CAMBRIAN SCHOOL DISTRICT
COUNTY OF SANTA CLARA
SAN JOSE, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

June 30, 2023

Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste. 130
Morgan Hill, CA 95037

Page Intentionally Left Blank

Cambrian School District
Santa Clara County

Table of Contents

Table of Contents

FINANCIAL SECTION

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Cambrian School District
San Jose, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambrian 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 Cambrian School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

District 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,

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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 GAGAS, 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 pension plan contributions, and schedule of proportionate share of net pension liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 February 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

C & A LLP

February 29, 2024
Morgan Hill, California

Management's Discussion and Analysis

This discussion and analysis of Cambrian School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2023 are as follows:

- Total net position increased by $15,873,387 (191%) from June 30, 2022 to June 30, 2023, mainly due to a decreases in total deferred inflows of $10,430,281, retirement plan credits of $2,3111,234, and an increase in total revenues of $16,421,140, offset by an increase in expenses of $9,535,403.

- The District recorded deferred outflows of resources of $9,129,410 and deferred inflows of resources of $6,837,335 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.

- The District had $54,537,811 in government-wide expenses which is 77% of total government-wide revenues as compared to 83% in the prior year. Program specific revenues in the form of grants, contributions and charges for services accounted for $12,587,682 (18%) of total revenues of $70,548,336. Revenue from the sale of assets totaling $11,917,052 was reported as a special item.

- General revenue of $46,043,602 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 65% of total revenues in 2023 and 88% in 2022.

- The fund balances of all funds increased by $37,326,993 which is a 106% increase from 2022.

- Total governmental fund revenues and expenditures totaled $58,631,284 and $73,514,045, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Cambrian School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Cambrian School District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. 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 future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2023 compared to June 30, 2022:

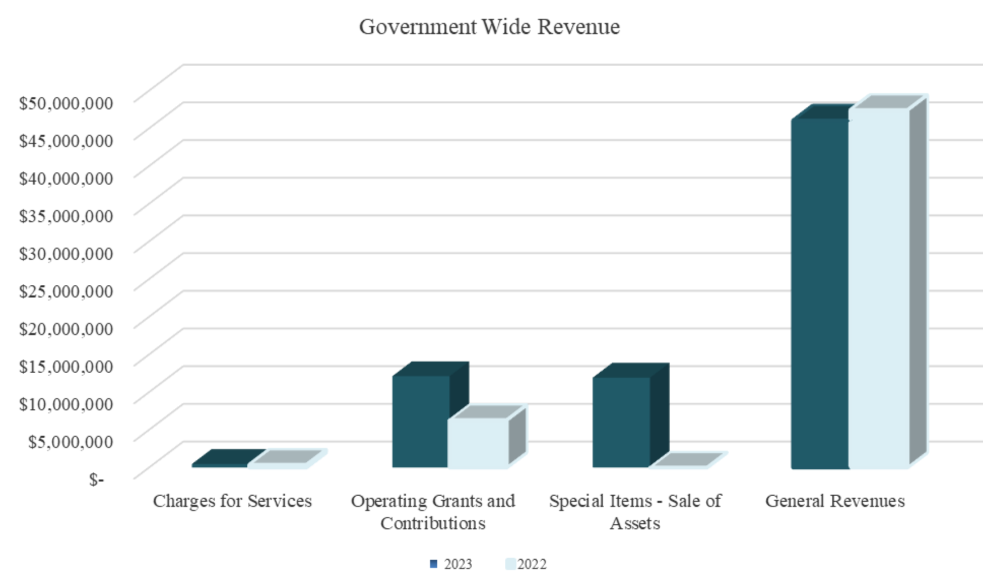
Table 1 - Summary of Net Position

	Governmental Activities			
	2023	2022	$ Change	% Change
Assets				
Current and Other Assets	$ 77,501,111	$ 39,265,683	$ 38,235,428	97.38%
Capital Assets	70,779,114	57,264,548	13,514,566	23.60%
Total Assets	**$ 148,280,225**	**$ 96,530,231**	**$ 51,749,994**	**53.61%**
Deferred Outflows	**$ 9,129,410**	**$ 7,492,816**	**$ 1,636,594**	**21.84%**
Liabilities				
Current Liabilities	$ 6,019,491	$ 5,233,949	$ 785,542	15.01%
Long-Term Liabilities	136,977,035	89,819,095	47,157,940	52.50%
Total Liabilities	**$ 142,996,526**	**$ 95,053,044**	**$ 47,943,482**	**50.44%**
Deferred Inflows	**$ 6,837,335**	**$ 17,267,616**	**$ (10,430,281)**	**-60.40%**
Net Position				
Net Investment in Capital Assets	$ 20,865,246	$ 8,646,850	$ 12,218,396	141.30%
Restricted	13,769,642	9,984,405	3,785,237	37.91%
Unrestricted	(27,059,114)	(26,928,868)	(130,246)	-0.48%
Total Net Position	**$ 7,575,774**	**$ (8,297,613)**	**$ 15,873,387**	**191.30%**

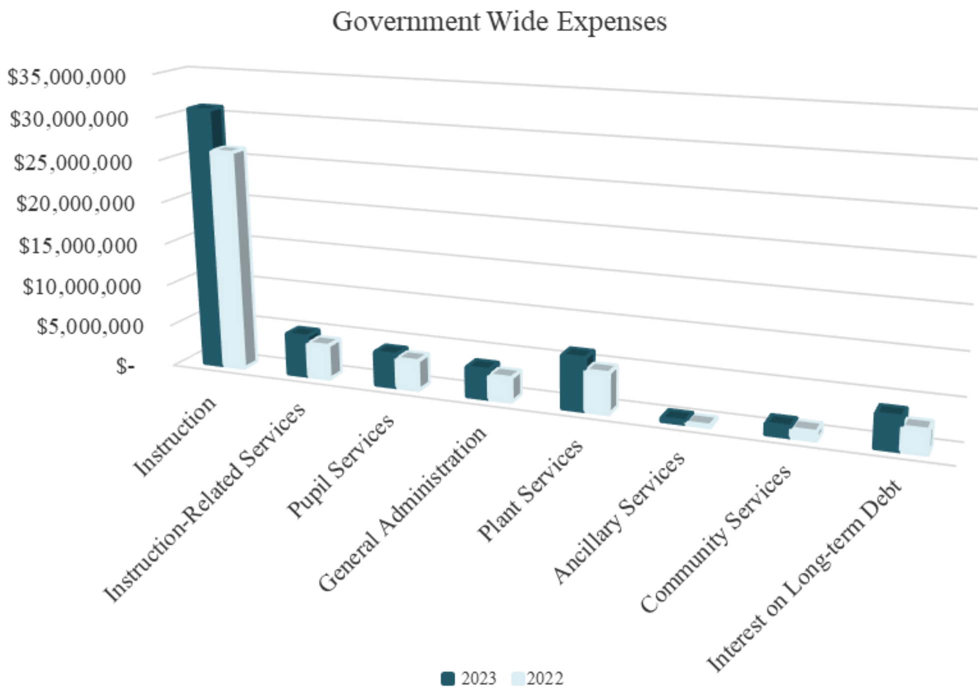
Table 2 compares the components of changes in net position for the fiscal year 2023 versus 2022:

Table 2 - Change in Net Position	Governmental Activities			
	2023	2022	$ Change	% Change
Revenues				
Program Revenues:				
Charges for Services	$ 470,926	$ 373,133	$ 97,793	26.21%
Operating Grants and Contributions	12,116,756	6,307,873	5,808,883	92.09%
Special item - Sale of Assets	11,917,052	-	11,917,052	100.00%
General Revenue	46,043,602	47,446,190	(1,402,588)	-2.96%
Total Revenues	70,548,336	54,127,196	16,421,140	30.34%
Program Expenses				
Instruction	30,863,565	26,106,044	4,757,521	18.22%
Instruction-Related Services	4,890,576	4,039,596	850,980	21.07%
Pupil Services	3,944,902	3,490,992	453,910	13.00%
General Administration	3,455,494	2,818,333	637,161	22.61%
Plant Services	6,147,986	4,741,169	1,406,817	29.67%
Ancillary Services	304,519	156,208	148,311	94.94%
Community Services	1,175,483	958,877	216,606	22.59%
Interest on Long-term Debt	3,755,286	2,691,189	1,064,097	39.54%
Total Expenses	54,537,811	45,002,408	9,535,403	21.19%
Change in Net Position	16,010,525	9,124,788	6,885,737	75.46%
Beginning Net Position	(8,297,613)	(17,422,401)	9,124,788	52.37%
Prior Period Adjustments	(137,138)	-	(137,138)	100.00%
Ending Net Position	**$ 7,575,774**	**$ (8,297,613)**	**$ 15,873,387**	**191.30%**

The following chart compares government-wide revenue by category for 2023 and 2022:



The next chart compares government-wide expenses by category for 2023 and 2022:



Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 77% of total expenses in 2023 versus 85% in 2022. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services				
Function	2023	2022	Increase (Decrease)	Percent
Instruction	$ 23,677,009	$ 22,244,693	$ 1,432,316	6.4%
Instruction-Related Services	4,828,661	4,023,583	805,078	20.0%
Pupil Services	1,423,485	1,660,725	(237,240)	-14.3%
General Administration	3,321,102	2,708,898	612,204	22.6%
Plant Services	6,065,156	4,741,169	1,323,987	27.9%
Ancillary Services	41,120	(5,881)	47,001	114.3%
Community Services	1,158,802	958,810	199,992	-20.9%
Other Outgo	(2,320,492)	(701,784)	(1,618,708)	-69.8%
Interest on Long-term Debt	3,755,286	2,691,189	1,064,097	39.5%
Total Net Cost of Services	**$ 41,950,129**	**$ 38,321,402**	**$ 3,628,727**	**9.5%**

The District's Funds

Table 4 provides an analysis of the District's fund balances.

Table 4 - Change in Fund Balances				
Funds	2023	2022	Increase (Decrease)	Percent
General Fund	$ 10,889,244	$ 7,961,165	$ 2,928,079	36.8%
Building Fund	46,401,076	14,607,600	31,793,476	217.7%
Bond Interest and Redemption Fund	6,238,278	4,504,478	1,733,800	38.5%
Nonmajor Governmental Funds	8,910,022	8,038,384	871,638	10.8%
Total Fund Balances	**$ 72,438,620**	**$ 35,111,627**	**$ 37,326,993**	**106.3%**

Capital Assets

Table 5 shows June 30, 2023 capital asset balances compared to June 30, 2022:

Table 5 - Summary of Capital Assets Net of Depreciation				
	2023	2022		
Capital Asset	Net Capital Assets	Net Capital Assets	Increase (Decrease)	Percent
Work-in-Progress	3,320,811	6,376,404	(3,055,593)	-47.9%
Buildings and improvements	67,248,356	50,888,144	16,360,212	32.1%
Equipment	209,947	-	209,947	100.0%
Totals	**$ 70,779,114**	**$ 57,264,548**	**$ 13,514,566**	**23.6%**

See Note 5 for additional information related to the changes in capital assets.

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2023.

Table 6 - Long-term Debt				
Type of Debt	2023	2022	Increase (Decrease)	Percent
General Obligation Bonds	$ 106,664,295	$ 69,275,556	$ 37,388,739	54.0%
Net Pension Liabilities	30,188,026	20,354,043	9,833,983	48.3%
Compensated absences	124,714	189,496	(64,782)	-34.2%
Total Debt	**$ 136,977,035**	**$ 89,819,095**	**$ 47,157,940**	**52.5%**

See Note 9 to the financial statements for additional information.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2023. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by $7,263,563 from adopted to final and budgeted expenditures increased by $7,998,825 from adopted to final during the year.

Economic Factors and Next Year's Budgets and Rates

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

The key assumptions in our revenue forecast include, but are not limited to:

1. An increase of ADA (Average Daily Attendance) based on recent trends, actual enrollments received, and projection of new TK students shows a + 73.
2. Removal of all one-time unrestricted state funds available for any purpose and only carryover projected amounts.
3. An increase in principal apportionment based on a slight increase in enrollment plus an 8.22% COLA.
4. Developer fee revenue estimates based on the history of actual fees collected.
5. Local revenues reflect anticipated Parcel Tax revenue and increases to lease revenues received from property owners within the District boundaries.
6. Federal and State revenue estimates based on School Services of California's projections and the Governor's annual budget forecast.

The key assumptions in our expenditure forecast include, but are not limited to:

1. Increase in overall expenditures based on current educational programs.
2. Slight increase in staffing based on enrollment.
3. Increase in employer contributions California Public Employees' Retirement System (CalPERS) projected at 26.68% and continued 19.1% for California State Teachers' Retirement System (CalSTRS).
4. Step and Column increases in staff salaries.
5. Impact of inflation on the cost of operating our educational program.

Factors Bearing on the District's Future

The Nation's economic situation and the State's economic situation are both major factors affecting the District's future. The financial well-being of the District is undeniably tied in large part to the State's relatively new funding formula. In 2013-14 the State Budget established a new funding system called the Local Control Funding Formula (LCFF). LCFF replaced the revenue limit funding system for determining State apportionments, as well as replaced the majority of categorical program funding. LCFF funding also includes funding derived from Proposition 30, which increases the State's total revenue temporarily. LCFF has reached full implementation. Unfortunately, with full implementation we are now in a COLA (Cost of Living Adjustment) only environment for LCFF funding increases. For 2023-2024 there is a historic COLA of 8.22%. The COLA has to cover our expenditures for salaries, contributions to the CalSTRS and CalPERS, and other increased operational needs. This results in this District (as well as many others) searching for other resources to cover these annual incremental increases.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, employees, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chief Financial Officer, Business Services, at Cambrian School District, 4115 Jacksol Drive, San Jose, California, 95124.

Basic Financial Statements

Cambrian School District
Statement of Net Position
June 30, 2023

		Governmental Activities
Assets		
Cash and investments	$	73,465,309
Accounts receivable		2,537,750
Prepaid expenses		1,498,052
Capital assets - net		70,779,114
Total Assets	$	148,280,225
Deferred Outflows of Resources		
Pension plan adjustments		9,129,410
Total Deferred Outflows of Resources	$	9,129,410
Liabilities		
Accounts payable	$	4,255,387
Unearned revenue		807,104
Accrued interest		957,000
Long-term liabilities:		
Due within one year		4,217,402
Due after one year		132,759,633
Total Liabilities	$	142,996,526
Deferred Inflows of Resources		
Deferred gain on early retirement of long-term debt	$	78,342
Pension plan adjustments		6,758,993
Total Deferred Inflows of Resources	$	6,837,335
Net Position		
Net investment in capital assets	$	20,865,246
Restricted for:		
Educational programs		4,781,215
Cafeteria programs		1,168,350
Debt service		78,615
Capital projects		7,741,462
Unrestricted		(27,059,114)
Total Net Position	$	7,575,774

The notes to basic financial statements are an integral part of this statement

Cambrian School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 30,863,565	$ 10,983	$ 7,175,573	$ (23,677,009)
Instruction-related services:				
Supervision of instruction	1,866,680	1,619	15,700	(1,849,361)
Instruction library, media and technology	396,619	-	-	(396,619)
School site administration	2,627,277	5,827	38,769	(2,582,681)
Pupil services:				
Home-to-school transportation	399,482	-	-	(399,482)
Food services	1,413,090	-	2,278,399	865,309
All other pupil services	2,132,330	11,243	231,775	(1,889,312)
General administration:				
Data processing	472,148	-	-	(472,148)
All other general administration	2,983,346	-	134,392	(2,848,954)
Plant services	6,147,986	1,507	81,323	(6,065,156)
Ancillary services	304,519	-	263,399	(41,120)
Community services	1,175,483	-	16,681	(1,158,802)
Other outgo	-	439,747	1,880,745	2,320,492
Interest on long-term debt	3,755,286	-	-	(3,755,286)
Total governmental activities	$ 54,537,811	$ 470,926	$ 12,116,756	(41,950,129)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	21,056,487
Taxes levied for debt service	6,189,865
Taxes levied for other specific purposes	1,943,578
Federal and state aid not restricted to specific purposes	14,121,877
Interest and investment earnings (loss)	732,190
Miscellaneous	1,999,605
Total general revenues	46,043,602
Special item:	
Gain (loss) on sale of assets	11,917,052
Total general revenues and special item	57,960,654
Change in net position	16,010,525
Net position beginning	(8,297,613)
Prior period adjustments	(137,138)
Net position beginning, as adjusted	(8,434,751)
Net position ending	$ 7,575,774

The notes to basic financial statements are an integral part of this statement

Cambrian School District
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 11,681,584	$ 48,452,627	$ 4,741,250	$ 8,589,848	$ 73,465,309
Accounts receivable	1,807,137	262,282	31,084	437,247	2,537,750
Prepaid items	32,108	-	1,465,944	-	1,498,052
Due from other funds	368,076	-	-	201,099	569,175
Total Assets	$ 13,888,905	$ 48,714,909	$ 6,238,278	$ 9,228,194	$ 78,070,286
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 2,014,976	$ 2,000,339	$ -	$ 240,072	$ 4,255,387
Due to other funds	201,099	313,494	-	54,582	569,175
Unearned revenue	783,586	-	-	23,518	807,104
Total Liabilities	2,999,661	2,313,833	-	318,172	5,631,666
Fund balances:					
Nonspendable:					
Revolving fund	1,400	-	-	210	1,610
Prepaid items	32,108	-	1,465,944	-	1,498,052
Restricted for:					
Educational programs	4,781,215	-	-	-	4,781,215
Cafeteria programs	-	-	-	1,168,350	1,168,350
Debt service	-	-	4,772,334	-	4,772,334
Capital projects	-	46,401,076	-	7,741,462	54,142,538
Unassigned:					
Unappropriated	6,074,521	-	-	-	6,074,521
Total Fund Balances	10,889,244	46,401,076	6,238,278	8,910,022	72,438,620
Total Liabilities,Fund Balances	$ 13,888,905	$ 48,714,909	$ 6,238,278	$ 9,228,194	$ 78,070,286

The notes to basic financial statements are an integral part of this statement

Cambrian School District

Reconciliation of the Governmental Funds

Balance Sheet to the Statement of Net Position

June 30, 2023

Total fund balances - governmental funds		$	72,438,620
Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets	114,471,352		
Accumulated depreciation	(43,692,238)		70,779,114
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:			(957,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.			9,129,410
The differences from pension plan assumptions in actuarial valuations are not included in the plans' actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.			(6,758,993)
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	$ 106,664,295		
Deferred loss on defeasance on long-term debt	78,342		
Net pension liabilities	30,188,026		
Compensated absences	124,714		(137,055,377)
Total net position - governmental activities		$	7,575,774

The notes to basic financial statements are an integral part of this statement

Cambrian School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF Sources	$ 31,151,836	$ -	$ -	$ -	$ 31,151,836
Federal	1,580,709	-	-	677,997	2,258,706
Other state	10,241,939	-	23,009	1,170,818	11,435,766
Other local	6,521,465	125,316	6,257,053	881,142	13,784,976
Total revenues	49,495,949	125,316	6,280,062	2,729,957	58,631,284
Expenditures:					
Current					
Instruction	29,928,771	-	-	-	29,928,771
Instruction-related services:					
Supervision of instruction	1,819,806	-	-	-	1,819,806
Instruction library, media and technology	389,213	-	-	-	389,213
School site administration	2,554,700	-	-	-	2,554,700
Pupil services:					
Home-to-school transportation	386,318	-	-	-	386,318
Food services	27,181	-	-	1,347,321	1,374,502
All other pupil services	2,069,335	-	-	-	2,069,335
General administration:					
Data processing	259,986	-	-	-	259,986
All other general administration	3,061,598	-	-	59,082	3,120,680
Plant services	5,070,849	177,832	-	91,880	5,340,561
Facility acquisition and construction	-	17,892,730	-	152,800	18,045,530
Ancillary services	291,581	-	-	-	291,581
Community services	1,092,124	-	-	-	1,092,124
Debt service:					
Principal	-	-	3,210,000	-	3,210,000
Interest and fees	-	544,836	3,086,102	-	3,630,938
Total expenditures	46,951,462	18,615,398	6,296,102	1,651,083	73,514,045
Excess (deficiency) of revenues over (under) expenditures	2,544,487	(18,490,082)	(16,040)	1,078,874	(14,882,761)
Other financing sources (uses):					
Transfers in	486,278	-	-	-	486,278
Transfers out	-	(313,494)	-	(172,784)	(486,278)
Premiums	-	-	1,915,382	-	1,915,382
Bond issuance	-	38,680,000	4,620,000	-	43,300,000
Sale of assets	-	11,917,052	-	-	11,917,052
Payment to refunded debt escrow agent	-	-	(4,785,542)	-	(4,785,542)
Total other financing sources (uses)	486,278	50,283,558	1,749,840	(172,784)	52,346,892
Changes in fund balances	3,030,765	31,793,476	1,733,800	906,090	37,464,131
Fund balances beginning	7,961,165	14,607,600	4,504,478	8,038,384	35,111,627
Prior period adjustments	(102,686)	-	-	(34,452)	(137,138)
Fund balances beginning, as adjusted	7,858,479	14,607,600	4,504,478	8,003,932	34,974,489
Fund balances ending	$ 10,889,244	$ 46,401,076	$ 6,238,278	$ 8,910,022	$ 72,438,620

The notes to basic financial statements are an integral part of this statement

Cambrian School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds		$ 37,464,131
Capital outlays are reported in governmental funds as expenditures. However, in the statement of actvities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions were greater or less than depreciation expense during the period.		
Capital asset additions	17,358,770	
Depreciation expense	(3,844,204)	13,514,566
The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance cost and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
General obligation bond principal payments	$ 3,210,000	
Accreted Interest	(562,374)	
General obligation bond issuances	(43,300,000)	
Bond premium capitalized	(1,915,382)	
Advance refunding of bonds	4,785,542	
Amortization of loss from bond defeasances	39,172	
Amortization of bond premiums	275,961	(37,467,081)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized 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.		122,893
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than vacation used by:		64,782
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		2,311,234
Change in net position of governmental activities		$ 16,010,525

The notes to basic financial statements are an integral part of this statement

Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The Cambrian School District was organized in 1865 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 kindergarten through eighth as mandated by the State and/or Federal agencies. In August of 2016, the District reopened the Steindorf school site as a magnet school with a focus on Science, Technology, Engineering, Arts and Math (S.T.E.A.M.). The District operates five elementary schools and one middle school.

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

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(s) 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 are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

The District has approved Charters for Farnham Charter School, Fammatre Charter, Sartorette Charter School, and Ida Price Charter School. All of these Charter Schools are operated by the District, and their financial activities are presented in the General Fund.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Eliminations have been made to minimize the effect of interfund activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as 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 of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflow of Resources and Deferred Inflow of Resources:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District’s accounts are organized into governmental major and nonmajor funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Postemployment Benefits and Student Body Activity Fund as required by GASB.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund.

The District maintains the following nonmajor special revenue funds:

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").
- The *Special Reserve Fund for Capital Outlay Projects* exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

H. Benefit Plans

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 District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

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

I. Assets, Liabilities, Net Position and Fund balance

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

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

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

c) Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expense in the Statement of Net Position.

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of $50,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expensed as incurred. Depreciation/amortization on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the right of use asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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.

e) 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 non-current portion of the liability is not reported.

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.

f) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

g) Subscription Based Information Technology Arrangements

When applicable, the District recognizes subscription liabilities with an initial, individual value of $50,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

h) Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District' minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 3 percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the only the governing board or chief business officer/assistant superintendent of business services.

- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3% of General Fund expenditures and other financing uses.

i) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2023, capital assets net of accumulated depreciation totaling $70,779,114 was reduced by related debt of $49,913,868. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Debt Service restrictions reflect the assets in the debt service funds of $4,772,334 that are restricted for debt service payments by debt covenants, reduced by current liabilities and outstanding bond premiums of $4,693,719.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Cafeteria Program restrictions reflect the amounts to be expended for federal and state funded cafeteria programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

j) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

k) Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

l) Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Implemented Accounting Pronouncements

GASB Statement No. 96, *Subscription-based Information Technology Arrangements.*

During the year, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements.* GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The standard did not have a material impact on the District's financial statements as of June 30, 2023.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2023 is as follows:

Description	Carrying Amount
Cash on hand and in banks	$ 164,602
Cash in revolving fund	1,610
Cash with fiscal agent	1,275,160
Investments	72,023,937
Total Cash and investments	$ 73,465,309

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2023, the bank balances of the District's accounts with banks were $166,121 which were fully insured by FDIC and collateralized in California, as required by Government Code.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Delaware Statutory Trust Investments

The District has invested in a Delaware Statutory Trust (DST). A DST is a legally recognized trust in which property is held, managed, and invested. DSTs allow investors to pool together their proceeds into the trust. The DST is organized and sold as securities that were acquired through a securities agent, or broker. The value of the securities in the DST report based on original costs plus reinvested returns on the investments. During the year, the District sold property it owned in San Jose for a gain of $11,917,052. The proceeds from the sale were transferred directly to the DST brokers.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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.

Policies and Practices

The District is authorized under California Government Code Section 53635 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.

The Policy, in addition to State statues, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury, Wells Fargo and a DST. The District maintains cash with the Santa Clara County Investment Pool. The pool has a fair value of approximately $7.167 billion and an amortized book value of $7.381 billion. The average days to maturity for the County pool was 648 days. Additional investments are summarized in the following paragraphs.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy. The investment with the Santa Clara County Investment Pool is exempt from rating requirements.

Custodial Credit Risk – Deposits

Custodial credit risk 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Custodial Credit Risk - Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2023, $15,656,910 of investment balances were exposed to custodial credit risk by not being insured or collateralized. The following summarizes the District investments as of year-end:

	Fair	Ratings at Year End				Wavg	Fair Value
Investment Type	Value	AAA	AA	A	Unrated	Years	Inputs
Delaware Statutory Trust:							
Real Estate Investments	$ 10,620,500	$ -	$ -	$ -	$ 10,620,500	n/a	n/a
Wells Fargo:							
Money Market	34,220	-	-	-	34,220	0.0	n/a
Certificates of Deposit	1,504,341	-	-	-	1,504,341	1.6	Level 1
Agency	47,320	47,320	-	-	-	1.7	Level 1
Corporate Bonds	1,475,687	98,482	160,456	1,216,749	-	1.4	Level 2
Municipal Bonds	1,974,842	152,217	1,378,495	444,130	-	1.1	Level 1
County Pooled Investments	56,367,027	-	-	-	56,367,027	1.8	n/a
	$ 72,023,937	$ 298,019	$ 1,538,951	$ 1,660,879	$ 68,526,088		

General Authorizations
Limitations as they relate to interest rate 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

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2023:

Receivables	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 1,114,216	$ -	$ -	$ 375,345	$ 1,489,561
State Government	126,643	-	-		126,643
Unrestricted	435,008	262,282	-	61,902	759,192
Local	131,270	-	31,084		162,354
Total Accounts Receivable	$ 1,807,137	$ 262,282	$ 31,084	$ 437,247	$ 2,537,750

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2023 were as follows:

Capital Assets	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Work-in-progress - not depreciable	6,376,404	17,168,985	(20,224,578)	3,320,811
Buildings and improvements	91,556,976	20,224,578	(864,288)	110,917,266
Equipment	-	233,275	-	233,275.00
Total capital assets	97,933,380	37,626,838	(21,088,866)	114,471,352
Less accumulated depreciation for:				
Building and improvements	40,668,832	3,820,876	(820,798)	43,668,910
Equipment	-	23,328	-	23,328
Total accumulated depreciation	40,668,832	3,844,204	(820,798)	43,692,238
Total capital assets - net depreciation	$ 57,264,548	$ 33,782,634	$ (20,268,068)	$ 70,779,114

Depreciation/amortization expense was charged to governmental activities during the year as follows:

Instruction	$ 2,463,733
Supervision of instruction	135,901
Instruction library, media and technology	26,447
School site administration	197,556
Home-to-school transportation	32,063
Food services	105,830
All other pupil services	164,230
Data processing	224,881
All other general administration	15,334
Plant services	381,932
Ancillary services	12,938
Community services	83,359
Total depreciation expense	$ 3,844,204

5. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

The following summarizes the District's interfund balances as of June 30, 2023:

Fund	Due From	Due To
General Fund	$ 368,076	$ 201,099
Building Fund	-	313,494
Nonmajor Funds	201,099	54,582
Totals	$ 569,175	$ 569,175

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. During the fiscal year ended June 30, 2023, interfund included a transfers to reclassify the associated student body activities fund form a stand alone special revenue fund to the General Fund as required by GASB. The following summarizes the District's interfund transfers during the year:

Fund	Transfers In	Transfers Out
General Fund	$ 486,278	$ -
Building Fund	-	313,494
Nonmajor Funds		172,784
Totals	$ 486,278	$ 486,278

6. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the fiscal year ended June 30, 2023:

Description	Balance July 01, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
General obligation bonds	$ 67,020,202	$ 43,862,374	$ 7,955,000	$ 102,927,576	$ 3,615,000
Unamortized bond premium	2,255,354	1,757,326	275,961	3,736,719	477,688
Subtotal general obligation bonds	69,275,556	45,619,700	8,230,961	106,664,295	4,092,688
Net pension liabilities	20,354,043	17,575,343	7,741,360	30,188,026	-
Compensated absences	189,496	49,359	114,141	124,714	124,714
Total Long-term Liabilities	$ 89,819,095	$ 63,244,402	$ 16,086,462	$ 136,977,035	$ 4,217,402

The compensated absences and net pension obligations are paid for by the fund in which the employee worked. Payments on the general obligation bonds, which includes accreted interest, were paid by the Bond Interest and Redemption Fund from local revenues.

General Obligation Bonds Payable

The Bonds are general obligations of the District. The Board of Supervisors of Santa Clara County is empowered and is obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due. The District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, advance refundings met the requirements of an in-substance debt defeasance and therefore the deferred debt was removed as a liability from the District's government-wide financial statements.

The following summarizes the bonds outstanding as of June 30, 2023:

Description	Issue Date	Maturity Date	Interest Rate	Original Issue	Beginning	Issued	Accreted Interest	Adjustments/ Redeemed	Ennding
GO Bonds Series A	2003	2028	2-4%	$ 15,524,912	$ 1,143,714	$ -	$ 62,015	$ -	$ 1,205,729
GO Bonds Series B	2005	2035	3-4%	5,450,032	8,561,488	-	500,359	-	9,061,847
Subtotal Capital Appreciation Bonds				20,974,944	9,705,202	-	562,374	-	10,267,576
GO Refunding Bonds	2014	2026	3-5%	11,510,000	5,735,000	-	-	5,735,000	-
GO Bonds Series 2014	2015	2039	2-5%	39,000,000	35,865,000	-	-	415,000	35,450,000
GO Refunding Bonds	2015	2025	3-5%	1,415,000	715,000	-	-	160,000	555,000
GO Bonds Series 2021	2021	2050	2-5%	15,000,000	15,000,000	-	-	1,645,000	13,355,000
GO Bonds Series 2022	2023	2052	4-5%	38,680,000	-	38,680,000	-	-	38,680,000
GO Refunding Bonds	2023	2025	5%	4,620,000	-	4,620,000	-	-	4,620,000
Subtotal Current Interest Bonds				110,225,000	57,315,000	43,300,000	-	7,955,000	92,660,000
Total General Obligation Bonds				$ 131,199,944	$ 67,020,202	$ 43,300,000	$ 562,374	$ 7,955,000	$ 102,927,576

The annual debt service requirements of current interest bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 3,615,000	$ 3,739,231	$ 7,354,231
2025	4,240,000	3,542,856	7,782,856
2026	2,355,000	3,377,981	5,732,981
2027	940,000	3,295,606	4,235,606
2028	1,105,000	3,251,388	4,356,388
2029-2033	8,415,000	15,208,969	23,623,969
2034-2038	15,980,000	12,500,350	28,480,350
2039-2043	10,890,000	9,573,662	20,463,662
2044-2048	14,095,000	8,182,584	22,277,584
2049-2053	31,025,000	3,222,712	34,247,712
Total Debt Service	$ 92,660,000	$ 65,895,339	$ 158,555,339

The annual debt service requirements of capital appreciation bonds were as follows:

Year Ending June 30	Initial Bond Value	Accreted Interest	Accreted Obligations	Unaccreted Interest	Maturity Value
2027	$ 76,819	$ 123,935	$ 200,754	$ 34,246	$ 235,000
2028-2032	2,373,059	4,297,741	6,670,800	2,699,200	9,370,000
2033-2037	1,205,066	2,190,956	3,396,022	2,653,978	6,050,000
Total	$ 3,654,944	$ 6,612,632	$ 10,267,576	$ 5,387,424	$ 15,655,000

7. RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Santa Clara County Schools Insurance Group for property and liability insurance coverage.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Santa Clara County Schools Insurance Group, an insurance purchasing pool. The intent of the Santa Clara County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Santa Clara County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Santa Clara County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Santa Clara County Schools Insurance Group. Participation in the Santa Clara County Schools Insurance Group is limited to districts that can meet the Santa Clara County Schools Insurance Group's selection criteria.

Insurance Program/ Company Name	Type of Coverage	Limits	
Workers' Compensation Program			
Santa Clara County Schools Insurance Group	Workers' Compensation	$	1,000,000
Property and Liability Program			
School Excess Liability Fund (SELF)	Excess General Liability	$	50,000,000
Santa Clara County Schools Insurance Group	General Liability	$	5,000,000
Santa Clara County Schools Insurance Group	Property	$	500,000,000

8. JOINT POWERS AGREEMENTS

The District is a member of the Santa Clara County Schools Insurance Group public entity risk pool and the West Valley Transportation Joint Powers Authority. The District pays an annual premium to the entities for its health, workers' compensation, property liability coverage, and to purchase transportation services. The relationship between the District and the pool, is such that it is not a component unit of the District for financial reporting purposes. The entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities. The District has appointed one member to the governing board of Santa Clara County Schools Insurance Group and West Valley Transportation Joint Powers Authority.

9. COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed various claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Federal and State Allowances, Award, and Grants

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

Commitments

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

Project Name	Construction Commitments	Expected Date of Completion
New modular classrooms at Price	$ 5,836,381	June 30, 2024
New modular classrooms at Fammatre	5,569,378	June 30, 2024
New modular classrooms at Farnham	6,085,964	June 30, 2024
New modular classrooms at Sartorette	5,723,926	June 30, 2024
Modernization at Price (Phase 2/3)	1,470,713	December 31, 2025
Modernization at Bagby (Phase 2/3)	1,167,052	December 31, 2025
Modernization at Fammatre (Phase 2/3)	1,013,520	December 31, 2025
Modernization at Farnham (Phase 2/3)	849,861	December 31, 2025
Modernization at Sartorette (Phase 2/3)	921,350	December 31, 2025
District office fire alarm	238,400	May 30, 2025
Program management	432,130	December 31, 2025
Total Commitments	$ 29,308,675	

10. EMPLOYEE RETIREMENT SYSTEMS

The following summarizes the District's pension related balances as of June 30, 2023:

	PERS	STRS	Total
Deferred outflows of resources	$ 3,972,369	$ 5,157,041	$ 9,129,410
Deferred inflows of resources	$ 566,256	$ 6,192,737	$ 6,758,993
Net pension liabilities	$ 10,072,572	$ 20,115,454	$ 30,188,026
Pension expense	$ 1,428,899	$ 2,809,194	$ 4,238,093

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.420%	7.420%
Required employer contribution rates	25.370%	25.370%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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 the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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. For fiscal year ending June 30, 2023, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2023 the District's contributions were as follows:

	CalPERS
Contributions - employer	$ 1,504,777

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 10,072,572

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

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

	CalPERS
Proportion - June 30, 2022	0.03048%
Proportion - June 30, 2023	0.02927%
Change - Increase/(Decrease)	-0.00121%

For the year ended June 30, 2023, the District recognized pension expense of $1,428,899 for the Plan.

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
Changes of Assumptions	$ 745,112	$ -
Differences between Expected and Actual Experience	45,522	250,618
Differences between Projected and Actual Investment Earnings	1,189,297	-
Differences between Employer's Contributions and Proportionate Share of Contributions	35,901	67,496
Change in Employer's Proportion	451,761	248,141
Pension Contributions Made Subsequent to Measurement Date	1,504,777	-
Total	$ 3,972,370	$ 566,255

The District reported $1,504,777 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	$ 564,509
2025	431,279
2026	180,357
2027	725,192
2028	-
Thereafter	-
Total	$ 1,901,337

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.8% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been

6.95%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long- term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS
1% Decrease	5.90%
Net Pension Liability	$ 14,550,340
Current	6.90%
Net Pension Liability	$ 10,072,572
1% Increase	7.90%
Net Pension Liability	$ 6,371,861

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

California State Teachers' Retirement System (CalSTRS) Pension Plan

General Information about the CalSTRS Pension Plan

Plan Description - The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

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

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required State contribution rates	10.828%	10.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023, the District’s contributions were as follows:

		CalSTRS
Employer Contributions	$	3,691,074
State Contributions		1,616,021
Total	$	5,307,095

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to CalSTRS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability/(Asset)
District	$	20,115,454
State		10,073,819
Total	**$**	**30,189,273**

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures.

The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 10.87 percent of the members’ creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

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

	CalSTRS
Proportion - June 30, 2022	0.03111%
Proportion - June 30, 2023	0.02895%
Change - Increase/(Decrease)	-0.00216%

For the year ended June 30, 2023, the District recognized pension expense of $2,809,194 for the Plan, of which, a total of $1,616.,021 came from state contributions.

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
Changes of Assumptions	$ 997,580	$ -
Differences between Expected and Actual Experience	16,501	1,508,239
Differences between Projected and Actual Investment Earnings	-	983,685
Differences between Employer's Contributions and Proportionate Share of Contributions	-	829,185
Change in Employer's Proportion	451,886	2,871,628
Pension Contributions Made Subsequent to Measurement Date	3,691,074	-
Total	$ 5,157,041	$ 6,192,737

The District reported $3,691,074 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	$ (755,251)
2025	(1,659,616)
2026	(2,269,365)
2027	909,981
2028	(614,032)
Thereafter	(338,487)
Total	$(4,726,770)

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
(2) Net of investment expense but gross of administrative expenses.
(3) Based on 110% of the MP-2019 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan'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 the total pension liability. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(a) Real return is net of assumed 2.75% inflation.
(b) 20-year geometric average.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		CalSTRS
1% Decrease		6.10%
Net Pension Liability	$	34,163,502
Current		7.10%
Net Pension Liability	$	20,115,454
1% Increase		8.10%
Net Pension Liability	$	8,451,351

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

11. PRIOR PERIOD ADJUSTMENTS

Beginning net position and fund balance was decreased by $137,138 to account for deferrals and receivables from prior periods. The decrease was immaterial to the District's financial statements as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Cambrian School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive -
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
LCFF sources	$ 29,861,395	$ 30,345,209	$ 31,151,836	$ 806,627
Federal	1,661,493	2,464,565	1,580,709	(883,856)
Other state	3,234,618	9,314,680	10,241,939	927,259
Other local	5,407,969	5,304,584	6,521,465	1,216,881
Total revenues	40,165,475	47,429,038	49,495,949	2,066,911
Expenditures:				
Certificated salaries	16,879,869	18,922,874	19,386,225	(463,351)
Classified salaries	5,901,496	6,643,212	7,015,943	(372,731)
Employee benefits	11,217,667	11,983,521	10,848,761	1,134,760
Books and supplies	874,072	2,142,967	2,206,728	(63,761)
Services and other operating expenditures	5,336,084	8,583,220	7,384,431	1,198,789
Capital outlay	-	-	163,956	(163,956)
Other outgo	-	(67,781)	(54,582)	(13,199)
Total expenditures	40,209,188	48,208,013	46,951,462	1,256,551
Excess (deficiency) of revenues over (under) expenditures	(43,713)	(778,975)	2,544,487	3,323,462
Other financing sources (uses):				
Transfers in	341,541	341,541	486,278	144,737
Transfers out	-	-	-	-
Total other financing sources (uses)	341,541	341,541	486,278	144,737
Changes in fund balance	$ 297,828	$ (437,434)	3,030,765	$ 3,468,199
Fund balance beginning			7,961,165	
Prior period adjustments			(102,686)	
Fund balance beginning, as adjusted			7,858,479	
Fund balance ending			$ 10,889,244	

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Cambrian School District
Schedule of Pension Plan Contributions
For the Year Ended June 30, 2023

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	$ 299,874	$ 352,243	$ 464,737	$ 534,843	$ 657,148	$ 825,201	$ 902,637	$ 1,089,553	$ 1,504,777
Contributions in Relation to Contractually Required Contributions	299,874	352,243	464,737	534,843	657,148	825,201	902,637	1,089,553	1,504,777
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 2,547,566**	**$ 2,973,267**	**$ 3,346,321**	**$ 3,443,713**	**$ 3,638,290**	**$ 4,184,377**	**$ 4,360,565**	**$ 4,755,797**	**$ 5,931,324**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**	**19.72%**	**20.70%**	**22.91%**	**25.37%**

Notes to Schedule:

Valuation Date: June 30, 2021

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.30%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
This schedule presents information on the District’s portion of the net pension liability of CalPERS in compliance with GASB 68.

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	$ 1,357,043	$ 1,697,821	$ 2,146,996	$ 2,576,992	$ 2,843,155	$ 2,970,264	$ 2,786,023	$ 2,962,522	$ 3,691,074
Contributions in Relation to Contractually Required Contributions	1,357,043	1,697,821	2,146,996	2,576,992	2,843,155	2,970,264	2,786,023	2,962,522	3,691,074
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 15,282,016**	**$ 15,823,122**	**$ 17,066,741**	**$ 17,858,572**	**$ 17,464,097**	**$ 17,369,965**	**$ 17,250,916**	**$ 17,508,995**	**$ 19,324,995**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**	**17.10%**	**16.15%**	**16.92%**	**19.10%**

Notes to Schedule:

Valuation Date: June 30, 2021

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalSTRS during the year.

Cambrian School District
Schedule of Proportionate Shares of Net Pension Liabilities
For the Year Ended June 30, 2023

CalPERS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
District's Proportion of Net Pension Liability	0.02434%	0.02367%	0.02450%	0.02589%	0.02591%	0.02620%	0.02838%	0.03048%	0.02927%
Proportionate Share of Net Pension Liability	$ 2,763,676	$ 3,488,785	$ 4,838,936	$ 6,180,272	$ 6,908,676	$ 7,635,808	$ 8,708,066	$ 6,198,449	$ 10,072,572
Covered Payroll	$ 2,567,727	$ 2,547,566	$ 2,973,267	$ 3,346,321	$ 3,443,713	$ 3,638,290	$ 4,184,377	$ 4,360,565	$ 4,755,797
Proportionate Share of NPL as a % of Covered Payroll	**107.63%**	**136.95%**	**162.75%**	**184.69%**	**200.62%**	**209.87%**	**208.11%**	**142.15%**	**211.80%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**	**70.05%**	**70.00%**	**80.97%**	**69.76%**

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
This schedule presents information on the District’s portion of the net pension liability of CalPERS in compliance with GASB 68.

CalSTRS	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
District's Proportion of Net Pension Liability	0.03190%	0.03296%	0.03169%	0.03206%	0.03353%	0.03254%	0.03249%	0.03111%	0.02895%
District's Proportionate Share of Net Pension Liability	$ 18,639,896	$ 22,186,672	$ 25,629,902	$ 29,649,264	$ 30,817,680	$ 29,389,092	$ 31,485,333	$ 14,155,594	$ 20,115,454
State's Proportionate Share of Net Pension Liability Associated with the District	11,255,515	11,734,309	14,590,591	17,540,208	17,644,663	16,033,807	16,230,689	7,122,529	10,073,819
	$ 29,895,411	$ 33,920,981	$ 40,220,493	$ 47,189,472	$ 48,462,343	$ 45,422,899	$ 47,716,022	$ 21,278,123	$ 30,189,273
Covered Payroll	$ 14,383,583	$ 15,282,016	$ 15,823,122	$ 17,066,741	$ 17,858,572	$ 17,464,097	$ 17,369,965	$ 17,250,916	$ 17,508,995
Proportionate Share of NPL as a % of Covered Payroll	**129.59%**	**145.18%**	**161.98%**	**173.73%**	**172.57%**	**168.28%**	**181.26%**	**82.06%**	**114.89%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**	**72.56%**	**71.82%**	**87.21%**	**81.20%**

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District’s portion of the net pension liability of CalSTRS in compliance with GASB 68.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds
Combining Schedules

Cambrian School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Assets				
Cash and investments	$ 920,172	$ 1,465,282	$ 6,204,394	$ 8,589,848
Accounts receivable	375,345	11,390	50,512	437,247
Due from other funds	-	-	201,099	201,099
Total Assets	$ 1,295,517	$ 1,476,672	$ 6,456,005	$ 9,228,194
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 48,857	$ 932	$ 190,283	$ 240,072
Due to other funds	54,582	-	-	54,582
Unearned revenue	23,518	-	-	23,518
Total Liabilities	126,957	932	190,283	318,172
Fund balances:				
Nonspendable:				
Revolving fund	210	-	-	210
Restricted for:				
Cafeteria programs	1,168,350	-	-	1,168,350
Capital projects	-	1,475,740	6,265,722	7,741,462
Total Fund Balances	1,168,560	1,475,740	6,265,722	8,910,022
Total Liabilities and Fund Balances	$ 1,295,517	$ 1,476,672	$ 6,456,005	$ 9,228,194

Cambrian School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Revenues:					
Federal	$ -	$ 677,997	$ -	$ -	$ 677,997
Other state	-	1,170,818	-	-	1,170,818
Other local	-	9,389	483,913	387,840	881,142
Total revenues	-	1,858,204	483,913	387,840	2,729,957
Expenditures:					
Current					
Pupil services:					
Food services	-	1,347,321	-	-	1,347,321
General administration:					
All other general administration	-	54,582	4,500	-	59,082
Plant services	-	-	-	91,880	91,880
Facilities acquisition and constructio	-	-	4,617	148,183	152,800
Total expenditures	-	1,401,903	9,117	240,063	1,651,083
Excess (deficiency) of revenues over (under) expenditures	-	456,301	474,796	147,777	1,078,874
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(172,784)	-	-	-	(172,784)
Total other financing sources (uses)	(172,784)	-	-	-	(172,784)
Changes in fund balances	(172,784)	456,301	474,796	147,777	906,090
Prior period adjustments	-	(34,452)	-	-	(34,452)
Fund balances beginning, as adjusted	172,784	746,711	1,000,944	6,117,945	8,038,384
Fund balances ending	$ -	$ 1,168,560	$ 1,475,740	$ 6,265,722	$ 8,910,022

STATE AND FEDERAL AWARD COMPLIANCE SECTION

The Cambrian School District was organized in 1865 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 kindergarten through eighth as mandated by the State and/or Federal agencies. The District operates four elementary schools, one middle school and one kindergarten through eighth grade STEAM Magnet School. There were no boundary changes during the year.

Governing Board

Name	Office	Term Expires
Janet Gillis	President	2024
Jarod Middleton	Vice President	2026
Carol Presunka	Clerk	2026
Nick Villalobos	Member	2026
Beth Erickson	Member	2024

Administration

Kristi Schwiebert
Superintendent

Dr. John Pappalardo
Chief Financial Officer

Cambrian School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2023

District (Classroom Based)	Second Period Report District	Annual Report District
Average Daily Attendance:		
Grades TK/K through three	503.58	502.57
Grades four through six	309.64	309.56
Grades seven and eight	113.58	113.96
Extended year special education:		
Grades TK/K through three	2.35	2.35
Grades four through six	1.69	1.69
Grades seven and eight	0.78	0.78
Special education; nonpublic, nonsec:		
Grades TK/K through three	0.72	1.31
Grades four through six	0.41	0.82
Grades seven and eight	1.63	1.83
Extended year special education; nonpublic, nonsec:		
Grades seven and eight	0.27	0.27
Total ADA	934.65	935.14

	Second Period Report - Classroom Based ADA				
Charter Schools	Fammatre	Farnham	Sartorette	Ida Price	Total CS
Average Daily Attendance:					
Grades TK/K through three	280.95	216.55	156.64	-	654.14
Grades four through six	142.45	113.95	94.47	307.47	658.34
Grades seven and eight	-	-	-	518.49	518.49
Total	423.40	330.50	251.11	825.96	1,830.97

	Second Period Report - Non Classroom Based ADA				
Charter Schools	Fammatre	Farnham	Sartorette	Ida Price	Total CS
Average Daily Attendance:					
Grades TK/K through three	2.55	1.14	0.91	-	4.60
Grades four through six	1.08	0.45	0.18	0.53	2.24
Grades seven and eight	-	-	-	1.14	1.14
Total	3.63	1.59	1.09	1.67	7.98
Total Charter School P-2	427.03	332.09	252.20	827.63	1,838.95

	Annual Report - Classroom Based ADA				
Charter Schools	Fammatre	Farnham	Sartorette	Ida Price	Total CS
Average Daily Attendance:					
Grades TK/K through three	281.96	219.23	159.51	-	660.70
Grades four through six	142.80	115.29	95.90	307.98	661.97
Grades seven and eight	-	-	-	518.36	518.36
Total	424.76	334.52	255.41	826.34	1,841.03

	Annual Report - Non Classroom Based ADA				
Charter Schools	Fammatre	Farnham	Sartorette	Ida Price	Total CS
Average Daily Attendance:					
Grades TK/K through three	2.27	1.35	1.11	-	4.73
Grades four through six	0.96	0.42	0.19	0.39	1.96
Grades seven and eight	-	-	-	1.07	1.07
Total	3.23	1.77	1.30	1.46	7.76
Total Charter School Annual	427.99	336.29	256.71	827.80	1,848.79

Cambrian School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2023

Grade Level	Minutes Requirements	Actual Minutes	Actual Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	47,245	180	0	In Compliance
Grade 1	50,400	51,180	180	0	In Compliance
Grade 2	50,400	51,180	180	0	In Compliance
Grade 3	50,400	51,180	180	0	In Compliance
Grade 4	54,000	55,580	180	0	In Compliance
Grade 5	54,000	55,580	180	0	In Compliance
Grade 6	54,000	57,697	180	0	In Compliance
Grade 7	54,000	57,697	180	0	In Compliance
Grade 8	54,000	57,697	180	0	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has met or exceeded its target funding.

Cambrian School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

	(Budget) [1] 2024	2023	2022	2021
General Fund				
Revenues	$ 44,489,275	$ 49,495,949	$ 40,640,707	$ 41,973,103
Other sources and transfers in	341,541	486,278	-	171,541
Total Revenues and Other Sources	44,830,816	49,982,227	40,640,707	42,144,644
Expenditures	47,737,904	46,951,462	41,294,333	39,462,193
Other uses and transfers out	-	-	-	-
Total Expenditures and Other Uses	47,737,904	46,951,462	41,294,333	39,462,193
Change in fund balance	(2,907,088)	3,030,765	(653,626)	2,682,451
Adjustments to fund balance	-	(102,686)	-	-
Ending fund balance	$ 7,982,156	$ 10,889,244	$ 7,961,165	$ 8,614,791
Available reserves [2]	$ 3,507,428	$ 6,074,521	$ 6,013,744	$ 6,729,592
Reserved for economic uncertainty	$ -	$ -	$ -	$ -
Unassigned fund balance	$ 3,507,428	$ 6,074,521	$ 6,013,744	$ 6,729,592
Available reserves as a percentage of total outgo	7.35%	12.94%	14.56%	17.05%
Total long-term liabilities	$ 132,759,633	$ 136,977,035	$ 89,819,095	$ 110,646,950
Average daily attendance at P-2	2,749	2,774	2,838	3,297

Average daily attendance has decreased by 523 over the past three years. The district anticipates a decrease of 25 ADA in FY 2024.

The general fund balance has increased by $2,274,453 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term liabilities has increased by $26,330,085 over the past three years. The District has had operating surpluses in two of the last three fiscal years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2023/24

[2] Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic

Cambrian School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

Name of Charter School	Charter Number	Included in Audit Report
Fammatre Charter School	638	Yes
Farnham Charter School	574	Yes
Sartorette Charter School	497	Yes
Idea Price Charter School	575	Yes

Cambrian School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Program Name	Assistance Listing		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010		14329	125,428
Title II: Supporting Effective Instruction Local Grants	84.367		14341	48,826
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424		15396	10,723
Education Stabilization Fund (ESF)				
Governor's Emergency Education Relief (GEER) Fund: Learning LossMitigation	84.424C		15517	36,523
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D		15559	175,107
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U		10155	23,607
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D		15618	147,219
Expanded Learning Opportunities (ELO) Grant: ESSER III State ReserveEmergency Needs	84.425D		15620	74,000
Expanded Learning Opportunities (ELO) Grant: ESSER III State ReserveLearning Loss	84.425D		15621	133,582
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D		15547	23
Elementary and Secondary School Emergency Relief II (ESSER II) Fund				590,061
Special Education Cluster				
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027U	(1)	15638	133,038
Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	(1)	15639	8,414
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	(1)	13430	16,471
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173	(1)	13431	251
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs	84.027U	(1)	10169	1,035
IDEA Basic Local Assistance	84.027	(1)	13379	605,322
Total Special Education Cluster				764,531
Title III				
Title III, English Learning Student Program	84.365		14346	41,140
TOTAL U.S. DEPARTMENT OF EDUCATION				1,580,709
Corporation for National and Community Service (CNCS)				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)				
Other Federal: AmeriCorps	94.006		10043	614
TOTAL CNCS				614
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
Supply Chain Assistance for School Meals	10.555F	(1)	15655	61,768
Child Nutrition: School Programs (NSL Sec 4) - Commondities	10.555	(1)	13391	507,298
Total Child Nutrition Cluster				569,066
TOTAL U.S. DEPARTMENT OF AGRICULTURE				569,066
TOTAL FEDERAL PROGRAMS				$ 2,150,389

(1) Audited as major program
Note: There were no federal grants passed through to subrecipients

Cambrian School District

Reconciliation of Annual Financial and Budget Report (SACS)
to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds
June 30, 2023 Annual Financial and Budget Report (SACS) Fund Balances	$ 11,022,438	$ 47,403,956	$ 4,903,353	$ 9,310,234
Adjustments and Reclassifications:				
Fair value adjustments	(277,796)	(1,002,880)	(131,019)	(255,610)
Associated student body fund	144,602	-	-	(144,602)
June 30, 2023 Audited Financial Statements Fund Balances	$ 10,889,244	$ 46,401,076	$ 4,772,334	$ 8,910,022

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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 46201 through 46206 and whether the Charter Schools complied with Education Code Sections 47612 and 47612.5.

C. 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.

D. 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 School District audit.

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

4. SUMMARY OF SIGNIFICANT ACCOUNTNG POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

OTHER INDEPENDENT AUDITOR'S REPORTS

Chavan and Associates, llp
Certified Public Accountants

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*

Board of Trustees
Evergreen School District
San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambrian 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 February 29, 2024.

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

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as finding 2023-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

C & A LLP

February 29, 2024
Morgan Hill, California

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Evergreen School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cambrian School District's (the District) compliance with the types of compliance requirements described in *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 types of 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 programs

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 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 Cambrian School 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 programs. Our audit does not provide a legal determination of Cambrian School 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.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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 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 programs.

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 Cambrian School 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 Cambrian School 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 Cambrian School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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

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

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

C & A LLP

February 29, 2024
Morgan Hill, California

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Evergreen School District
San Jose, California

Reports of State Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited the Cambrian School District (the District)'s compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2023.

Qualified Opinion on Classroom Teacher Salaries and Instructional Time

In our opinion, except for the noncompliance described in the Matters Giving Rise to Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. 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 Cambrian School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Cambrian School District's compliance with the compliance requirements referred to above.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Instructional Materials (finding 2023-001). Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State 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 Cambrian School 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 *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. 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 Cambrian School District's compliance with the requirements of applicable state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 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 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-22 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Districts:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	N/A
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	N/A
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Job Acts	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
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	N/A
Immunizations	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	N/A
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

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

Report on Internal Control over Compliance

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

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

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

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.

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

C & A LLP

February 29, 2024
Morgan Hill, California

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

FINDINGS AND RECOMMENDATIONS

Cambrian School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Non-compliance material to financial statements noted?	____ Yes __x__ No

Federal Awards

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

Identification of Major Programs:

AL Numbers	Name of Federal Program
84.027, 84.027A/U	Special education cluster
10.555,10.555F	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	____ Yes __x__ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	__x__ Yes ____ None Reported
Type of auditor's report issued on compliance over state programs:	**Modified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

Finding 2023-001: Instructional Materials (70000)

Criteria or Specific Requirements: California Education Code section 60119 requires the governing board to hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interest in the affairs of the school district, and bargaining unit leaders for the purpose of making a determination of the sufficiency of the District's textbooks or instructional materials or both. The District is required to hold the public hearing on or before the end of the eighth week from the first day pupils attend school for the year.

Condition: The District was late in holding the required public hearing.

Questioned Costs: None

Effect: The District was not in compliance with California Education Code section 60119.

Cause: The public hearing was late due to a District administrative oversight.

Recommendation: The District should review California Education Code section 60119 and establish a process to ensure the timing of the public hearings meet Ed. Code.

Corrective Action Plan: The District agrees with the auditor's recommendation and management has updated procedures in 2023-24 to ensure the public hearing and sufficiency of instructional materials complies with Ed Code 60119.

Section II - Financial Statement Findings

2022-001 - 30000 - Internal Controls over Financial Reporting (Material Weakness)

Criteria
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
An internal control system design must include elements to accurately prepare financial statements in a timely manner and ensure all the adjusting entries are properly recorded in the proper period. During the course of our engagement, we noted that the District has recorded a prior year adjustment to the general fund balance due to a prior year receivables overstatement.

Status
The District implemented the recommendation provided in the prior audit.

Section III - Federal Award Findings and Questioned Costs

2022-002 - 50000 – Federal Compliance (Material Weakness)

Program: Child Nutrition Cluster
CFDA Number: 10.555, 10.553

Criteria
Per the 2 CFR 200.318(a), non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.327. The non-Federal entity must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200 (Uniform Guidance).

Condition
As a result of the test work performed over the procurement, suspension, and debarment compliance requirements, we identified that the District's written procedures for procurement of goods or services did not fully conform with the procurement requirements identified in 2 CFR section 200.318 through 200.327.

Status
The District implemented the recommendation provided in the prior audit.

Section IV - State Award Findings and Questioned Costs

None