduce the long-term receivable in the Statement Net Position and do not affect the Statement of Activities.		(1,825,427)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid were more than the amounts earned by $4,905,278. Vacation earned was less than the amounts used by $346,196.		5,251,474
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		38,772,420

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		$ (5,828,504)
Proceeds received from general obligation bonds is a revenue, in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		(92,000,000)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances		
Premium on issuance of general obligation bonds recognized	$ (4,717,074)	
Amortization of debt premium	2,017,946	
Amortization of deferred charge on refunding	(8,745)	
Combined adjustment		(2,707,873)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		
General obligation bonds	17,685,000	
Certificates of participation	4,382,473	
Construction loan	1,545,313	
Leases	163,019	
Subscription-based IT arrangements	570,680	
Combined adjustment		24,346,485
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of the two factors. First, accrued interest on the general obligation bonds and certificates of participation increased by $1,626,100, and second, $11,056,819 of additional interest was accreted on the District's capital appreciation general obligation bonds and certificates of participation.		(12,682,919)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net change of the Internal Service Fund is reported with governmental activities.		(13,744,323)
Change in net position of governmental activities		$ 227,761,999

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 27,166,332
Receivables	979,813
Due from other funds	2,230,656
Total current assets	30,376,801
Liabilities	
Current liabilities	
Accounts payable	5,543,852
Due to other funds	33,523
Current portion of long-term liabilities	3,492,514
Total current liabilities	9,069,889
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	13,488,804
Net Position	
Restricted	$ 7,818,108

	Governmental Activities - Internal Service Fund
Operating Revenues	
Local and intermediate sources	$ 5,452,398
Operating Expenses	
Payroll costs	9,399,713
Supplies and materials	64,270
Other operating cost	10,742,798
Total operating expenses	20,206,781
Operating loss	(14,754,383)
Nonoperating Revenues (Expenses)	
Interest income (including fair market valuations)	1,010,060
Change in Net Position	(13,744,323)
Total Net Position - Beginning	21,562,431
Total Net Position - Ending	$ 7,818,108

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 5,059,029
Other operating cash receipts	17,507
Cash payments to other suppliers of goods or services	969,323
Cash payments to employees for services	(10,940,213)
Other operating cash payments	(8,922,567)
Net Cash Used for Operating Activities	(13,816,921)
Investing Activities	
Interest on investments	953,105
Net Decrease in Cash and Cash Equivalents	(12,863,816)
Cash and Cash Equivalents - Beginning	40,030,148
Cash and Cash Equivalents - Ending	$ 27,166,332
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (14,754,383)
Adjustments to reconcile operating loss to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	(81,761)
Due from other funds	(294,101)
Accounts payable	1,033,593
Due to other fund	(1,540,500)
Claims liability	1,820,231
Net Cash Used for Operating Activities	$ (13,816,921)

	Custodial Funds
Assets	
Deposits and investments	$ 1,223,122
Net Position	
Restricted for individuals, organizations, and other governments	$ 1,223,122

	Custodial Funds
Additions	
Contributions	
Special tax assessment	$ 478,499
Investment earnings	
Net decrease in the fair value of investments	168
Total additions	478,667
Deductions	
Payments to investors	520,544
Other expenses	97,865
Total deductions	618,409
Change in Fiduciary Net Position	(139,742)
Net Position - Beginning	1,362,864
Net Position - Ending	$ 1,223,122

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Santa Ana Unified School District (the District) was organized in 1888 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 36 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and three alternative high schools.

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

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. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units* and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Santa Ana Unified School District Public Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain school facilities from the corporation under various lease-purchase agreements recorded in long-term liabilities.

The Corporation's financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Certificates of participation and qualified zone academy bonds issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

Other Related Entities

Charter School The District has approved Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, NOVA Academy Early College High, and Advanced Learning Academy pursuant to *Education Code* Section 47605. The Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, and NOVA Academy Early College High are direct-funded and are not considered component units of the District. The Charter Schools are independent of the District, but subject to periodic charter renewal by the District. The Advanced Learning Academy is operated by the District, and its financial activity is presented in the Charter School Fund.

Basis of Presentation Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Other Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $1,588,421.

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

Non-Major Governmental Funds

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

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

- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing Districts General Fund.

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

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

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

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

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

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

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

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

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

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

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units fund is used for the accumulation of resources for and the retirement of principal and interest on debt issued by entities that are considered blended component units of the District under GAAP.

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

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a property and liability, dental, vision, and workers' compensation self-insurance fund that is accounted for in an internal service fund.

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

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District has no trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial fund is used to account for property taxes received from the Community Facilities District (CFD).

Basis of Accounting - Measurement Focus

Government - Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 and $20,000 for federally funded and non-federally funded assets, respectively. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 25 to 50 years; furniture and equipment, 15 to 20; years, and vehicles, eight years.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid. The compensated absence liability will be paid by the following funds: General Fund, Charter School Fund, Child Development Fund, Cafeteria Fund, and Building Fund.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities or proprietary fund statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

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

Subscriptions

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Stabilization Arrangement

In fiscal year 2010-2011, the governing board adopted a resolution for stabilization arrangements. Under the resolution, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The resolution states that, at fiscal year-end, an amount approximately equal to, but not less than, seven percent of the annual operating expenditures of the General Fund is to be committed for use in covering catastrophic losses, including natural and man-made disasters, insurance loss reserves, and limited operating expenses in a period of severe economic uncertainty. At June 30, 2023, $33,829,644 of the fund balance for the General Fund is reported as committed for economic stabilization. The resolution recognizes that under extreme conditions, the use of resources may result in the committed fund balance amount dropping below the established threshold. Such amounts are required to be reinstated by the end of the subsequent fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $343,820,449 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard are included in Notes 7 and 11.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 738,141,528
Fiduciary funds	1,223,122
Total deposits and investments	$ 739,364,650

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

Cash on hand and in banks	$ 7,380,834
Cash in revolving	851,880
Investments	731,131,936
Total deposits and investments	$ 739,364,650

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds and Notes	N/A	None	None
Registered State Bonds and Notes	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
U.S. Agency Securities	N/A	None	None
Farmer Credit System Bonds and Notes	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Federal Home Loan Bank System Obligations	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Obligations	N/A	None	None
U.S. Maritime Administration Obligations	N/A	None	None
U.S. Department of Housing and Urban Development Bonds and Notes	N/A	None	None
Money Market Funds	N/A	None	None
Deposit Accounts, Time Certificates of Deposit, Negotiable Certificates of Deposit	180 days	None	None
Commercial Paper	270 days	None	None
Federal Funds and Bankers Acceptance	365 days	None	None
Repurchase Agreement	30 days	None	None
Investment Agreement	N/A	None	None
Prefunded Municipal Bonds	N/A	None	None
State Investment Fund	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Reported Amount	Average Maturity in Days/ Maturity Date
Orange County Treasury Investment Pool	$ 731,117,529	225 days
Invesco Government and Agency Money Market Fund	14,407	28 days
Total	$ 731,131,936	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

The investment in the Orange County Treasury Investment Pool is not required to be rated nor have they been rated. The investment in Invesco Government and Agency Money Market Fund has been rated Aaa-mf by Moody's rating service as of June 30, 2023.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of $8,810,698 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Invesco Government and Agency Money Market Fund	$ 14,407	$ 14,407
Investments not measured for fair value or subject to fair value hierarchy		
Orange County Treasury Investment Pool	731,117,529	
Total investments	$ 731,131,936	

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 13,166,583	$ -	$ 7,603,906	$ -	$ 20,770,489
State Government					
LCFF apportionment	-	-	30,660	-	30,660
Categorical aid	20,591,757	-	7,380,750	-	27,972,507
Lottery	2,393,133	-	24,390	-	2,417,523
Local Government					
Interest	1,182,817	239,155	609,553	73,853	2,105,378
Other LEA	-	-	-	-	-
Other Local Sources	5,368,997	-	533,200	905,960	6,808,157
Total	$ 42,703,287	$ 239,155	$ 16,182,459	$ 979,813	$ 60,104,714

Note 5 - Lease Receivables

Cellular Tower Antenna Sites

The District leases a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with one optional renewal period of five years. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $135,825 in lease revenue and $14,289 in interest revenue related to these agreements. At June 30, 2023, the District recorded $494,814 in lease receivables and $486,896 deferred inflows of resources for these arrangements. The District used an interest rate of 6.24%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Long-Term Receivables

The long-term receivable relates to the legal settlement between the District and various charter schools for their equitable share contribution to the District-wide excess special education costs. The terms of the settlement require the charter schools to make installments equal to at least 20% of the total amount owed in January of 2023, 2024, 2025, 2026, and 2027. The balance of the long-term receivable as of June 30, 2023 is $4,302,210.

Note 7 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

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

	July 1, 2022 as Restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 152,003,691	$ -	$ -	$ 152,003,691
Construction in progress	112,760,028	85,928,224	(9,501,958)	189,186,294
Total capital assets not being depreciated	264,763,719	85,928,224	(9,501,958)	341,189,985
Capital Assets Being Depreciated				
Land improvements	104,961,485	318,535	-	105,280,020
Buildings and improvements	1,130,969,796	9,183,423	-	1,140,153,219
Furniture and equipment	12,263,404	3,322,155	-	15,585,559
Total capital assets being depreciated	1,248,194,685	12,824,113	-	1,261,018,798
Total capital assets	1,512,958,404	98,752,337	(9,501,958)	1,602,208,783
Less Accumulated Depreciation				
Land improvements	(51,315,062)	(4,542,084)	-	(55,857,146)
Buildings and improvements	(463,230,672)	(30,994,174)	-	(494,224,846)
Furniture and equipment	(8,108,092)	(994,432)	-	(9,102,524)
Total accumulated depreciation	(522,653,826)	(36,530,690)	-	(559,184,516)
Net depreciable capital assets	725,540,859	(23,706,577)	-	701,834,282
Right-to-use leased assets being amortized				
Furniture and equipment	-	830,140	-	830,140
Total right-to-use leased assets being amortized	-	830,140	-	830,140
Accumulated amortization				
Furniture and equipment	-	(176,760)	-	(176,760)
Total accumulated amortization	-	(176,760)	-	(176,760)
Net right-to-use leased assets	-	653,380	-	653,380
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	4,978,976	1,025,234	-	6,004,210
Accumulated amortization	-	(1,612,734)	-	(1,612,734)
Net right-to-use subscription IT assets	4,978,976	(587,500)	-	4,391,476
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 995,283,554	$ 62,287,527	$ (9,501,958)	$ 1,048,069,123

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

Governmental Activities	
Instruction	$ 27,573,473
Supervision of instruction	1,818,815
School site administration	161,581
All other pupil services	2,015,573
Data processing	208,057
All other administration	2,712,952
Plant services	3,829,733
Total depreciation and amortization expense governmental activities	$ 38,320,184

Note 8 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 32,698	$ 2,163,237	$ 33,523	$ 2,229,458
Building Fund	640,595	-	-	-	640,595
Non-Major Governmental Funds	2,959,856	1,165	141,773	-	3,102,794
Internal Service Fund	1,839,700	10,385	380,571	-	2,230,656
Total	$ 5,440,151	$ 44,248	$ 2,685,581	$ 33,523	$ 8,203,503

A balance of $613,998 due to the General Fund from the Charter School Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $1,149,699 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from the reimbursement of operating costs.

A balance of $385,075 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $640,595 due to the Building Fund from the General Fund resulted from allowable project costs.

A balance of $1,449,161 due to the Charter School Non-Major Governmental Fund from the General Fund resulted from allocation of in-lieu property taxes and various categorical funds.

A balance of $471,574 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from reimbursement of operating costs.

A balance of $1,000,000 due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund resulted from allowable project costs and transfer of LCFF apportionment.

A balance of $1,839,700 due to the Internal Service Fund from the General Fund resulted from insurance premiums.

A balance of $314,434 due to the Internal Service Fund from the Cafeteria Non-Major Governmental Fund resulted from insurance premiums.

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

Operating Transfers

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

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Fund	Total
Building Fund	$ 2,279,448	$ 14,131,509	$ 16,410,957
Non-Major Governmental Funds	6,492,483	3,240,531	9,733,014
Total	$ 8,771,931	$ 17,372,040	$ 26,143,971

The General Fund transferred to the Building Fund for reimbursement of project costs.	$ 2,279,448
The General Fund transferred to the Charter School Non-Major Governmental Fund for special education and allocation of various categorical funds.	172,483
The General Fund transferred to the Child Development Non-Major Governmental Fund for subsidy for non-certified family fees.	31,473
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for reimbursement of operating costs.	6,563
The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for reimbursement of project costs.	12,273
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of project costs and for local match for State Facilities Program grants.	2,360,282
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	3,909,409
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for the reimbursement of interest payment on lease.	1,704,021
The County School Facilities Non-Major Governmental Fund transferred to the Building Fund for reimbursement of project costs.	14,131,509
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for future debt service payments.	1,536,510
Total	$ 26,143,971

Note 9 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 31,014,158	$ 118,747	$ 1,882,061	$ 113,687	$ 33,128,653
LCFF apportionment	709,907	-	-	-	709,907
Due to CDE	10,784,287	-	82,350	-	10,866,637
Other vendor payables	21,372,439	10,378,113	8,181,337	5,430,165	45,362,054
Total	$ 63,880,791	$ 10,496,860	$ 10,145,748	$ 5,543,852	$ 90,067,251

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 15,349,649	$ 65,119	$ 15,414,768
State categorical aid	4,515,316	2,028,580	6,543,896
Other local	4,248,483	-	4,248,483
Total	$ 24,113,448	$ 2,093,699	$ 26,207,147

Note 11 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 422,355,308	$ 101,606,514	$ (17,685,000)	$ 506,276,822	$ 15,417,000
Premium on issuance	19,900,026	4,717,074	(1,887,898)	22,729,202	-
Certificates of participation	58,996,276	1,450,305	(4,382,473)	56,064,108	4,475,000
Premium on issuance	1,929,041	-	(130,048)	1,798,993	-
Construction loan	8,584,015	-	(1,545,313)	7,038,702	1,636,983
Leases	-	830,140	(163,019)	667,121	170,618
Subscription-based IT arrangements	724,662	891,432	(570,680)	1,045,414	650,564
Compensated absences	6,049,555	-	(346,196)	5,703,359	-
Supplemental early retirement plan (SERP)	16,717,112	-	(4,905,278)	11,811,834	3,937,278
Claims liability	15,161,087	5,312,745	(3,492,514)	16,981,318	3,492,514
Total	$ 550,417,082	$ 114,808,210	$ (35,108,419)	$ 630,116,873	$ 29,779,957

Payments made on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the certificates of participation and the construction loan are made by the Debt Service Fund for Blended Component Units. The leases and subscription-based IT arrangements will be paid by the General Fund. The compensated absences will be paid by the following funds: General Fund, Charter School Fund, Child Development Fund, Cafeteria Fund, and Building Fund. The supplemental early retirement plan (SERP) will be paid by the General Fund. The claims liability is paid from the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2023
10/30/02	08/01/32	2.68-5.53%	$ 50,828,156	$ 36,328,697	$ -	$ 1,929,876	$ (3,520,000)	$ 34,738,573
08/06/08	08/01/33	3.50-5.51%	99,997,856	11,003,168	-	943,200	(4,000,000)	7,946,368
11/20/09	08/01/47	6.54-7.337%	34,861,114	86,162,443	-	6,733,438	-	92,895,881
11/20/09	09/15/26	5.91%	19,240,000	19,240,000	-	-	-	19,240,000
12/02/10	08/01/28	6.45%	17,535,000	17,535,000	-	-	-	17,535,000
12/02/10	08/01/41	6.80-7.10%	19,775,000	19,775,000	-	-	-	19,775,000
12/02/10	08/01/22	2.50-5.00%	12,290,000	1,420,000	-	-	(1,420,000)	-
09/19/12	08/01/32	2.00-3.40%	19,720,000	275,000	-	-	(275,000)	-
04/18/18	08/01/33	3.00-5.00%	66,985,000	65,020,000	-	-	(220,000)	64,800,000
04/04/19	08/01/48	3.00-5.00%	60,000,000	46,600,000	-	-	-	46,600,000
04/04/19	08/01/29	3.00-5.00%	25,965,000	21,610,000	-	-	(2,300,000)	19,310,000
01/21/21	08/01/50	2.00-5.00%	80,000,000	80,000,000	-	-	(5,000,000)	75,000,000
05/13/22	08/01/33	2.16%	17,386,000	17,386,000	-	-	(950,000)	16,436,000
11/30/22	08/01/48	4.00-5.00%	92,000,000	-	92,000,000	-	-	92,000,000
				$ 422,355,308	$ 92,000,000	$ 9,606,514	$ (17,685,000)	$ 506,276,822

1999 General Obligation Bonds, Series 2002B

On October 30, 2002, the District issued capital appreciation bonds in the amount of $50,828,156 (accreting to $110,565,000 at maturity) in order to finance the acquisition, construction, and improvement of school sites and facilities, including relieving overcrowding, improving student safety, repairing, and renovating schools, and replacing portables with permanent classrooms. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.68 to 5.53%. At June 30, 2023, the principal balance outstanding was $34,738,573 (including accreted interest to date).

2008 General Obligation Bonds, Series A

On August 6, 2008, the District issued $94,235,000 in current interest bonds and $5,762,856 in capital appreciation bonds (accreting to $22,700,000 at maturity) with an original premium of $6,022,280. The bonds were issued to finance the acquisition, construction, and improvement of school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.50 to 5.51%. At June 30, 2023, the principal balance outstanding was $7,946,368 (including accreted interest to date).

2008 General Obligation Bonds, Series B

On November 20, 2009, the District issued capital appreciation bonds in the amount of $34,861,114 (accreting to $418,255,000 at maturity) with an original premium of $1,809,422. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2047, with interest rate yields ranging from 6.54 to 7.337%. At June 30, 2023, the principal balance outstanding was $92,895,881 (including accreted interest to date).

2008 General Obligation Bonds, Series C

On November 20, 2009, the District issued $19,240,000 in qualified school construction bonds under the provisions of the American Recovery and Reinvestment Act of 2009. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on September 15, 2026, with an interest rate of 5.91%. At June 30, 2023, the principal balance outstanding was $19,240,000.

2008 General Obligation Bonds, Series F

On December 2, 2010, the District issued $17,535,000 in current interest bonds with Series F. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2028, with an interest rate of 6.45%. The District has designated the Series F Bonds as "qualified school construction bonds" under Section 54F of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2023, the principal balance outstanding was $17,535,000.

2008 General Obligation Bonds, Series E

On December 2, 2010, the District issued $19,775,000 in current interest bonds with Series E. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2041, with interest rates ranging from 6.80 to 7.10%. The District has designated the Series E Bonds as "Build America Bonds" under Section 55AA of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2023, the principal balance outstanding was $19,775,000.

2010 General Obligation Refunding Bonds

On December 2, 2010, the District issued $12,290,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $12,300,000 of the District's outstanding Election of 1999, General Obligation Bonds, Series 2002. The bonds have a final maturity to occur on August 1, 2022, with interest rates ranging from 2.50 to 5.00%. At June 30, 2023, the bond obligation was fully defeased.

2012 General Obligation Refunding Bonds

On September 19, 2012, the District issued $19,720,000 in current interest bonds. The bonds were issued for the purpose of refunding $19,050,000 of the District's outstanding 1999 General Obligation Bonds, Series 2002. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.00 to 3.40%. At June 30, 2023, the bond obligation was fully defeased.

2018 General Obligation Refunding Bonds

On April 18, 2018, the District issued $66,985,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $94,235,000 of the District's outstanding Election of 2008, General Obligation Bonds, Series A. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $64,800,000.

2018 General Obligation Bonds, 2019 Series A

On April 4, 2019, the District issued $60,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $46,600,000.

2019 General Obligation Refunding Bonds

On April 4, 2019, the District issued $25,965,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $49,775,000 of the District's outstanding 2009 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2029, with interest rates ranging from 3.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $19,310,000.

2018 General Obligation Bonds, 2021 Series B

On January 21, 2021, the District issued $80,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2050, with interest rates ranging from 2.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $75,000,000.

2022 General Obligation Refunding Bonds

On May 13, 2022, the District issued $17,386,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $16,970,000 of the District's outstanding Election of 2012 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2033, with an interest rate yield of 2.16%. At June 30, 2023, the principal balance outstanding was $16,436,000.

2018 General Obligation Bonds, Series C

On November 30, 2022, the District issued $92,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing, and equipping of District facilities and to pay certain costs of issuance associated therewith. The bonds have a final maturity to occur on August 1, 2048, with interest rate yields of 4.00 to 5.00%. At June 30, 2023, the principal balance outstanding was $92,000,000.

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Current Interest at Maturity	Total
2024	$ 15,134,430	$ 282,570	$ 15,121,096	$ 30,538,096
2025	13,230,818	888,182	14,826,052	28,945,052
2026	12,385,845	445,155	14,487,017	27,318,017
2027	32,481,970	608,030	13,755,998	46,845,998
2027	14,238,224	763,776	13,163,318	28,165,318
2029-2033	118,731,883	16,659,433	51,629,917	187,021,233
2034-2038	69,999,328	49,815,672	36,542,749	156,357,749
2039-2043	81,713,977	82,201,282	26,645,254	190,560,513
2044-2048	94,565,347	109,110,180	15,196,178	218,871,705
2049-2051	53,795,000	-	2,716,319	56,511,319
Total	$ 506,276,822	$ 260,774,280	$ 204,083,898	$ 971,135,000

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2022	Accreted	Redeemed	Outstanding June 30, 2023
10/1/99	04/01/36	3.60-6.25%	$ 17,691,700	$ 23,031,276	$ 1,450,305	$ (2,602,473)	$ 21,879,108
12/5/12	12/01/35	4.25-5.20%	30,000,000	18,605,000	-	(1,290,000)	17,315,000
4/25/18	04/01/37	3.50-5.00%	19,165,000	17,360,000	-	(490,000)	16,870,000
				$ 58,996,276	$ 1,450,305	$ (4,382,473)	$ 56,064,108

1999 Certificates of Participation

On October 1, 1999, the Corporation issued the 1999 Certificates of Participation in the amount of $17,691,700 with interest rates ranging from 3.60 to 6.25%. The certificates have a final maturity to occur on April 1, 2036. These certificates were issued for the construction of two elementary schools. At June 30, 2023, the principal balance outstanding was $21,879,108, including accreted interest on the capital appreciation certificates.

2012 Certificates of Participation

On December 5, 2012, the Corporation issued the 2012 Certificates of Participation in the amount of $30,000,000, pursuant to a lease agreement with the District and the Santa Ana Unified School District Public Facilities Corporation, with interest rates ranging from 4.25 to 5.20%. The certificates have a final maturity to occur on December 1, 2035. The certificates were issued to implement certain District's facilities projects. At June 30, 2023, the principal balance outstanding was $17,315,000.

2018 Refunding Certificates of Participation

On April 25, 2018, the Corporation issued the 2018 Refunding Certificates of Participation in the amount of $19,165,000 with interest rates ranging from 3.50 to 5.00%. The certificates have a have a final maturity to occur on April 1, 2037. The certificates were issued to refund the 2007 Certificates of Participation. At June 30, 2023, the principal balance outstanding was $16,870,000.

Debt Service Requirements to Maturity

The certificates of participation mature through 2037 as follows:

Year Ending June 30,	Principal Including Accreted Interest	Accreted Interest	Current Interest	Total
2024	$ 4,317,084	$ 157,916	$ 1,607,124	$ 6,082,124
2025	4,262,138	317,911	1,527,230	6,107,279
2026	4,224,347	477,376	1,446,124	6,147,847
2027	4,181,557	636,776	1,363,305	6,181,638
2028	4,608,767	795,776	1,279,024	6,683,567
2029-2033	21,625,681	5,250,692	4,567,425	31,443,798
2034-2037	12,844,534	1,321,909	1,203,120	15,369,563
Total	$ 56,064,108	$ 8,958,356	$ 12,993,352	$ 78,015,816

Construction Loan

In December 2016, the District obtained a long-term loan to fund various construction and modernization projects. The loan will mature on December 1, 2026, with interest rate of 2.29%. At June 30, 2023, the outstanding balance on the loan was $7,038,702.

Future payments are as follows:

Year Ending June 30,	Principal	Current Interest	Total
2024	$ 1,636,983	$ 142,443	$ 1,779,426
2025	1,698,618	104,250	1,802,868
2026	1,800,532	64,185	1,864,717
2027	1,902,569	21,784	1,924,353
Total	$ 7,038,702	$ 332,662	$ 7,371,364

Leases

The District has entered into agreements to lease various equipment. As of June 30, 2023, the District recognized a net right-to-use asset of $653,380 and a lease liability of $667,121 related to these agreements. During the fiscal year, the District recorded $176,760 in amortization expense. The District is required to make principal and interest payments through April 2028. The lease agreements have an interest rate of 6.24%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 170,618	$ 36,451	$ 207,069
2025	146,152	26,849	173,001
2026	155,537	17,463	173,000
2027	165,525	7,475	173,000
2028	29,289	546	29,835
Total	$ 667,121	$ 88,784	$ 755,905

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a net right-to-use subscriptions IT asset of $4,391,476 and a SBITA liability of $1,045,414 related to these agreements. During the fiscal year, the District recorded $1,612,734 in amortization expense. The District is required to make annual principal and interest payments through July 2025. The subscriptions have an interest rate of 6.24%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 650,564	$ 28,533	$ 679,097
2025	313,797	6,548	320,345
2026	81,053	422	81,475
Total	$ 1,045,414	$ 35,503	$ 1,080,917

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $5,703,359.

Supplemental Early Retirement Plan

The District offered a supplemental early retirement incentive plan through the Public Agency Retirement System (PARS) in a prior year. The plan was offered to eligible employees who retired on or before June 30, 2018. The District purchased an annuity through PARS for the employees. Benefit payments are scheduled to be paid over five years beginning July 1, 2018. Future payments are as follows:

Year Ending June 30,	Total
2024	$ 3,937,278
2025	3,937,278
2026	3,937,278
Total	$ 11,811,834

Claims Liability

Liabilities for claims for all injury and compensation cases are established by the District's independent administrator. These liabilities are based upon estimates, which are reviewed periodically for adequacy, adjusted if needed, and terminated upon the closing of each claim. Ending liabilities balances of $16,981,318 were discounted at a rate of 0.5% and were accepted as estimated by the District's administrator. See Note 15 for additional details.

Note 12 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 211,614,072	$ 62,324,524	$ 11,958,931	$ 34,348,201
Medicare Premium Payment (MPP) Program	2,629,368	-	-	(280,361)
Total	$ 214,243,440	$ 62,324,524	$ 11,958,931	$ 34,067,840

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide other postemployment benefits other than pensions (OPEB) for all permanent full-time employees of the District. Financial information for CalPERS can be found on the CalPERS website at https://www.calpers.ca.gov/page/forms-publications.

Plan Membership

As of June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	703
Active employees	4,091
	4,794

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Santa Ana Educators' Association (SAEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, SAEA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2022, the District contributed $12,982,259 to the Plan, all of which was used for current premiums. The District contributed $15,257,077 to the Plan during the current fiscal year.

Net OPEB Liability of the District

The District's net OPEB liability of $211,614,072 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 259,571,624
Plan fiduciary net position	(47,957,552)
District's net OPEB liability	$ 211,614,072
Plan fiduciary net position as a percentage of the total OPEB liability	18.48%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% for 2022
Salary increases	2.75%, average, including inflation
Investment rate of return	4.66% for 2022, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021 (Measurement Date)	$ 263,637,304	$ 53,705,362	$ 209,931,942
Service cost	11,352,108	-	11,352,108
Interest	10,565,454	-	10,565,454
Contributions-employer	-	12,982,259	(12,982,259)
Expected investment income	-	(5,734,127)	5,734,127
Changes of assumptions or other inputs	(13,000,983)	-	(13,000,983)
Benefit payments	(12,982,259)	(12,982,259)	-
Administrative expense	-	(13,683)	13,683
Net change in total OPEB liability	(4,065,680)	(5,747,810)	1,682,130
Balance at June 30, 2022 (Measurement Date)	$ 259,571,624	$ 47,957,552	$ 211,614,072

The changes in assumptions reflects a change in investment rate of return from 4.02% in 2021 to 4.66% in 2022.

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

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

Discount Rate	Net OPEB Liability
1% decrease (3.66%)	$ 231,514,002
Current discount rate (4.66%)	211,614,072
1% increase (5.66%)	195,102,358

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 184,119,707
Current healthcare cost trend rate (4.00%)	211,614,072
1% increase (5.00%)	242,449,053

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

For the year ended June 30, 2023, the District recognized OPEB expense of $34,348,201. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 15,257,077	$ -
Changes of assumptions	23,966,613	-
Difference between projected and actual earnings on OPEB plan investments	4,252,632	11,908,463
Differences between expected and actual experience in the measurement of the net OPEB liability	18,848,202	50,468
Total	$ 62,324,524	$ 11,958,931

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred outflow/(inflows) of Resources
2023	$ 4,190,003
2024	4,310,751
2025	4,346,360
2026	5,217,302
2027	3,452,946
Thereafter	13,591,154
	$ 35,108,516

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $2,629,368 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.7982%, and 0.7295%, resulting in a net increase in the proportionate share of 0.0687%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(280,361).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 2,866,516
Current discount rate (3.54%)	2,629,368
1% increase (4.54%)	2,424,027

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 2,412,541
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	2,629,368
1% increase (5.50% Part A and 6.40% Part B)	2,875,151

Note 13 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $6,045,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 14 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 150,000	$ -	$ 1,880	$ 151,880
Stores inventories	1,102,280	-	1,804,607	2,906,887
Prepaid expenditures	-	-	608,409	608,409
Total nonspendable	1,252,280	-	2,414,896	3,667,176
Restricted				
Legally restricted programs	194,246,359	-	5,158,040	199,404,399
Cafeteria program	-	-	7,903,527	7,903,527
Capital projects	-	72,143,708	87,208,515	159,352,223
Debt services	-	-	48,531,651	48,531,651
Total restricted	194,246,359	72,143,708	148,801,733	415,191,800
Committed				
Mitigation for declining enrollment	105,390,147	-	-	105,390,147
Fiscal stabilization	33,829,644	-	-	33,829,644
Pending claims liability	12,000,000	-	-	12,000,000
Deferred maintenance program	-	-	7,313,963	7,313,963
Total committed	151,219,791	-	7,313,963	158,533,754
Assigned				
Capital projects	-	-	8,542,049	8,542,049
Debt service	-	-	78,567	78,567
PARS	12,461,485	-	-	12,461,485
Family and community engagement (FACE)	258,674	-	-	258,674
Godinez rental fees	130,282	-	-	130,282
Walker and Roosevelt joint use	300,000	-	-	300,000
E-rate category 2	12,553,938	-	-	12,553,938
GASB 31 - Fair market value adjustment of cash in county treasury	(343,713)	-	(3,347)	(347,060)
Instructional materials	23,975,173	-	-	23,975,173
Technology refresh	2,180,538	-	-	2,180,538
Special education early intervention	3,990,861	-	-	3,990,861
Fiscal stabilization	-	-	1,552,298	1,552,298
Other postemployment benefits	334,193	-	-	334,193
Total assigned	55,841,431	-	10,169,567	66,010,998
Unassigned				
Reserve for economic uncertainties	17,291,904	-	-	17,291,904
Total	$ 419,851,765	$ 72,143,708	$ 168,700,159	$ 660,695,632

Note 15 - Risk Management

The District's risk management activities are recorded in the Self-Insurance Fund. The General Fund, through the purchase of commercial insurance, administers employee life and health programs. The District self-insures its exposures for workers' compensation claims up to a $1 million self-insured retention (SIR) and has obtained excess coverage up to statutory limits through participation in the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The District also participates in ASCIP for property and liability coverage up to $5 million. Excess property and the liability coverage is obtained through the public entity risk pool, Schools Excess Liability Fund (SELF). See Note 18 for additional information relating to public entity risk pools.

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

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2021	$ 11,934,632	$ 1,226,911	$ 13,161,543
Claims and changes in estimates	5,469,035	73,726	5,542,761
Claims payments	(3,088,484)	(454,733)	(3,543,217)
Liability Balance, June 30, 2022	14,315,183	845,904	15,161,087
Claims and changes in estimates	4,445,376	867,369	5,312,745
Claims payments	(2,921,324)	(571,190)	(3,492,514)
Liability Balance, June 30, 2023	$ 15,839,235	$ 1,142,083	$ 16,981,318
Assets available to pay claims at June 30, 2023	$ 17,126,361	$ 1,401,232	$ 18,527,593

Note 16 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$369,563,155	$125,009,417	$68,548,971	$29,427,227
CalPERS	259,417,968	88,432,707	9,248,839	34,505,977
CalPERS - Safety Risk Pool	4,658,300	2,721,812	50,585	704,206
Total	$ 633,639,423	$ 216,163,936	$ 77,848,395	$ 64,637,410

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $68,327,183.

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

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

Total Net Pension Liability, Including State Share:

Proportionate share of net pension liability	$ 369,563,155
State's proportionate share of the net pension liability	185,075,784
Total	$ 554,638,939

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.5319% and 0.4853%, resulting in a net increase in the proportionate share of 0.0466%.

For the year ended June 30, 2023, the District recognized pension expense of $29,427,227. In addition, the District recognized pension expense and revenue of $14,926,240 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 68,327,183	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	38,051,434	22,767,094
Differences between projected and actual earnings on pension plan investments	-	18,072,353
Differences between expected and actual experience in the measurement of the total pension liability	303,156	27,709,524
Changes of assumptions	18,327,644	-
Total	$ 125,009,417	$ 68,548,971

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

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

Year Ended June 30,	Deferred Inflows of Resources
2024	$ (13,275,485)
2025	(14,381,740)
2026	(21,604,299)
2027	31,189,171
Total	$ (18,072,353)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 9,545,619
2025	(4,111,126)
2026	(447,227)
2027	(1,201,952)
2028	(1,444,695)
Thereafter	3,864,997
Total	$ 6,205,616

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 627,655,307
Current discount rate (7.10%)	369,563,155
1% increase (8.10%)	155,269,072

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits.

All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

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

	Safety Risk Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.0% - 10.1%	10.0% - 16.0%
Required employer contribution rate	25.590%	25.590%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $35,082,647 and $575,958, respectively.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liability totaling $259,417,968 and $4,658,300, respectively. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's CalPERS proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.7539% and 0.7628%, resulting in a net decrease in the proportionate share of 0.0089%. The District's CalPERS Safety Risk Pool's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0678% and 0.0451%, resulting in a net increase in the proportionate share of 0.0227%.

For the year ended June 30, 2023, the District recognized pension expense of $34,505,977 for CalPERS and $704,206 for CalPERS Safety Risk Pool. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 35,082,647	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,357,171	2,794,187
Differences between projected and actual earnings on pension plan investments	30,630,206	-
Differences between expected and actual experience in the measurement of the total pension liability	1,172,417	6,454,652
Changes of assumptions	19,190,266	-
Total	$ 88,432,707	$ 9,248,839

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 575,958	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	747,755	-
Differences between projected and actual earnings on pension plan investments	735,611	-
Differences between expected and actual experience in the measurement of the total pension liability	192,790	50,585
Changes of assumptions	469,698	-
Total	$ 2,721,812	$ 50,585

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

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

Year Ended June 30,	CalPERS Deferred Outflows of Resources
2024	$ 5,108,144
2025	4,530,571
2026	2,314,270
2027	18,677,221
Total	$ 30,630,206

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows of Resources
2024	$ 119,573
2025	108,245
2025	59,061
2026	448,732
Total	$ 735,611

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

Year Ended June 30,	CalPERS Deferred Outflows/(Inflows) of Resources
2024	$ 5,533,464
2025	4,911,129
2026	3,301,871
2027	(275,449)
Total	$ 13,471,015

The CalPERS' Safety Risk Pool's EARSL is 3.7 years and will be recognized in pension expense as follows:

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2024	$ 639,477
2025	481,597
2026	238,584
Total	$ 1,359,658

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	CalPERS Net Pension Liability
1% decrease (5.90%)	$ 374,742,391
Current discount rate (6.90%)	259,417,968
1% increase (7.90%)	164,106,572

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (5.90%)	$ 7,286,728
Current discount rate (6.90%)	4,658,300
1% increase (7.90%)	2,510,154

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $29,689,981 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 17 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Century High - Measure I Modernization	$ 859,867	September 2023
District Wide - Measure I DW Marquee (phase II)	68,442	September 2023
District Wide - Measure I Single PE/Security (Current)	265,404	June 2024
District Wide - Measure I Single PE/Security (Future)	1,802,985	June 2024
Garfield Elementary - Measure I Modernization	12,023	September 2023
Godinez Fundamental High - Measure I Aquatic Facility	1,104,843	June 2026
Hoover ES/4th Street - Measure I Optimization - Repurposing of Sites	130,428	January 2024
Jefferson Elementary - Measure I P2P/MPR/Parking	1,900,497	December 2023
Madison Elementary - Measure I Parking/Playground Upgrades	1,862,765	November 2023
McFadden Intermediate - Measure I Optimization K-8 Conversion &RR	198,611	December 2023
Romero-Cruz Academy - Measure I Kinder & Playground Expansion	1,043,047	November 2023
Saddleback High - Measure I CTE Media Lab	193,761	November 2023
Saddleback High - Measure I Interim and New Kitchen	34,563	December 2023
Saddleback High - Measure I Sports Center	3,829,614	December 2023
Santa Ana High - Measure I Modernization	10,745,718	December 2024
Sierra Intermediate - Measure I Optimization K8 Conversion &RR	113,231	December 2023
Taft Elementary School DHH - Measure I Interior Upgrades - Door Safety/Security	219,500	January 2024
Valley High - Measure I Auditorium Renovation	20,001,107	December 2024
Valley High - Measure I CTE Automotive	544,438	December 2023
Valley High - Measure I CTE Culinary Arts	809,711	December 2023
Villa Fundamental - Measure I Modernization	4,562,216	October 2024
Washington Elementary - Measure I Modernization	5,435	December 2023
Washington Elementary - Measure I Reconstruction	4,316,024	December 2023

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Lathrop, Mendez, Willard - CTE E-Sports	$ 56,242	November 2023
Harvey Elementary - Restroom	179,000	November 2023
Lathrop Intermediate - HVAC	572,894	July 2024
Fremont Elementary Cafeteria HVAC	4,180	November 2023
Chavez High - Portable Offices	2,650	September 2023
Fremont Elementary - Mural Restoration Project	3,500	September 2023
Martin Elementary-Window Replacement & Entry Path of Travel Upgrades	91,386	July 2024
McFadden Institute of Technology - Media Center Expansion	34,050	December 2024
Saddleback High - Lift Slab Analysis	15,200	December 2024
District Office - Parking Lot EV Charger	81,032	September 2023
Sierra Preparatory Academy - Two Portables	390,042	October 2023
Thorpe Elementary - Portable Classrooms	114,100	December 2023
Jefferson Elementary - HVAC	34,750	December 2023
Valley High - HVAC	73,850	December 2023
Washington Elementary - HVAC, Doors, Roof	51,437	December 2023
Santa Ana High - HVAC	772,205	December 2024
Valley High Auditorium - HVAC	530,864	December 2024
Villa Fundamental - HVAC	6,552,810	October 2024
Washington Elementary - HVAC	47,621	December 2023
	$ 64,232,043	

Note 18 - Participation in Public Entity Risk Pools

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF) public entity risk pools. The District pays an annual premium to the applicable entities for its property and liability coverage, and excess property and liability coverage, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of $2,912,628 and $1,087,078 to ASCIP and SELF, respectively, for property and liability coverage, and excess property and liability coverage.

Note 19 - Adoption of New Accounting Standard

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

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 209,828,077
Right-to-use subscription IT assets, net of amortization	4,978,976
Subscription liabilities	(724,662)
Net Position - Beginning as restated on July 1, 2022	$ 214,082,391

Required Supplementary Information
June 30, 2023

Santa Ana Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 558,901,626	$ 598,871,536	$ 597,188,247	$ (1,683,289)
Federal sources	139,502,179	135,115,795	128,305,824	(6,809,971)
Other State sources	193,795,736	261,090,557	256,362,861	(4,727,696)
Other local sources	10,060,046	37,383,279	26,496,270	(10,887,009)
Total revenues [1]	902,259,587	1,032,461,167	1,008,353,202	(24,107,965)
Expenditures				
Current				
Certificated salaries	344,286,483	376,782,531	371,629,813	5,152,718
Classified salaries	130,266,933	143,125,768	137,103,766	6,022,002
Employee benefits	210,791,289	212,025,477	205,405,672	6,619,805
Books and supplies	83,035,731	37,240,652	32,770,275	4,470,377
Services and operating expenditures	95,159,138	103,862,045	93,001,907	10,860,138
Other outgo	2,228,535	2,445,120	2,542,058	(96,938)
Capital outlay	26,971,334	12,290,243	11,759,902	530,341
Debt service - principal	-	-	733,699	(733,699)
Debt service - interest	-	-	105,343	(105,343)
Total expenditures [1]	892,739,443	887,771,836	855,052,435	32,719,401
Excess of Revenues over Expenditures	9,520,144	144,689,331	153,300,767	8,611,436
Other Financing Sources (Uses)				
Other sources - proceeds from leases	-	-	830,140	830,140
Other sources - proceeds from SBITAs	-	-	891,432	891,432
Transfers out	(5,574,628)	(8,754,924)	(8,771,931)	(17,007)
Net Financing Sources (Uses)	(5,574,628)	(8,754,924)	(7,050,359)	1,704,565
Net Change in Fund Balances	3,945,516	135,934,407	146,250,408	10,316,001
Fund Balances - Beginning	273,601,357	273,601,357	273,601,357	-
Fund Balances - Ending	$ 277,546,873	$ 409,535,764	$ 419,851,765	$ 10,316,001

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however, they are not included in the original and final General Fund budgets.

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 11,352,108	$ 7,937,195	$ 7,724,764
Interest	10,565,454	13,069,542	12,602,874
Differences between expected and actual experience	-	7,588,365	(66,575)
Changes of assumptions or other inputs	(13,000,983)	28,808,355	-
Benefit payments	(12,982,259)	(13,954,671)	(12,582,715)
Net change in total OPEB liability	(4,065,680)	43,448,786	7,678,348
Total OPEB Liability - Beginning	263,637,304	220,188,518	212,510,170
Total OPEB Liability - Ending (a)	$ 259,571,624	$ 263,637,304	$ 220,188,518
Plan Fiduciary Net Position			
Contributions - employer	$ 12,982,259	$ 2,537,222	$ 12,582,715
Expected Investment Income	(5,734,127)	7,471,853	3,255,043
Difference between projected and actual earnings on OPEB plan investments	-	-	178,042
Benefit payments	(12,982,259)	(13,954,671)	(12,582,715)
Administrative expense	(13,683)	(19,384)	(26,911)
Net change in plan fiduciary net position	(5,747,810)	(3,964,980)	3,406,174
Plan Fiduciary Net Position - Beginning	53,705,362	57,670,342	54,264,168
Plan Fiduciary Net Position - Ending (b)	$ 47,957,552	$ 53,705,362	$ 57,670,342
Net OPEB Liability - Ending (a) - (b)	$ 211,614,072	$ 209,931,942	$ 162,518,176
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.48%	20.37%	26.19%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

[1] The District's OPEB Plan is administered through a trust; however, the contributions to the trust are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,572,723	$ 4,450,339	$ 4,331,230
Interest	11,112,079	10,824,443	10,574,943
Differences between expected and actual experience	18,504,337	-	-
Changes of assumptions or other inputs	-	-	-
Benefit payments	(9,852,624)	(10,566,691)	(11,167,212)
Net change in total OPEB liability	24,336,515	4,708,091	3,738,961
Total OPEB Liability - Beginning	188,173,655	183,465,564	179,726,603
Total OPEB Liability - Ending (a)	$ 212,510,170	$ 188,173,655	$ 183,465,564
Plan Fiduciary Net Position			
Contributions - employer	$ 9,852,624	$ 50,566,691	$ 21,167,212
Expected Investment Income	3,037,692	1,810,487	186,014
Difference between projected and actual earnings on OPEB plan investments	603,725	(1,341,717)	-
Benefit payments	(9,852,624)	(10,566,691)	(11,167,212)
Administrative expense	(10,901)	(19,810)	(1,322)
Net change in plan fiduciary net position	3,630,516	40,448,960	10,184,692
Plan Fiduciary Net Position - Beginning	50,633,652	10,184,692	-
Plan Fiduciary Net Position - Ending (b)	$ 54,264,168	$ 50,633,652	$ 10,184,692
Net OPEB Liability - Ending (a) - (b)	$ 158,246,002	$ 137,540,003	$ 173,280,872
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	25.53%	26.91%	5.55%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] The District's OPEB Plan is administered through a trust; however, the contributions to the trust are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.7982%	0.7295%	0.8727%
Proportionate share of the net OPEB liability	$ 2,629,368	$ 2,909,729	$ 3,698,214
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Proportion of the net OPEB liability	0.8791%	0.8603%	0.9252%
Proportionate share of the net OPEB liability	$ 3,273,878	$ 3,292,968	$ 3,892,495
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.5319%	0.4853%	0.5008%	0.4970%	0.4793%
Proportionate share of the net pension liability	$ 369,563,155	$ 220,856,254	$ 485,342,821	$ 448,838,459	$ 440,514,489
State's proportionate share of the net pension liability associated with the District	185,075,784	111,126,301	250,194,282	244,871,344	252,215,147
Total	$ 554,638,939	$ 331,982,555	$ 735,537,103	$ 693,709,803	$ 692,729,636
Covered payroll	$ 341,219,598	$ 273,350,291	$ 275,410,392	$ 270,410,392	$ 260,879,563
Proportionate share of the net pension liability as a percentage of its covered payroll	108.31%	80.80%	176.23%	165.98%	168.86%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.5111%	0.5280%	0.5389%	0.5013%
Proportionate share of the net pension liability	$ 472,622,449	$ 427,027,116	$ 362,799,016	$ 292,931,830
State's proportionate share of the net pension liability associated with the District	279,599,448	243,098,920	191,880,686	176,884,886
Total	$ 752,221,897	$ 670,126,036	$ 554,679,702	$ 469,816,716
Covered payroll	$ 270,435,684	$ 261,397,446	$ 245,668,908	$ 224,429,169
Proportionate share of the net pension liability as a percentage of its covered payroll	174.76%	163.36%	147.68%	130.52%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.7539%	0.7628%	0.7470%	0.7277%	0.7089%
Proportionate share of the net pension liability	$ 259,417,968	$ 155,115,782	$ 229,214,831	$ 212,082,945	$ 189,006,297
Covered payroll	$ 112,842,012	$ 110,011,396	$ 107,580,315	$ 101,186,851	$ 95,150,718
Proportionate share of the net pension liability as a percentage of its covered payroll	229.89%	141.00%	213.06%	209.60%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	71%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.7446%	0.7557%	0.7186%	0.7462%
Proportionate share of the net pension liability	$ 177,755,962	$ 149,251,038	$ 105,921,641	$ 84,713,519
Covered payroll	$ 92,901,800	$ 90,150,755	$ 79,423,023	$ 74,554,979
Proportionate share of the net pension liability as a percentage of its covered payroll	191.34%	165.56%	133.36%	113.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS: SAFETY RISK POOL	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0678%	0.0451%	0.0561%	0.0523%	0.0497%
Proportionate share of the net pension liability	$ 4,658,300	$ 1,581,070	$ 3,737,258	$ 3,261,844	$ 2,913,884
Covered payroll	$ 2,855,890	$ 2,032,958	$ 2,452,341	$ 2,473,738	$ 2,316,124
Proportionate share of the net pension liability as a percentage of its covered payroll	163.11%	77.77%	152.40%	131.86%	125.81%
Plan fiduciary net position as a percentage of the total pension liability	77%	88%	75%	75%	75%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.0485%	0.0484%	0.0494%	0.0302%
Proportionate share of the net pension liability	$ 2,899,401	$ 2,506,207	$ 2,034,198	$ 1,878,447
Covered payroll	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Proportionate share of the net pension liability as a percentage of its covered payroll	144.46%	124.09%	103.77%	109.55%
Plan fiduciary net position as a percentage of the total pension liability	73%	74%	78%	81%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 68,327,183	$ 57,734,356	$ 44,146,072	$ 47,095,177	$ 44,067,102
Contributions in relation to the contractually required contribution	68,327,183	57,734,356	44,146,072	47,095,177	44,067,102
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 357,733,942	$ 341,219,598	$ 273,350,291	$ 275,410,392	$ 270,682,445
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 37,644,921	$ 34,020,809	$ 28,047,946	$ 21,815,399
Contributions in relation to the contractually required contribution	37,644,921	34,020,809	28,047,946	21,815,399
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 260,879,563	$ 270,435,684	$ 261,397,446	$ 245,668,908
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 35,082,647	$ 25,852,105	$ 22,772,359	$ 21,215,914	$ 18,276,369
Contributions in relation to the contractually required contribution	35,082,647	25,852,105	22,772,359	21,215,914	18,276,369
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 138,283,985	$ 112,842,012	$ 110,011,396	$ 107,580,315	$ 101,186,851
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 14,777,858	$ 12,902,202	$ 10,680,160	$ 9,348,884
Contributions in relation to the contractually required contribution	14,777,858	12,902,202	10,680,160	9,348,884
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 95,150,718	$ 92,901,800	$ 90,150,755	$ 79,423,023
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

CalPERS: SAFETY RISK POOL	2023	2022	2021	2020	2019
Contractually required contribution	$ 575,958	$ 520,234	$ 626,328	$ 585,138	$ 517,561
Contributions in relation to the contractually required contribution	575,958	520,234	626,328	585,138	517,561
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,246,326	$ 2,032,958	$ 2,452,341	$ 2,473,738	$ 2,316,124
Contributions as a percentage of covered payroll	25.640%	25.590%	25.540%	23.654%	22.346%

	2018	2017	2016	2015
Contractually required contribution	$ 402,541	$ 403,287	$ 371,309	$ 313,139
Contributions in relation to the contractually required contribution	402,541	403,287	371,309	313,139
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Contributions as a percentage of covered payroll	20.056%	19.969%	18.942%	18.261%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Change of Assumptions* –The plan rate of investment return assumption was changed from 4.02% to 4.66% since the previous valuation.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Santa Ana Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Education			
Passed through California Department of Education (CDE)			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 9,289,760
COVID 19 - American Rescue Plan (ARP) IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	68,113
COVID 19 - American Rescue Plan (ARP) IDEA Part B, Sec 611, Local Assistance Private School ISPs	84.027	10169	5,119
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	46,163
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	565,829
Alternate Dispute Resolution	84.027A	13007	24,033
Subtotal			9,999,017
Preschool Grants, Part B, Sec 619	84.173	13430	341,193
COVID 19 - American Rescue Plan (ARP) IDEA Part B, Sec 619, Preschool Grants	84.173	15639	40,626
Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,862
Subtotal			384,681
Subtotal Special Education (IDEA) Cluster			10,383,698
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	17,410,055
School Improvement Funding for LEAs	84.010	15438	817,388
Subtotal Title I, Part A			18,227,443
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	387,371
Title I, Part C, Migrant Education (MESRP)	84.011	10144	1,771
Subtotal Title I, Part C			389,142
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	1,343,946
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	14535	1,365,743
Subtotal Title IV, Part B			2,709,689
Title III, English Learner Student Program	84.365	14346	3,153,704
Title III, Immigrant Education Program	84.365	15146	27,337
Subtotal Title III			3,181,041

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	$ 353,391
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	15,468
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	59,401,675
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	6,188,605
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	5,984,385
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	1,383,392
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	3,901,297
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	6,776,693
COVID-19 ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425U	15652	3,407,551
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP-HCY II) Program	84.425W	15566	756,190
Subtotal Education Stabilization Fund			88,168,647
Title II, Part A, Supporting Effective Instruction	84.367	14341	2,277,500
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	1,762,053
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	163,356
Early Intervention Grants	84.181	23761	282,678
Indian Education	84.060A	10011	850
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	413,144
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	415,966
Total U.S. Department of Education			128,375,207
U.S. Department Of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Breakfast Program	10.553	13525	6,124
School Breakfast Program Severe Need	10.553	13526	4,541,260
Subtotal			4,547,384

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
School Lunch - Section 4	10.555	13523	$ 4,188,631
School Lunch - Section 11	10.555	13524	16,488,858
Meal Supplements	10.555	13755	354,196
Commodities	10.555	13524	958,298
COVID 19 - Supply Chain Assistance for School Meals	10.555	15655	995,861
Subtotal			22,985,844
Subtotal Child Nutrition Cluster			27,533,228
NSLP Equipment Assistance Grants	10.579	14906	100,000
Passed through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	2,861,323
Cash in Lieu of Commodities	10.558	13534	212,436
Subtotal Child and Adult Care Food Program			3,073,759
Total U.S. Department of Agriculture			30,706,987
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.000	[1]	127,160
Total U.S. Department of Defense			127,160
National Science Foundation			
Passed through Regents of the University of California, Irvine			
Irvine Mathematics Project	47.076	[2]	205,588
Total National Science Foundation			205,588
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	[1]	586,331
Total U.S. Department of Justice			586,331
Total Federal Financial Assistance			$ 160,001,273

[1] Direct award – No Pass-Through Entity Identifying Number
[2] Pass-Through Entity Identifying Number not available

ORGANIZATION

The Santa Ana Unified School District (the District) was organized in 1888 and consists of an area comprising approximately 24 square miles. The District operates 36 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and three alternative high schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Carolyn Torres	President	2024
Alfonso Alvarez, Ed.D.	Vice President	2024
Hector Bustos	Clerk	2026
Katelyn Brazer Aceves	Member	2026
Rigo Rodriguez, Ph.D.	Member	2024

ADMINISTRATION

Jerry Almendarez	Superintendent
Lorraine Perez, Ed.D.	Deputy Superintendent, Educational Services
Ron Hacker	Associate Superintendent/Chief Business Official, Business Services
Jennifer Flores	Associate Superintendent, Human Resources
Bianca Barquin, Ed.D.	Assistant Superintendent, K-12 Teaching and Learning
Sonia Llamas, Ed.D.	Assistant Superintendent, K-12 School Performance and Culture
Gloria O. Olamendi, Ed.D.	Assistant Superintendent, Special Education/SELPA
Orin Williams	Assistant Superintendent, Facilities & Governmental Relations

	Final Report Second Period Report 5BF91B0E	Final Report Annual Report 5BF91B7B
Regular ADA		
Transitional kindergarten through third	10,006.80	10,029.02
Fourth through sixth	8,086.87	8,090.14
Seventh and eighth	5,578.23	5,573.02
Ninth through twelfth	12,801.58	12,725.61
Total Regular ADA	36,473.48	36,417.79
Extended Year Special Education		
Transitional kindergarten through third	19.59	19.59
Fourth through sixth	1.93	1.93
Seventh and eighth	3.17	3.17
Ninth through twelfth	18.50	18.50
Total Extended Year Special Education	43.19	43.19
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.35	0.28
Fourth through sixth	6.70	7.06
Seventh and eighth	2.82	3.23
Ninth through twelfth	15.42	16.52
Total Special Education, Nonpublic, Nonsectarian Schools	25.29	27.09
Extended Year Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	0.16	0.16
Seventh and eighth	0.11	0.11
Ninth through twelfth	0.53	0.53
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.80	0.80
Community Day School		
Seventh and eighth	12.77	14.15
Ninth through twelfth	101.08	80.81
Total Community Day School	113.85	94.96
Total ADA	36,656.61	36,583.83

	Final Report	
	Second Period Report CE29DCD7	Annual Report F39BF334
Advanced Learning Academy		
Regular ADA		
Transitional kindergarten through third	24.36	24.66
Fourth through sixth	52.33	52.85
Seventh and eighth	86.85	87.05
Ninth through twelfth	139.01	138.69
Total Regular ADA	302.55	303.25
Classroom based ADA		
Transitional kindergarten through third	24.36	24.66
Fourth through sixth	52.33	52.85
Seventh and eighth	86.85	87.05
Ninth through twelfth	139.01	138.69
Total Regular ADA	302.55	303.25

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	48,000	-	48,000	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 3		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 6		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 7		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 8		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,800	-	64,800	180	-	180	N/A	N/A	N/A	Complied

Advanced Learning Academy

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	50,196	-	50,196	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,360	-	54,360	180	-	180	N/A	N/A	N/A	Complied
Grade 6		58,340	-	58,340	180	-	180	N/A	N/A	N/A	Complied
Grade 7		58,340	-	58,340	180	-	180	N/A	N/A	N/A	Complied
Grade 8		58,340	-	58,340	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,860	-	64,860	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,860	-	64,860	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,860	-	64,860	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,860	-	64,860	180	-	180	N/A	N/A	N/A	Complied

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

	Bond Interest and Redemption Fund
Fund Balance/Net Position	
Balance, June 30, 2023, Unaudited Actuals	$ 49,001,570
Decrease in Investments	(484,004)
Balance, June 30, 2023, Audited Financial Statement	$ 48,517,566

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 816,440,101	$ 1,008,304,639	$ 846,059,991	$ 749,581,775
Other sources	-	1,721,572	-	9,201
Total revenues and other sources	816,440,101	1,010,026,211	846,059,991	749,590,976
Expenditures	906,833,977	855,052,435	752,616,289	688,868,503
Other uses and transfers out	5,697,560	8,771,931	7,649,387	5,366,212
Total expenditures and other uses	912,531,537	863,824,366	760,265,676	694,234,715
Increase/(Decrease) in Fund Balance	$ (96,091,436)	$ 146,201,845	$ 85,794,315	$ 55,356,261
Ending Fund Balance	$ 322,171,908	$ 418,263,344	$ 272,061,499	$ 186,267,184
Available Reserves [2]	$ 64,627,291	$ 51,121,548	$ 106,810,000	$ 133,562,419
Available Reserves as A Percentage of Total Outgo	7.08%	5.92%	14.05%	19.24%
Long-Term Liabilities	N/A	$ 1,477,999,736	$ 1,140,811,859	$ 1,455,827,859
K-12 Average Daily Attendance at P-2 [4]	34,921	36,657	35,865	43,670

The General Fund balance has increased by $231,996,160 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $96,091,436 (23.0%). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years; however, the District anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by $22,171,877 over the past two years.

Average daily attendance has decreased by 7,013 over the past two years. An additional decrease of 1,736 ADA is anticipated during fiscal year 2023-2024.

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

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

[3] General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, as required by GASB Statement No. 54.

[4] Excludes charter ADA.

Name of Charter School	Charter Number	Included in Audit Report
Advanced Learning Academy	1765	Yes
Edward B. Cole Academy	0578	No
El Sol Santa Ana Science and Arts Academy	0365	No
Nova Academy Early College High	0632	No
Orange County Educational Arts Academy	0701	No

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Assets				
Deposits and investments	$ 2,093,838	$ 2,289,094	$ 2,722,038	$ 1,529,404
Receivables	-	454,940	6,028,665	8,676,496
Due from other funds	-	1,449,161	39,121	501,811
Prepaid expenditures	-	-	-	608,409
Stores inventories	-	-	-	1,804,607
Total assets	$ 2,093,838	$ 4,193,195	$ 8,789,824	$ 13,120,727
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 163,721	$ 4,282,612	$ 2,102,795
Due to other funds	-	621,485	1,208,349	699,509
Unearned revenue	-	65,119	2,028,580	-
Total liabilities	-	850,325	7,519,541	2,802,304
Fund Balances				
Nonspendable	-	-	-	2,414,896
Restricted	2,093,838	1,793,919	1,270,283	7,903,527
Committed	-	-	-	-
Assigned	-	1,548,951	-	-
Total fund balances	2,093,838	3,342,870	1,270,283	10,318,423
Total liabilities and fund balances	$ 2,093,838	$ 4,193,195	$ 8,789,824	$ 13,120,727

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Assets				
Deposits and investments	$ 6,925,291	$ 50,191,269	$ 37,249,561	$ 10,002,919
Receivables	21,554	150,227	145,740	438,309
Due from other funds	1,000,000	20,172	-	-
Prepaid expenditures	-	-	-	-
Stores inventories	-	-	-	-
Total assets	$ 7,946,845	$ 50,361,668	$ 37,395,301	$ 10,441,228
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 602,645	$ 386,033	$ 1,952,342	$ 655,600
Due to other funds	30,237	-	-	91,364
Unearned revenue	-	-	-	-
Total liabilities	632,882	386,033	1,952,342	746,964
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	49,975,635	35,442,959	1,152,215
Committed	7,313,963	-	-	-
Assigned	-	-	-	8,542,049
Total fund balances	7,313,963	49,975,635	35,442,959	9,694,264
Total liabilities and fund balances	$ 7,946,845	$ 50,361,668	$ 37,395,301	$ 10,441,228

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 634,625	$ 48,253,145	$ 35,734	$ 161,926,918
Receivables	1,916	264,421	191	16,182,459
Due from other funds	1,165	-	91,364	3,102,794
Prepaid expenditures	-	-	-	608,409
Stores inventories	-	-	-	1,804,607
Total assets	$ 637,706	$ 48,517,566	$ 127,289	$ 183,625,187
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 10,145,748
Due to other funds	-	-	34,637	2,685,581
Unearned revenue	-	-	-	2,093,699
Total liabilities	-	-	34,637	14,925,028
Fund Balances				
Nonspendable	-	-	-	2,414,896
Restricted	637,706	48,517,566	14,085	148,801,733
Committed	-	-	-	7,313,963
Assigned	-	-	78,567	10,169,567
Total fund balances	637,706	48,517,566	92,652	168,700,159
Total liabilities and fund balances	$ 637,706	$ 48,517,566	$ 127,289	$ 183,625,187

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Revenues				
Local Control Funding Formula	$ -	$ 4,527,441	$ -	$ -
Federal sources	-	988,462	-	31,014,132
Other State sources	-	2,189,050	18,847,611	7,063,415
Other local sources	3,105,000	48,747	81,208	1,371,294
Total revenues	3,105,000	7,753,700	18,928,819	39,448,841
Expenditures				
Current				
Instruction	-	4,241,748	14,929,211	-
Instruction-related activities				
Supervision of instruction	-	550,843	1,046,214	-
School site administration	-	925,463	528,154	-
Pupil services				
Food services	-	-	-	41,992,710
All other pupil services	-	152,535	1,039,036	-
Administration				
All other administration	-	317,831	936,055	164,761
Plant services	-	328,465	197,870	615,760
Ancillary services	3,106,371	52,702	-	-
Enterprise services	-	-	-	407,915
Facility acquisition and construction	-	-	255,406	81,365
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	3,106,371	6,569,587	18,931,946	43,262,511
Excess (Deficiency) of Revenues over Expenditures	(1,371)	1,184,113	(3,127)	(3,813,670)
Other Financing Sources (Uses)				
Transfers in	-	172,483	31,473	6,563
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	172,483	31,473	6,563
Net Change in Fund Balances	(1,371)	1,356,596	28,346	(3,807,107)
Fund Balances - Beginning	2,095,209	1,986,274	1,241,937	14,125,530
Fund Balances - Ending	$ 2,093,838	$ 3,342,870	$ 1,270,283	$ 10,318,423

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Revenues				
Local Control Funding Formula	$ 1,000,000	$ -	$ -	$ -
Federal sources	-	-	-	-
Other State sources	-	-	53,396,000	2,067,754
Other local sources	94,581	15,185,120	541,772	1,740,289
Total revenues	1,094,581	15,185,120	53,937,772	3,808,043
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
All other pupil services	-	-	-	-
Administration				
All other administration	-	17,270	-	-
Plant services	463,214	180,354	8,213	1,061,486
Ancillary services	-	-	-	-
Enterprise services	-	-	-	-
Facility acquisition and construction	752,005	1,289,868	8,154,737	594,012
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	1,449,519
Total expenditures	1,215,219	1,487,492	8,162,950	3,105,017
Excess (Deficiency) of Revenues over Expenditures	(120,638)	13,697,628	45,774,822	703,026
Other Financing Sources (Uses)				
Transfers in	12,273	-	-	2,360,282
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Transfers out	-	(1,704,021)	(14,131,509)	(1,536,510)
Net Financing Sources (Uses)	12,273	(1,704,021)	(14,131,509)	823,772
Net Change in Fund Balances	(108,365)	11,993,607	31,643,313	1,526,798
Fund Balances - Beginning	7,422,328	37,982,028	3,799,646	8,167,466
Fund Balances - Ending	$ 7,313,963	$ 49,975,635	$ 35,442,959	$ 9,694,264

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ 5,527,441
Federal sources	-	2,027,072	-	34,029,666
Other State sources	-	79,582	-	83,643,412
Other local sources	198,303	30,751,710	697,541	53,815,565
Total revenues	198,303	32,858,364	697,541	177,016,084
Expenditures				
Current				
Instruction	-	-	-	19,170,959
Instruction-related activities				
Supervision of instruction	-	-	-	1,597,057
School site administration	-	-	-	1,453,617
Pupil services				
Food services	-	-	-	41,992,710
All other pupil services	-	-	-	1,191,571
Administration				
All other administration	-	-	-	1,435,917
Plant services	194	-	-	2,855,556
Ancillary services	-	-	-	3,159,073
Enterprise services	-	-	-	407,915
Facility acquisition and construction	-	-	-	11,127,393
Debt service				
Principal	-	17,685,000	5,927,786	23,612,786
Interest and other	-	11,946,723	1,865,435	15,261,677
Total expenditures	194	29,631,723	7,793,221	123,266,231
Excess (Deficiency) of Revenues over Expenditures	198,109	3,226,641	(7,095,680)	53,749,853
Other Financing Sources (Uses)				
Transfers in	-	-	7,149,940	9,733,014
Other sources - premium on issuance of general obligation bonds	-	4,717,074	-	4,717,074
Transfers out	-	-	-	(17,372,040)
Net Financing Sources (Uses)	-	4,717,074	7,149,940	(2,921,952)
Net Change in Fund Balances	198,109	7,943,715	54,260	50,827,901
Fund Balances - Beginning	439,597	40,573,851	38,392	117,872,258
Fund Balances - Ending	$ 637,706	$ 48,517,566	$ 92,652	$ 168,700,159

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

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

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

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

Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the Build America Bonds, which are excluded from the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and, therefore, are not presented in the Schedule of Expenditures of Federal Awards. In addition, revenues received for COVID-19 - Supply Chain Assistance for School Meals funds were not expended as of June 30, 2023. These unspent balances are recorded in restricted ending balance at year-end.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 162,335,490
COVID-19 - Supply Chain Assistance for School Meals	10.555	(307,145)
Build America Bonds	[1]	(2,027,072)
Total Federal Financial Assistance		$ 160,001,273

[1] Federal Assistance Listing number not available

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207, 47612, and 47612.5.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Sections 46201 and 47612.5.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists 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.

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

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

Independent Auditor's Reports
June 30, 2023

Santa Ana Unified School District

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

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Ana Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 6, 2023.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

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

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

Independent Auditor's Report on State Compliance

To the Governing Board
Santa Ana Unified School District
Santa Ana, California

Report on Compliance

Opinions on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

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

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

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

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

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Santa Ana Unified School District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Child Nutrition Cluster	10.553, 10.555
Title III, English Learner Student Program	84.365
Title III, Immigrant Education Program	84.365
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 - Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
COVID-19 ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425U
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP-HCY II) Program	84.425W

Dollar threshold used to distinguish between Type A and Type B programs	$3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

The following finding represents a significant deficiency and instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2023-001 50000 – Reporting (Significant Deficiency in Internal Controls, Noncompliance)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education (CDE)
Program Names: COVID-19 - Elementary and Secondary School Emergency Relief Funds
Assistance Listing Number: 84.425D, 84.425U
Compliance Requirement – Reporting

Criteria or Specific Requirements

Per Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334, financial records and supporting documents pertinent to a Federal award must be retained for a period of three years from the date of submission of expenditure reports to the awarding agency or pass-through entity.

Condition

The District misreported Full-Time Equivalent (FTE) positions, for multiple date ranges, on the ESSER Annual Data Collection: General ESSER Information Report that was submitted to the California Department of Education.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

The condition was identified through inquiry with District personnel and through the review of documentation used to prepare the reports.

Effect

The District has not complied with the requirement identified in Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334.

Cause

The identified condition appears to have materialized due to insufficient procedures related to the review process.

Repeat Finding

No.

Recommendation

The District should ensure that all Full-Time Equivalent (FTE) positions are reported on the District's ESSER Annual Data Collection: General ESSER Information Report based on actual FTE positions.

Corrective Action Plan and Views of Responsible Officials

The finding has been carefully reviewed, and management is committed to addressing the issue raised to enhance our internal controls and compliance processes identified in *Title 2 U.S. Code of Federal Regulations Part 200, Subpart D, Section 200.334.*

Root Cause Analysis:

The underlying reason for the misreporting of FTEs during the prior fiscal years was due to a lack of understanding of what was being requested by one department from the other department and incorrectly using information from the District's Oracle BI online platform. This information is live, and it is subject to change daily. Copies of those online reports were not kept or saved anywhere, and even if they were, the information gathered today would not match the information retrieved during the multiple date ranges stated in the audit finding. Hence, the proper supporting documentation would have been a Human Resources Master download to report the corresponding FTEs for the multiple reporting periods.

Here are the recommended corrective actions that will be put in place going forward:

1) The HR Master is the source report that will be used to report FTEs. The report is accessible through the Human Resources module as a download request, and has been modified to reflect a column for actual FTEs with a disclaimer of what positions to exclude from that report to generate the correct count and/or sum of FTE totals. This revised HR Master reports is being shared with staff who are responsible for fulfilling FTE count requests. Having everyone informed of what source document to use for FTE reporting ensures that errors in FTE reporting are averted and minimized.

2) Requests for FTE counts should come directly to the Position Control office. The request must include specific instructions as to what FTE counts are being requested and what the purpose for the request is. Where applicable, the requesting department must provide the Position Control office with an excerpt of the report delineating the type of FTE counts request for the pertinent figures to be provided.
3) If the Position Control office staff is out, Human Resources is responsible for providing FTE counts to the requesting department by generating the HR Master report above, for the date range being requested; a copy of that report must be saved in a centralized electronic repository (Business Shared drive) with the corresponding program label and date range of the data requested. The downloaded reports serving as supporting documentation will then be accessible for providing to auditors, upon request, and the source documentation must be retained in compliance with federal/state/local program retention policies (in this instance, for subsequent 3 years).
4) As an added preventative measure, the department tasked with filing reports should always seek supporting documentation (if not already provided), and save it on the designated shared drive. This practice ensures accessibility for new staff members responsible for a particular program, allowing them to review past actions. It is essential to consistently attach supporting documentation to the filed report to preserve the audit trail and record-keeping procedures.

Management understands the importance of addressing these issues promptly and effectively to ensure the integrity of our internal controls and compliance processes. Our team is fully committed to implementing the corrective actions above.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2023-002 40000 – After School Education and Safety Program

Criteria or Specific Requirements

California *Education Code* Section 8483(a)(1) states that every after-school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after-school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. California *Education Code* Section 8483.1(a)(1) states that every before school component of a program established pursuant to this article shall in no instance operate for less than one and one-half hours per regular school day. Every program shall establish a policy regarding reasonable late daily arrival of pupils to the program.

Condition

While verifying the total students served at Andrew Jackson Elementary School after school program, a discrepancy was noted between the total number of students served per the attendance detail and the number of students served per the daily sign-in sheets.

While verifying the total students served at Carl Harvey Elementary School before school program, a discrepancy was noted between the total number of students served and the number of students reported to the California Department of Education (CDE) for the first half of the 2022-2023 fiscal year.

Questioned Costs

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

Context

The condition identified resulted from our review of attendance records and summaries from the after-school program for Andrew Jackson Elementary School, George Washington Carver Elementary School, Julia C. Lathrop Intermediate School, Romero-Cruz Academy, and Willard Intermediate School, and from the before school program for Carl Harvey Elementary School for the month of December 2022. While reviewing the daily sign-in sheets for a two-week period in December 2022 for Andrew Jackson Elementary School after school program, discrepancies were noted on various days ranging from a discrepancy of one to six days. The total net discrepancy for the two-week period reviewed was two days underreported. While reviewing the monthly attendance summaries for Carl Harvey Elementary School before school program, it was noted that attendance for the period of July through December 2022 was underreported by 78 days.

Effect

The District was not compliant with California *Education Code* Sections 8483(a)(1) and 8483.1(a)(1) for the 2022-2023 fiscal year.

Cause

The condition appears to have materialized as a result of inadequate internal controls over compliance related to review of the compiled attendance information that was submitted to the California Department of Education (CDE).

Repeat Finding

No.

Recommendation

The District should review procedures related to reporting the number of students served to the CDE to ensure accurate attendance reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Corrective Action Plan and Views of Responsible Officials

Each week, our Senior Attendance Specialist enters the ASES attendance data into a comprehensive spreadsheet, organized by school. This spreadsheet serves as the tool to monitor attendance targets and projections continuously. Notably, this document is the basis for compiling and submitting the semiannual report to the CDE.

- Procedural Review and Enhancement: The District's Director of Expanded Learning and the Senior Attendance Specialist will conduct a thorough review of existing procedures to identify areas for improvement and ensure compliance with CDE requirements, prior to the next reporting period.
    - Since August 2023, the Director and Senior Attendance Specialist have established a system to cross verify attendance prior to submission of CDE reports.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2022-001 30000 – Restatement (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of balances within the District's 2021-2022 unaudited actuals financial report. Through review of supporting records, we noted that the District's beginning net position of the governmental activities and beginning fund balance of the General Fund were overstated as a result overstatement of accounts receivable of $3,529,209. The misstatement was caused by errors, which have been detailed in Note 19.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through review of available District records related to the financial account balances in the General Fund.

Effect

Due to the condition identified, the District's prior period ending net position and the fund balance of the General Fund were overstated by $3,529,209. The net effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Implemented.

Federal Awards Findings

2022-002 50000 – Title I, Part A – Annual Report Card, High School Graduation Rate

Federal Program Affected

Program Name: Title I, Part A, Basic Grants Low-Income and Neglected and School Improvement Funding for LEAs
Assistance Listing Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Local Education Agencies (LEAs) must report graduation rate data for all public high schools at the school and LEA levels using the four-year adjusted cohort rate and, at an LEA's discretion, one or more extended-year adjusted cohort rates. Graduation rate data must be reported both in the aggregate and disaggregated by the subgroups in Section 1111(c)(2) of the Elementary and Secondary Education Act (ESEA), homeless status, status as a child in foster care using a four-year adjusted cohort graduation rate (and any extended-year adjusted cohort rates) (ESEA sections 1111(h)(1)(C)(iii)(II) and 8101(23), (25)(20 USC 6311(h)(1)(C)(iii)(II) and 7801(23), (25))). Written documentation must be maintained to remove a student from the cohort.

Condition

The District did not maintain written documentation for all students removed from the cohort.

Questioned Costs

There are no questioned costs associated with the condition identified.

Context

The condition was identified through review of supporting documentation for a sample of students who were identified as removed from the cohort on the California Longitudinal Pupil Achievement Data System (CALPADS) 15.2 Cohort Outcome report. Two of 16 students identified as removed from the cohort on the CALPADS 15.2 Cohort Outcome report did not have written documentation to support the removal of the students from the cohort.

Effect

The District has not complied with the requirement to maintain written documentation to remove a student from the cohort.

Cause

The District did not document the rationale for removal of the students as it occurred verbally.

Recommendation

The District should ensure that they meet all of the requirements of ESEA. The District should revise its procedures to ensure that written documentation for all students removed from the cohort is maintained.

Current Status

Implemented.

State Compliance Findings

2022-003 10000 and 40000 – Attendance and Independent Study

Criteria or Specific Requirements

California *Education Code* Section 51747 states that a local education agency shall not be eligible to receive apportionments for independent study by pupils, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent. California *Education Code* Section 51747(d) specifically requires that such policies include procedures for tiered reengagement strategies for certain pupils.

Condition

The Santa Ana Unified School District (the District) has adopted Independent Study board policies; however, these policies do not include procedures for tiered reengagement strategies, as required by California *Education Code* Section 51747(d).

Questioned Costs

The District has claimed 512.59 units of Independent Study Average Daily Attendance (ADA) for apportionment on its Second Period Attendance Report. The penalty results in a decrease of approximately $6,400,566. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there is no fiscal impact since the District was funded on ADA from fiscal year 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified through review of the board-adopted policies relating to Independent Study.

Effect

The District overclaimed 512.59 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
TK-3	178.50	$ 12,276.02	$ 2,191,269.57
4-6	110.72	11,286.79	1,249,673.39
7-8	57.72	11,620.66	670,744.50
9-12	165.65	13,817.56	2,288,878.81
Total	512.59		$ 6,400,566.27

Cause

It appears that the condition has materialized as a result of the District not reviewing the board policy against the requirements of California *Education Code* Section 51747.

Recommendation

The District should update their Independent Study board policies to meet the requirements of California *Education Code* Section 51747. Additionally, the District should ensure that a process is in place to ensure timely updates are made to board policies as required by California Education Code.

Current Status

Implemented.

Management
Santa Ana Unified School District
Santa Ana, California

In planning and performing our audit of the financial statements of Santa Ana Unified School District (the District) for the year ended June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2023, on the government-wide financial statements of the District.

Associated Student Body (ASB)

<u>Willard Intermediate School</u>

Observation

- Based on the review of the cash receipting procedures, it was noted that all three deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 77 to 96 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

<u>Raymond A. Villa Fundamental School</u>

Observation

- Based on the review of the cash receipting procedures, it was noted that three of the four deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 111 to 210 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

Observation

- Based on the review of the cash receipting procedures, it was noted that one of the four deposits tested did not have adequate documentation, including a ticket sales form and deposit slip. Lack of sufficient supporting documentation can hinder the safeguarding of ASB assets.

Recommendation

- The ASB should ensure that adequate documentation is maintained for all deposits in accordance with document retention standards.

<u>Segerstrom High School</u>

Observation

- Based on the review of the cash receipting procedures, it was noted that two of the four deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 23 to 27 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2023