BONITA UNIFIED SCHOOL DISTRICT

LOS ANGELES COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2022

BONITA UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2022
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A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Education
Bonita Unified School District
San Dimas, California

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District, as of June 30, 2022, and the respective changes in financial position thereof for the fiscal 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' 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
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 87, Leases. Accordingly, the beginning net position on the Statement of Activities has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 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, except for the LEA Organization, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 6, 2022 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Nigro + Nigro, PC

Murrieta, California
December 6, 2022

This discussion and analysis of Bonita Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

DISTRICT OVERVIEW

The Bonita Unified School District is a suburban school district offering instruction to students from transitional kindergarten through twelfth grade, including programs for preschool and special education. During the 2021-22 school year, the District operated eight elementary schools, two middle schools, two comprehensive high schools, and one continuation high school, on the traditional August through May schedule, for the instruction of approximately 10,000 students.

MISSION STATEMENT

For the students in our care, and in partnership with the community, we will create a safe, challenging and comprehensive learning environment that will shape character, nurture intellect and build skills for success in an ever-changing world.

OUR PURPOSE

Our purpose is to prepare every student to live their purpose. We do this through our core values of equity, mastery, and a focus on results.

OUR CORE VALUES

Equity is ensured through individualized support.

Mastery is evident through sustained application of skills.

Focus on Results is achieved through an intentional process driven by successful outcomes.

OUR VISION

To lead all comprehensive school districts in the region in academics, activities, athletics, and the arts.

FINANCIAL HIGHLIGHTS

District-Wide Financial Statements

- As of June 30, 2022, the District's overall financial condition improved from June 30, 2021, as Net Position increased $29.2 million.
- Overall revenues increased $7.1 million, to $144.9 million.
- Overall expenditures decreased $34.6 million, to $115.6 million. The majority of expenditures, $87.7 million, were for instruction and instruction-related services. Because a portion of these costs was paid for with charges, fees, and federal and state categorical programs, the net cost that required taxpayer funding was $89.2 million.
- The District's General Fund recorded an increase for the year of $5.7 million. Reserves for the General Fund increased $1.9 million

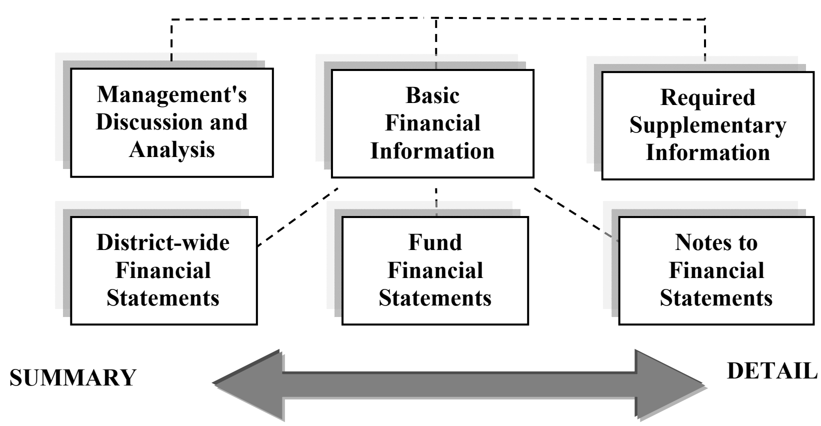
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Bonita Unified School District's Annual Financial Report



The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements
The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has one kind of fund:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2022, than it was the year before – increasing 37.5% to $(48.7) million (See Table A-1). The District's net position is negative largely due to the GASB requirement to record all of the District's net pension liability.

Table A-1: Statement of Net Position

	Governmental Activities 2022	Governmental Activities 2021*	Variance Increase (Decrease)
Assets			
Current assets	$ 69,173,547	$ 66,064,592	$ 3,108,955
Capital assets	137,451,969	146,307,494	(8,855,525)
Total assets	206,625,516	212,372,086	(5,746,570)
Total deferred outflows of resources	43,661,985	40,929,713	2,732,272
Liabilities			
Current liabilities	8,994,634	14,126,883	(5,132,249)
Long-term liabilities	228,684,526	300,354,094	(71,669,568)
Total liabilities	237,679,160	314,480,977	(76,801,817)
Total deferred inflows of resources	61,259,760	16,716,963	44,542,797
Net position			
Net investment in capital assets	14,701,226	14,312,835	388,391
Restricted	28,573,286	22,470,209	6,103,077
Unrestricted	(91,925,931)	(114,679,185)	22,753,254
Total net position	$ (48,651,419)	$ (77,896,141)	$ 29,244,722

**As restated*

Changes in net position, governmental activities. The District's total revenues increased 5.2% to $144.9 million (See Table A-2). The increase is due primarily to increases in LCFF revenue.

The total cost of all programs and services decreased 23.0% to $115.6 million. The District's expenses are predominantly related to educating and caring for students, 75.9%. A significant contributor to the decrease in costs was expense reductions associated with changes in the actuarially determined net pension liability and OPEB liability.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2022	Governmental Activities 2021	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 615,003	$ 510,246	$ 104,757
Operating grants and contributions	25,768,142	26,005,129	(236,987)
General Revenues:			
Federal and state aid not restricted	77,671,467	73,815,810	3,855,657
Property taxes	35,724,352	35,018,375	705,977
Other general revenues	5,075,382	2,378,246	2,697,136
Total Revenues	144,854,346	137,727,806	7,126,540
Expenses			
Instruction-related	72,125,894	89,085,174	(16,959,280)
Pupil services	15,617,362	14,237,266	1,380,096
Administration	(4,542,274)	12,921,937	(17,464,211)
Plant services	12,338,871	11,065,279	1,273,592
All other activities	20,069,771	22,859,140	(2,789,369)
Total Expenses	115,609,624	150,168,796	(34,559,172)
Increase (decrease) in net position	29,244,722	(12,440,990)	$ 41,685,712
Total net position	$ (48,651,419)	$ (77,896,141)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $61.6 million, which is above last year's ending fund balance of $53.3 million. The primary cause of the increased fund balance is a surplus in the general fund and increased reimbursements in the cafeteria fund.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
Fund					
General Fund	$ 37,422,569	$ 136,608,366	$ 130,723,116	$ (197,209)	$ 43,110,610
Student Activity Special Revenue Fund	925,239	1,076,090	1,048,411	-	952,918
Child Development Fund	-	2,349,419	2,349,419	-	-
Cafeteria Fund	662,216	5,396,110	3,558,655	-	2,499,671
Special Reserve Fund (Postemployment Benefits)	447,680	3,562	-	197,209	648,451
Capital Facilities Fund	2,978,763	480,335	152,695	-	3,306,403
Capital Outlay Fund for Blended Component Units	3,356,685	779,283	770,764	-	3,365,204
Bond Interest and Redemption Fund	7,482,025	8,340,872	8,072,198	-	7,750,699
	$ 53,275,177	$ 155,034,037	$ 146,675,258	$ -	$ 61,633,956

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights
While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $4.0 million, the actual results for the year show that revenues exceeded expenditures by roughly $5.9 million. Actual revenues were $5.6 million more than anticipated, and expenditures were $4.2 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget, offset by STRS on-behalf contributions from the State that were not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
By the end of 2021-22 the District had invested $1.2 million in new capital assets, related to the improvement of sites. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $10.1 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Variance
	2022	2021	Increase (Decrease)
Land	$ 1,711,208	$ 1,711,208	$ -
Improvement of sites	50,854,389	54,139,566	(3,285,177)
Buildings	81,700,526	87,237,670	(5,537,144)
Equipment	2,985,120	3,219,050	(233,930)
Construction in progress	200,726	-	200,726
Total	$ 137,451,969	$ 146,307,494	$ (8,855,525)

Long-Term Debt
At year-end the District had $228.7 million in long-term debt – a decrease of 23.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance
	2022	2021*	Increase (Decrease)
General obligation bonds	$ 120,471,924	$ 125,513,440	$ (5,041,516)
Clean renewable energy bonds	10,211,000	10,901,000	(690,000)
Compensated absences	2,258,165	2,489,921	(231,756)
Early retirement incentives	574,166	656,307	(82,141)
Other postemployment benefits	25,089,668	31,223,812	(6,134,144)
Net pension liability	70,079,603	129,569,614	(59,490,011)
Total	$ 228,684,526	$ 300,354,094	$ (71,669,568)

**As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly $28 billion in total reserves. This consists of: (1) $23.3 billion in the Budget Stabilization Account; (2) $3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) $900 million in the Safety Net Reserve, which is available for spending on the State’s safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline $175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State’s Medicaid program (which the administration assumes will expire in December 2022) and $27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up $16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional $117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of $9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of $4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is $7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes $12.1 billion in one-time funding for two K-12 block grants—$7.9 billion focused on learning recovery and $3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes $841 million one time for facilities maintenance and instructional equipment and $650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of $614 million related to the first-year costs of the expansion.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

School Facilities Grants
The budget allocates $1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, $1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining $100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

Reserve Cap Triggered
As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Bonita Unified School District budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 any questions about this report or need additional financial information, please contact the Assistant Superintendent of Business Services, Sonia Eckley, at (909) 971-8320.

BONITA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 59,027,133
Accounts receivable	9,610,340
Inventories	213,650
Prepaids	322,424
Capital assets:	
Non-depreciable assets	1,911,934
Depreciable assets	263,394,742
Less accumulated depreciation	(127,854,707)
Total assets	206,625,516
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	4,123,997
Deferred outflows of resources - OPEB	9,529,177
Deferred outflows of resources - pensions	30,008,811
Total deferred outflows of resources	43,661,985
LIABILITIES	
Accounts payable	6,043,370
Accrued interest payable	1,529,466
Unearned revenue	1,421,798
Noncurrent liabilities	
Due or payable within one year	6,597,740
Due in more than one year:	
Other than OPEB and pensions	126,917,515
Total OPEB liability	25,089,668
Net pension liability	70,079,603
Total liabilities	237,679,160
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	51,876,026
Deferred inflows of resources - OPEB	9,383,734
Total deferred outflows of resources	61,259,760
NET POSITION	
Net investment in capital assets	14,701,226
Restricted for:	
Capital projects	3,306,403
Debt service	7,750,699
Student body activities	914,584
Categorical programs	16,601,600
Unrestricted	(91,925,931)
Total net position	$ (48,651,419)

BONITA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				
Instructional services:				
Instruction	$ 61,521,066	$ 43,567	$ 12,623,347	$ (48,854,152)
Instruction-related services:				
Supervision of instruction	2,114,405	4,502	288,904	(1,820,999)
Instructional library, media and technology	1,353,772	-	(11,959)	(1,365,731)
School site administration	7,136,651	-	(85,481)	(7,222,132)
Pupil support services:				
Home-to-school transportation	2,933,493	2,446	403,365	(2,527,682)
Food services	3,251,799	82,789	4,966,659	1,797,649
All other pupil services	9,432,070	4,615	3,446,705	(5,980,750)
General administration services:				
Data processing services	2,488,350	-	86,059	(2,402,291)
Other general administration	(7,030,624)	2,609	604,577	7,637,810
Plant services	12,338,871	4,493	291,572	(12,042,806)
Ancillary services	2,622,736	-	1,012,072	(1,610,664)
Community services	2,429,556	-	1,372,772	(1,056,784)
Interest on long-term debt	3,782,185	-	-	(3,782,185)
Other outgo	1,156,020	469,982	769,550	83,512
Depreciation (unallocated)	10,079,274	-	-	(10,079,274)
Total Governmental Activities	$ 115,609,624	$ 615,003	$ 25,768,142	(89,226,479)

General Revenues:	
Property taxes	35,724,352
Federal and state aid not restricted to specific purpose	77,671,467
Interest and investment earnings	253,549
Interagency revenues	279,803
Miscellaneous	4,542,030
Total general revenues	118,471,201
Change in net position	29,244,722
Net position - July 1, 2021, as originally stated	(78,164,227)
Adjustment for restatement (Note 13)	268,086
Net position - July 1, 2021, as restated	(77,896,141)
Net position - June 30, 2022	$ (48,651,419)

BONITA UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 41,795,732	$ 7,750,699	$ 9,480,702	$ 59,027,133
Accounts receivable	8,738,292	-	797,625	9,535,917
Inventories	103,448	-	110,202	213,650
Prepaid expenditures	322,424	-	-	322,424
Total Assets	$ 50,959,896	$ 7,750,699	$ 10,388,529	$ 69,099,124
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 5,791,877	$ -	$ 251,493	$ 6,043,370
Unearned revenue	1,408,958	-	12,840	1,421,798
Total Liabilities	7,200,835	-	264,333	7,465,168
Fund Balances				
Nonspendable	515,872	-	110,202	626,074
Restricted	13,152,373	7,750,699	10,010,632	30,913,704
Assigned	7,383,350	-	3,362	7,386,712
Unassigned	22,707,466	-	-	22,707,466
Total Fund Balances	43,759,061	7,750,699	10,124,196	61,633,956
Total Liabilities and Fund Balances	$ 50,959,896	$ 7,750,699	$ 10,388,529	$ 69,099,124

Total fund balances - governmental funds		$ 61,633,956
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost:	265,306,676	
Accumulated depreciation:	(127,854,707)	
Net:		137,451,969
In governmental funds, interest subsidies received from Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The federal interest subsidies included in accounts receivable in the government-wide statements were:		74,423
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		4,123,997
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,529,466)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General obligation bonds	120,471,924	
Compensated absences	2,258,165	
Early retirement incentive	574,166	
Clean Renewable Energy Bonds	10,211,000	
Other postemployment benefits	25,089,668	
Net pension liability	70,079,603	(228,684,526)
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported. Deferred outflows and inflows relating to OPEB for the period were:		
Deferred outflows - related to OPEB		9,529,177
Deferred inflows - related to OPEB		(9,383,734)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred outflows and inflows relating to pensions for the period were:		
Deferred outflows - related to pensions		30,008,811
Deferred inflows - related to pensions		(51,876,026)
Total net position - governmental activities		$ (48,651,419)

BONITA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 96,048,975	$ -	$ -	$ 96,048,975
Federal sources	7,570,545	317,549	4,991,959	12,880,053
Other state sources	18,416,186	49,804	308,208	18,774,198
Other local sources	14,576,222	7,973,519	4,781,070	27,330,811
Total Revenues	136,611,928	8,340,872	10,081,237	155,034,037
EXPENDITURES				
Current:				
Instruction	74,801,552	-	-	74,801,552
Instruction-Related Services:				
Supervision of instruction	9,187,651	-	-	9,187,651
Instructional library, media and technology	1,312,354	-	-	1,312,354
School site administration	7,906,166	-	-	7,906,166
Pupil Support Services:				
Home-to-school transportation	3,204,707	-	-	3,204,707
Food services	-	-	3,288,038	3,288,038
All other pupil services	10,582,098	-	15,643	10,597,741
Ancillary services	1,746,423	-	1,048,411	2,794,834
Community services	341,230	-	2,008,825	2,350,055
General Administration Services:				
Data processing services	2,471,322	-	-	2,471,322
Other general administration	6,114,982	-	-	6,114,982
Plant services	10,100,522	-	1,176,429	11,276,951
Transfers of indirect costs	(189,903)	-	189,903	-
Capital Outlay	1,242,482	-	152,695	1,395,177
Intergovernmental Transfers	1,156,020	-	-	1,156,020
Debt Service:				
Principal	690,000	4,118,600	-	4,808,600
Interest	55,510	3,953,598	-	4,009,108
Total Expenditures	130,723,116	8,072,198	7,879,944	146,675,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,888,812	268,674	2,201,293	8,358,779
Fund Balances, July 1, 2021	37,870,249	7,482,025	7,922,903	53,275,177
Fund Balances, June 30, 2022	$ 43,759,061	$ 7,750,699	$ 10,124,196	$ 61,633,956

BONITA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds		$ 8,358,779
Amounts reported for governmental *activities* in the statement of activities are different because:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	1,223,749	
Depreciation expense	(10,079,274)	
Net:		(8,855,525)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,808,600
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year amounts and the current year amortization is:		(515,962)
In governmental funds, accreted interest is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. The difference between accreted interest accrued during the year and accreted interest paid is:		620,116
In governmental funds, interest subsidies received from Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) are recognized in the period that they are received. In the government-wide statements, they are recognized in the period that they are earned. The difference between current and prior year receivables is:		(98,390)
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:		302,800
In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employers contributions was:		14,025,036
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period, is:		(19,185)
In the statement of activities, certain operating expenses - such as compensated absences and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference between compensated absences and early retirement incentives paid and earned was:		313,897
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		10,304,556
Change in net position of governmental activities		$ 29,244,722

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bonita Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Special Reserve Fund for Postemployment Benefits which does not meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the General Fund.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

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

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. 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 as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets (continued)

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

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & tools	Shop & maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science & engineering	Lab equipment, scientific apparatus	10
Furniture & accessories	Classroom & other furniture	20
Business machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, bass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report 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 and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences
Accumulated unpaid vacation benefits are accrued as a liability on the District-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases

Lessee:
At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor:
At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

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

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

10. Fund Balances
The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of equal to no less than three percent of total General Fund expenditures and other financing uses.

The Fund Balance Policy establishes a minimum Unassigned Fund Balance equal to 7% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the District's Board of Education will develop a plan to replenish the fund balance to the established minimum level.

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

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	$ 59,027,133

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

Cash on hand and in banks	$ 1,104,555
Cash in revolving fund	90,000
Investments	57,832,578
Total deposits and investments	$ 59,027,133

Investment security ratings reported as of June 30, 2022, are defined by *Standard and Poors*.

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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.

As of June 30, 2022, $1.3 million of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2022, consist of the following:

			Maturity		
	Rating	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:					
U.S. Bank First American Treasury Obligations	AA	$ 1,008,214	$ 1,008,214	$ -	Level 2
Los Angeles County Investment Pool	N/A	56,824,364	56,824,364	-	Uncategorized
Total Investments		$ 57,832,578	$ 57,832,578	$ -	

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2022, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had the following investments that represents more than five percent of the District's net investments, excluding cash in county treasury.

First America Treasury Obligations	
U.S. Bank First American Treasury Obligations	100%

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

Uncategorized – Investments in the Los Angeles 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.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal Government:			
Categorical aid programs	$ 4,602,395	$ 727,411	$ 5,329,806
State Government:			
LCFF sources	1,560,221	-	1,560,221
Lottery	573,598	-	573,598
Categorical aid programs	514,375	45,286	559,661
Local:			
Interest	315,127	19,327	334,454
Special Education	864,682	-	864,682
All other local sources	307,894	5,601	313,495
Total	$ 8,738,292	$ 797,625	$ 9,535,917

NOTE 4 – FUND BALANCES

At June 30, 2022, fund balances of the District's governmental funds are classified as follows:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	$ 90,000	$ -	$ -	$ 90,000
Stores inventories	103,448	-	110,202	213,650
Prepaid expenditures	322,424	-	-	322,424
Total Nonspendable	515,872	-	110,202	626,074
Restricted:				
Categorical programs	13,152,373	-	2,424,441	15,576,814
Capital projects	-	-	6,671,607	6,671,607
Debt service	-	7,750,699	-	7,750,699
Student body activities	-	-	914,584	914,584
Total Restricted	13,152,373	7,750,699	10,010,632	30,913,704
Assigned:				
School site carryovers	1,505,167	-	-	1,505,167
Donations and abatements	80,779	-	-	80,779
Additional 4% board reserve	5,148,954	-	-	5,148,954
Other assignments	648,450	-	3,362	651,812
Total Assigned	7,383,350	-	3,362	7,386,712
Unassigned:				
Reserve for economic uncertainties	3,861,715	-	-	3,861,715
Remaining unassigned balances	18,845,751	-	-	18,845,751
Total Unassigned	22,707,466	-	-	22,707,466
Total	$ 43,759,061	$ 7,750,699	$ 10,124,196	$ 61,633,956

NOTE 5 – INTERFUND ACTIVITY

The District recorded one interfund transfer from The Special Reserve Fund for Postemployment Benefits to the General Fund for $197,209. This fund is reported within the General Fund and therefore this activity has been eliminated in the audited financial statements.

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2021	Additions	Retirements	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	$ 1,711,208	$ -	$ -	$ 1,711,208
Construction in progress	-	200,726	-	200,726
Total capital assets not being depreciated	1,711,208	200,726	-	1,911,934
Capital assets being depreciated:				
Improvement of sites	80,581,520	586,267	-	81,167,787
Buildings	169,741,954	157,183	-	169,899,137
Equipment	12,048,245	279,573	-	12,327,818
Total capital assets being depreciated	262,371,719	1,023,023	-	263,394,742
Accumulated depreciation for:				
Improvement of sites	(26,441,954)	(3,871,444)	-	(30,313,398)
Buildings	(82,504,284)	(5,694,327)	-	(88,198,611)
Equipment	(8,829,195)	(513,503)	-	(9,342,698)
Total accumulated depreciation	(117,775,433)	(10,079,274)	-	(127,854,707)
Total capital assets being depreciated, net	144,596,286	(9,056,251)	-	135,540,035
Governmental activity capital assets, net	$ 146,307,494	$ (8,855,525)	$ -	$ 137,451,969

NOTE 7 - LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2022, were as follows:

	Balance, July 1, 2021*	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 120,793,390	$ -	$ 4,118,600	$ 116,674,790	$ 5,395,000
Accreted interest	1,063,096	91,284	711,400	442,980	-
Unamortized issuance premium	3,656,954	-	302,800	3,354,154	302,799
Total - General Obligation Bonds	125,513,440	91,284	5,132,800	120,471,924	5,697,799
Clean renewable energy bonds	10,901,000	-	690,000	10,211,000	725,000
Compensated absences	2,489,921	-	231,756	2,258,165	-
Early retirement incentive	656,307	117,207	199,348	574,166	174,941
Totals	$ 139,560,668	$ 208,491	$ 6,253,904	$ 133,515,255	$ 6,597,740

**As restated*

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Clean energy bond payments are made by the General Fund. Compensated absences will be paid for by the fund for which the employee worked. Early retirement incentives will be paid for by the General Fund.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

Measure "C"
These bonds were authorized at an election of the registered voters of the District held on March 2, 2004, at which more than 55% of the voters authorized the issuance and sale of $56,360,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities within the District.

Measure "AB"
These bonds were authorized at an election of the registered voters of the District held on November 4, 2008, at which more than 55% of the voters authorized the issuance and sale of $83,560,000 general obligation bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The bonds were issued to renovate and modernize school facilities and to pay costs of issuance associated with the bonds.

A portion of the Measure AB bonds is designated as "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”).

With respect to the bonds, the District expects to receive, on or about each bond payment date for the bonds, a cash subsidy payment from the United States Treasury equal to the lesser of a) the interest payable on such bond payment date or b) the amount of interest that would have been payable on such bond payment date on such bonds if such interest were determined at a federal tax credit rate applicable to the bonds, which Tax Credit Rate is published by the Treasury and determined under Section 54A(b)(3) of the Code. Prior to each such bond payment date for the bonds, the District will submit or cause to be submitted to the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations.

Upon receipt of such Subsidy Payment, the District shall deposit or cause to be deposited any such cash Subsidy Payment into the Debt Service Fund for the bonds maintained by the County. The Subsidy Payment does not constitute a full faith and credit guarantee of the United States Government but is required to be paid by the United States Treasury under the HIRE Act.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. As of June 30, 2022, the principal balance outstanding on the defeased debt amounted to $47,845,000.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2022, deferred amounts on refunding were $4,123,997.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

A summary of general obligation bonds issued by the District is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Election of 2004 (Measure C)								
2004 A	7/22/2004	8/1/2028	5.0%-5.48%	$ 29,999,790	$ 224,790	$ -	$ -	$ 224,790
Election of 2008 (Measure AB)								
2008 A	9/23/2009	8/1/2021	4.0%-5.0%	5,400,000	288,600	-	288,600	-
2008 B-1	5/26/2011	8/1/2025	5.06%-5.56%	9,455,000	4,655,000	-	800,000	3,855,000
Refunding Bonds								
2012 Ref.	3/21/2012	8/1/2028	2.0%-5.0%	22,530,000	3,170,000	-	1,520,000	1,650,000
2014 Ref.	10/2/2014	8/1/2031	2.0%-5.0%	25,255,000	14,880,000	-	670,000	14,210,000
2016 Ref.	3/1/2016	8/1/2037	2.0%-5.0%	19,315,000	19,090,000	-	30,000	19,060,000
2016 Ref. B	8/11/2016	8/1/2034	2.0%-4.0%	24,060,000	24,060,000	-	-	24,060,000
2021 Ref.	3/24/2021	8/1/2038	0.145%-2.819%	54,425,000	54,425,000	-	810,000	53,615,000
				Totals	$ 120,793,390	$ -	$ 4,118,600	$ 116,674,790

Accreted Interest	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
2004 A	$ 402,756	$ 40,224	$ -	$ 442,980
2008 A	660,340	51,060	711,400	-
Totals	$ 1,063,096	$ 91,284	$ 711,400	$ 442,980

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2022, were as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	$ 5,395,000	$ 3,630,490	$ 9,025,490
2023-2024	5,830,000	3,472,400	9,302,400
2024-2025	6,240,000	3,358,249	9,598,249
2025-2026	6,650,000	2,853,256	9,503,256
2026-2027	7,040,000	2,515,359	9,555,359
2027-2032	42,514,790	10,614,058	53,128,848
2032-2037	28,460,000	4,316,123	32,776,123
2037-2039	14,545,000	421,622	14,966,622
	$ 116,674,790	$ 31,181,557	$ 147,856,347

B. Clean Renewable Energy Bonds (CREBs)

On March 18, 2016, the District issued $13,307,000 of Clean Renewable Energy Bonds through the Public Property Financing Corporation of California. The lease payments bear a fixed interest rate of 3.63% with semi-annual payments commencing on March 17, 2017 through April 1, 2033.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Clean Renewable Energy Bonds (CREBs) (continued

The annual requirements to amortize clean renewable energy bonds outstanding as of June 30, 2022, were as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	$ 725,000	$ 364,381	$ 1,089,381
2023-2024	762,000	337,706	1,099,706
2024-2025	800,000	309,677	1,109,677
2025-2026	840,000	280,250	1,120,250
2026-2027	880,000	249,369	1,129,369
2027-2032	5,051,000	731,005	5,782,005
2032-2033	1,153,000	31,416	1,184,416
Total	$ 10,211,000	$ 2,303,804	$ 12,514,804

C. Early Retirement Incentives

The District has offered various incentive programs for both certificated and classified employees to induce early retirement. Most programs involve a one-time lump sum payment in addition to an on-going annuity.

Currently, 187 retirees are receiving benefits under these programs. Expenditures are recognized on a pay-as-you-go basis, as employees are paid. During the year, expenditures of $199,348 were incurred for retiree incentives.

The estimated future liability at June 30, 2022 is $574,166. This was estimated by multiplying the number of retirees receiving benefits by the annual payment for each retiree and by the number of years remaining of eligibility.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 24,509,732	$ 9,529,177	$ 9,383,734	$ 2,600,708
MPP Program	579,936	-	-	(21,373)
Total	$ 25,089,668	$ 9,529,177	$ 9,383,734	$ 2,579,335

The details of each plan are as follows:

<u>**District Plan**</u>

Plan description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The details of each plan are as follows:

District Plan (continued)

Benefits provided
Following is a description of the benefits provided by the District:

- Retirees age 55 with at least 10 years of service, who were designated as Teachers or Management (Certificated) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy ($149 per month in 2022, $151 per month in 2023) from the District.

- Retirees age 50 with at least 10 years of service, who were designated as Classified or Management (Non-teaching) and enrolled in one of the CalPERS health plans at retirement will be offered a lifetime subsidy ($149 per month in 2022, $151 per month in 2023) from the District.

Employees covered by benefit terms
At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	196
Active employees	708
Total	904

Total OPEB Liability
The District's total OPEB liability of $24,509,732 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as July 1, 2022.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Inflation	2.5 percent
Salary increases	3.00 percent
Healthcare cost trend rates	7.00 percent decreasing to 3.94 percent

Discount Rate
The discount rate under GASB 75 is required to be a blend of the long-term expected rate of return (ROR) to the extent funded and the 20-year municipal bond rate. Specifically, an initial projection is made using the ROR on irrevocable OPEB plan assets and, as long as the plan's net position and projected contributions associated with current participants are expected to fully cover projected benefit payments (including expenses), this long-term rate may be used. For years in which the net position is not projected to cover projected benefit payments, the discount rate used is equal to the 20-year municipal bond yield. A single discount rate is then determined as a blend of the two rates, which produces the same discounted present value of benefits as the dual rate calculation. Since the OPEB is not funded through an irrevocable trust, the municipal bond rate was selected for all years. As of June 30, 2021, a rate of 2.18% was used. As of June 30, 2022, a rate of 4.09% was used.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Mortality Rates
Mortality rates are based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are from the 2020 experience study and the CalPERS mortality rates are from the 2021 experience study. This assumption continues to be reasonable for the 2021/2022 fiscal year valuation.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at July 1, 2021	$	30,622,503
Changes for the year:		
Service cost		1,663,928
Interest		694,926
Differences between expected and actual experience		301,152
Changes of assumptions		(7,950,187)
Benefit payments		(822,590)
Net changes		(6,112,771)
Balance at June 30, 2022	$	24,509,732

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate		OPEB Liability
1% decrease	$	28,177,581
Current discount rate		24,509,732
1% increase		21,497,543

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	20,842,042
Current trend rate		24,509,732
1% increase		29,204,946

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the District recognized OPEB expense of $2,600,708. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,375,602	$ 270,976
Changes of assumptions	7,153,575	9,112,758
Total	$ 9,529,177	$ 9,383,734

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	$ (241,854)
2024	(241,854)
2025	(241,854)
2026	(241,854)
2027	(229,808)
Thereafter	1,342,667
Total	$ 145,443

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

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

Total OPEB Liability
At June 30, 2022, the District reported a liability of $579,936 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net OPEB Liability	0.145397%	0.141890%	0.003507%

For the year ended June 30, 2022, the District reported OPEB expense of $(21,373).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)
Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

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

Discount Rate
The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

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

Discount Rate	MPP OPEB Liability
1% decrease	$ 639,250
Current discount rate	579,936
1% increase	529,260

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates
The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 527,384
Current trend rate	579,936
1% increase	640,186

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2022, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 44,018,755	$ 22,139,454	$ 40,486,584	$ (1,366,193)
CalPERS	26,060,848	7,869,357	11,389,442	3,139,607
Total	$ 70,079,603	$ 30,008,811	$ 51,876,026	$ 1,773,414

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.92%	16.92%
Required State Contribution Rate	10.828%	10.828%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were $9,380,180.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 44,018,755
State's proportionate share of the net pension liability associated with the District	22,148,530
Total	$ 66,167,285

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.096728%	0.093626%	0.003101%

For the year ended June 30, 2022, the District recognized pension expense of $(1,366,193). In addition, the District recognized pension expense and revenue of $(3,860,521) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,380,180	$ -
Net change in proportionate share of net pension liability	6,412,015	982,102
Difference between projected and actual earnings on pension plan investments	-	34,819,969
Changes of assumptions	6,236,990	-
Differences between expected and actual experience	110,270	4,684,513
Total	$ 22,139,455	$ 40,486,584

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 4,254,801	$ 10,236,906
2024	3,945,587	9,316,060
2025	1,181,115	9,362,107
2026	1,181,115	10,471,720
2027	1,076,963	614,220
Thereafter	1,119,694	485,571
Total	$ 12,759,275	$ 40,486,584

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP–2019) table issued by the Society of Actuaries. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 89,606,431
Current discount rate (7.10%)	44,018,755
1% increase (8.10%)	6,181,855

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $6,220,786.

B. California Public Employees Retirement System (CalPERS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided (continued)
The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were $4,559,044.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $26,060,848. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.128161%	0.126576%	0.001585%

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2022, the District recognized pension expense of $3,139,607. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,559,044	$ -
Net change in proportionate share of net pension liability	1,205,701	-
Difference between projected and actual earnings on pension plan investments	1,326,629	11,328,006
Changes of assumptions	-	-
Differences between expected and actual experience	777,983	61,436
Total	$ 7,869,357	$ 11,389,442

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 1,516,143	$ 3,003,753
2024	978,944	2,802,056
2025	684,809	2,802,056
2026	130,417	2,781,577
2027	-	-
Thereafter	-	-
Total	$ 3,310,313	$ 11,389,442

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are 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. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 43,942,248
Current discount rate (7.15%)	26,060,848
1% increase (8.15%)	11,215,448

C. Alternate Plans
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use an alternate plan through National Benefit Services, LCC.

D. Payables to the Pension Plans
At June 30, 2022, the District reported payables of $1,837,529 and $365,505 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

NOTE 10 – JOINT VENTURES

The Bonita Unified School District participates in joint ventures under a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Program (ASCIP) and Valley Insurance Programs (VIP). The relationships between the Bonita Unified School District and the JPAs are such that the JPA's are not a component unit of the District for financial reporting purposes. Audited financial statements are available from the respective entities.

The JPA's provide for property, liability and workers' compensation insurance for its member districts. The JPA's are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA's independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA's.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in the ASCIP public entity risk pool 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.

NOTE 11 – RISK MANAGEMENT (continued)

Workers' Compensation
For fiscal year 2021, the District participated in the VIP JPA for workers compensation up to $750,000 per claim self-insured retention, with excess coverage provided by the JPA's excess coverage insurance carrier, Hanover. The workers' compensation rate as a percent of salary is determined annually based on an actuarial study.

Employee Medical Benefits
For fiscal year 2021, the District had a cap of $12,000 on employer paid health and welfare benefits. The District has contracted with the California Public Employment Retirement System (CalPERS) Health Plan and with Kaiser Permanente to provide medical and surgical benefits, and with Delta Care, Delta Dental, and United Concordia for dental benefits. Vision benefits are provided through Vision Service Plan. Disability insurance, cancer insurance, and accident insurance are also options available to employees.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2022, the District had no commitments with respect to unfinished capital projects.

C. Litigation
The District is involved in various legal matters. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the matters will have a material impact on the financial statements.

NOTE 13 – ADJUSTMENT FOR RESTATEMENT

The result of the implementation of GASB 87 was to increase the beginning net position at July 1, 2021, by $268,086, to remove a lease that had been recorded as a long-term liability, but does not meet the criteria to be recorded as a lease under the new standard.

Required Supplementary Information

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BONITA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual (Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 96,409,216	$ 96,361,358	$ 96,048,975	$ (312,383)
Federal Sources	4,126,105	9,214,842	7,570,545	(1,644,297)
Other State Sources	4,282,359	13,087,850	18,416,186	5,328,336
Other Local Sources	10,966,464	12,337,978	14,572,660	2,234,682
Total Revenues	115,784,144	131,002,028	136,608,366	5,606,338
Expenditures				
Current:				
Certificated Salaries	54,590,829	59,055,469	56,368,866	2,686,603
Classified Salaries	19,054,268	20,440,335	20,163,910	276,425
Employee Benefits	28,692,476	28,486,063	33,025,234	(4,539,171)
Books and Supplies	3,701,918	8,389,488	3,829,068	4,560,420
Services and Other Operating Expenditures	10,306,979	14,676,683	13,880,402	796,281
Capital Outlay	1,202,897	2,462,882	1,586,404	876,478
Other Outgo	1,975,393	1,445,282	1,869,232	(423,950)
Total Expenditures	119,524,760	134,956,202	130,723,116	4,233,086
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,740,616)	(3,954,174)	5,885,250	9,839,424
Other Financing Sources and Uses				
Interfund Transfers Out	-	-	(197,209)	(197,209)
Total Other Financing Sources and Uses	-	-	(197,209)	(197,209)
Net Change in Fund Balances	(3,740,616)	(3,954,174)	5,688,041	9,642,215
Fund Balances, July 1, 2021	25,507,947	37,422,569	37,422,569	-
Fund Balances, June 30, 2022	$ 21,767,331	$ 33,468,395	43,110,610	$ 9,642,215
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Revenue Fund for Postemployment Benefits			648,451	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 43,759,061	

See accompanying note to required supplementary information.

BONITA UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability – CalSTRS

For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0967%	0.0936%	0.0909%	0.0892%
District's proportionate share of the net pension liability	$ 44,018,755	$ 90,732,078	$ 82,140,521	$ 81,993,332
State's proportionate share of the net pension liability associated with the District	22,148,530	46,772,397	44,813,138	46,945,017
Totals	$ 66,167,285	$ 137,504,475	$ 126,953,659	$ 128,938,349
District's covered-employee payroll	$ 47,190,462	$ 51,614,397	$ 49,843,602	$ 47,651,712
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	98.77%	175.79%	164.80%	172.07%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0883%	0.0900%	0.0920%	0.0890%
District's proportionate share of the net pension liability	$ 81,651,930	$ 72,792,900	$ 61,938,080	$ 52,008,930
State's proportionate share of the net pension liability associated with the District	48,304,592	41,445,801	32,758,329	31,405,553
Totals	$ 129,956,522	$ 114,238,701	$ 94,696,409	$ 83,414,483
District's covered-employee payroll	$ 46,975,636	$ 45,280,429	$ 43,418,097	$ 39,697,515
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.82%	160.76%	142.65%	131.01%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability – CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.1282%	0.1266%	0.1238%	0.1232%
District's proportionate share of the net pension liability	$ 26,060,848	$ 38,837,536	$ 36,066,167	$ 32,858,325
District's covered-employee payroll	$ 18,580,077	$ 18,231,930	$ 17,139,989	$ 16,283,594
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.63%	213.02%	210.42%	201.79%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.1202%	0.1200%	0.1236%	0.1127%
District's proportionate share of the net pension liability	$ 28,696,804	$ 23,700,074	$ 18,218,762	$ 12,794,194
District's covered-employee payroll	$ 15,327,405	$ 14,397,096	$ 13,686,645	$ 11,907,236
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.23%	164.62%	133.11%	107.45%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 9,380,180	$ 7,621,260	$ 8,826,062	$ 8,114,538
Contributions in relation to the contractually required contribution	9,380,180	7,621,260	8,826,062	8,114,538
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 55,438,414	$ 47,190,462	$ 51,614,397	$ 49,843,602
Contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 6,876,142	$ 5,909,535	$ 4,858,590	$ 3,855,527
Contributions in relation to the contractually required contribution	6,876,142	5,909,535	4,858,590	3,855,527
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 47,651,712	$ 46,975,636	$ 45,280,429	$ 43,418,097
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
CalPERS				
Contractually required contribution	$ 4,559,044	$ 3,846,076	$ 3,595,519	$ 3,095,825
Contributions in relation to the contractually required contribution	4,559,044	3,846,076	3,595,519	3,095,825
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,899,799	$ 18,580,077	$ 18,231,930	$ 17,139,989
Contributions as a percentage of covered-employee payroll	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 2,529,005	$ 2,128,670	$ 1,705,624	$ 1,611,055
Contributions in relation to the contractually required contribution	2,529,005	2,128,670	1,705,624	1,611,055
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 16,283,594	$ 15,327,405	$ 14,397,096	$ 13,686,645
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

Last 10 Fiscal Years*

Employer's Fiscal Year	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Total OPEB liability					
Service cost	$ 1,663,928	$ 1,543,756	$ 1,065,823	$ 1,073,435	$ 1,106,220
Interest	694,926	748,040	561,416	545,070	520,352
Differences between expected and actual experience	301,152	-	(3,485,698)	-	-
Changes of assumptions or other inputs	(7,950,187)	2,161,062	9,985,560	609,182	433,954
Benefit payments	(822,590)	(811,477)	(402,407)	(374,750)	(348,307)
Net change in total OPEB liability	(6,112,771)	3,641,381	7,724,694	1,852,937	1,712,219
Total OPEB liability - beginning	30,622,503	26,981,122	19,256,428	17,403,491	15,691,272
Total OPEB liability - ending	$ 24,509,732	$ 30,622,503	$ 26,981,122	$ 19,256,428	$ 17,403,491
Covered-employee payroll	$ 46,411,673	$ 47,809,345	$ 49,603,266	$ 58,573,302	$ 62,221,171
Total OPEB liability as a percentage of covered-employee payroll	52.81%	64.05%	54.39%	32.88%	27.97%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BONITA UNIFIED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2022

	Last 10 Fiscal Years*				
Employer's Fiscal Year	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**
District's proportion of net OPEB liability	0.1454%	0.1419%	0.1406%	0.1403%	0.1405%
District's proportionate share of net OPEB liability	$ 579,936	$ 601,309	$ 523,463	$ 536,995	$ 591,195
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Change of assumptions **-** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.18 percent to 4.09 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

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Supplementary Information

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The Bonita Unified School District was formed on December 10, 1957, and is comprised of an area of approximately 49 square miles, including the cities of La Verne and San Dimas, located in the eastern part of Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is currently operating eight elementary schools, two middle schools, two comprehensive high schools for grades 9-12, and one continuation high school.

BOARD OF EDUCATION

Member	Office	Term Expires
Chuck Coyne	President	December, 2022
Glenn Creiman	Vice President	December, 2024
Greg Palatto	Clerk	December, 2024
Derek Bahmanou	Member	December, 2022
Jim Elliot	Member	December, 2022

DISTRICT ADMINISTRATORS

Carl Coles,[1]
Superintendent

Susan Cross Hume, CPA, CIA, CGMA,[2]
Assistant Superintendent, Business Services

Kevin Lee,
Assistant Superintendent, Human Resources

Matthew Wien,
Assistant Superintendent, Educational Services

[1] Subsequent to June 30, 2022, Matthew Wien assumed this role
[2] Subsequent to June 30, 2022, Sonia Eckley assumed this role

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2022

	Second Period Report	As reported to CDE Annual Report	As Audited Annual Report
Regular ADA:			
Grades TK/K-3	2,519.02	2,532.13	2,532.13
Grades 4-6	2,005.71	2,007.40	2,007.40
Grades 7-8	1,373.85	1,373.56	1,373.56
Grades 9-12	2,978.13	2,963.07	2,963.07
Total Regular ADA	8,876.71	8,876.16	8,876.16
Special Education, Nonpublic, Nonsectarian Schools:			
Grades TK/K-3	0.27	0.45	0.45
Grades 4-6	5.11	5.40	5.40
Grades 7-8	4.04	4.25	4.25
Grades 9-12	15.47	15.36	15.34
Total Special Education, Nonpublic, Nonsectarian Schools	24.89	25.46	25.44
Total ADA	8,901.60	8,901.62	8,901.60

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2022

Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	47,180	180	Complied
Grade 1	50,400	50,695	180	Complied
Grade 2	50,400	50,695	180	Complied
Grade 3	50,400	50,695	180	Complied
Grade 4	54,000	56,725	180	Complied
Grade 5	54,000	56,725	180	Complied
Grade 6	54,000	54,585	180	Complied
Grade 7	54,000	54,585	180	Complied
Grade 8	54,000	54,585	180	Complied
Grade 9	64,800	65,085	180	Complied
Grade 10	64,800	65,085	180	Complied
Grade 11	64,800	65,085	180	Complied
Grade 12	64,800	65,085	180	Complied

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2022

General Fund [3]	(Budget)[2] 2023	2022	2021	2020
Revenues and other financing sources	$ 136,934,402	$ 136,608,366	$ 129,365,639	$ 119,632,692
Expenditures and other financing uses	137,690,032	130,920,325	122,578,384	120,131,026
Change in fund balance (deficit)	(755,630)	5,688,041	6,787,255	(498,334)
Ending fund balance	$ 42,354,980	$ 43,110,610	$ 37,422,569	$ 30,635,314
Available Reserves[1]	$ 13,615,159	$ 22,707,466	$ 20,842,248	$ 19,431,875
Available Reserves as a percentage of Total Outgo	9.9%	17.3%	17.0%	16.2%
Total Long-Term Debt	$ 222,086,786	$ 228,684,526	$ 300,622,180	$ 285,699,244
Average Daily Attendance at P-2	9,378	8,902	N/A	9,665

The General Fund balance has increased by $12.5 million over the past two years. The fiscal year 2022-23 adopted budget projects a decrease of $0.7 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in only one of the past three years, but anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term debt has decreased by $57.0 million over the past two years.

Average daily attendance decreased by 763 ADA in 2021-22 compared to fiscal year 2019-20.
Budgeted ADA for fiscal year 2022-23 is 9,378.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] As of September, 2022.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

BONITA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Cluster Expenditure	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program	10.553	13525	$ 14,924	
Especially Needy Breakfast	10.553	13526	665,501	
National School Lunch Program	10.555	13523	2,707,088	
USDA - Donated Foods	10.555	13391	171,142	
Subtotal Child Nutrition Cluster				$ 3,558,655
Forest Reserve	10.665	10044		10,000
Total U.S. Department of Agriculture				3,568,655
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	768,407	
School Improvement Funding for LEAs	84.010	15438	354,308	
Subtotal Title I Grants				1,122,715
Title II, Part A, Supporting Effective Instruction	84.367	14341		96,849
English Language Acquisition Grants:				
Title III, Limited English Proficient (LEP) Program	84.365	14346	77,724	
Title III, Immigrant Education Program	84.365	15146	3,156	
Subtotal English Language Acquisition Grants				80,880
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		66,167
Vocational & Applied Tech Secondary II, Carl Perkins Act	84.048	14894		38,458
Workability II, Transitions Partnership Program	84.126	10006		30,599
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	6,467	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,121,759	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	60,877	
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	943,194	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	480,634	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	1,059,889	
Subtotal Education Stabilization Fund				3,672,820
Passed through East San Gabriel Valley SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B	84.027	13379	1,796,221	
Preschool Grants, Part B	84.173	13430	46,884	
Mental Health Allocation Plan, Part B	84.027	15197	203,281	
Preschool Staff Development, Part B	84.173A	13431	449	
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	171,433	
Subtotal Special Education (IDEA) Cluster				2,218,268
Total U.S. Department of Education				7,326,756
U.S. Department of Health & Human Services:				
Passed through LACOE				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		233,788
Total U.S. Department of Health & Human Services				233,788
Total Expenditures of Federal Awards				$ 11,129,199

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Instructional Time
This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards
The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 12,880,053
Differences between Federal Revenues and Expenditures:		
Qualified School Construction Bonds - Interest Subsidy	Not applicable	(317,550)
National School Lunch Program	10.555	(1,406,038)
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	(27,266)
Total Schedule of Expenditures of Federal Awards		$ 11,129,199

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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 Education
Bonita Unified School District
San Dimas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonita Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2022.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Nigro & Nigro, PC

Murrieta, California
December 6, 2022

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Bonita Unified School District
San Dimas, California

Report on Compliance for Each Major Federal Program
We have audited the Bonita Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Bonita Unified School District's major federal programs for the year ended June 30, 2022. The Bonita Unified School 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 Bonita Unified School District compiled, 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, 2022.

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

We are required to be independent of the Bonita Unified 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 program. Our audit does not provide a legal determination of the Bonita Unified 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 Bonita Unified School District's federal program.

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Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Bonita Unified 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 generally accepted auditing standards, 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 Bonita Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Bonita Unified 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 the Bonita Unified 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 the Bonita Unified 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Nigro & Nigro, PC

Murrieta, California
December 6, 2022

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Bonita Unified School District
San Dimas, California

Report on Compliance

Opinion
We have audited the Bonita Unified School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Bonita Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 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:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as not applicable were not operated by the District.

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 identify in the audit.

Other Matter
The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001 and 2022-002.

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

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 identity 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 6, 2022

Schedule of Findings and Questioned Costs

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Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516(a)?	No

Identification of major programs:

Assistance Listing	Name of Federal Program or Cluster
84.010	Title I
84.027, 84.173	Special Education Cluster
84.425U, 84.425C, 84.425D	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

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

There were no financial statement findings in 2021-22.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2021-22.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-001: SCHOOL ACCOUNTABILITY REPORT CARD (72000)
This is a repeat of finding 2021-001

Criteria: In accordance with Education Code §33126, the school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1st of each year.

Condition: SARC reported conditions did not match the FIT Form at one of the four schools tested, San Dimas High. The SARCs indicated a "Good" rating for the interior category and while the FIT reported "Fair."

Cause: The SARCs were not properly updated to reflect the conditions reported on the FIT.

Context: Error was noted at one of four schools tested.

Effect: None.

Recommendation: We recommend that an employee verify the information presented in the SARC. This information is essential to present the image of the school fairly to the public.

Views of Responsible Officials: This was due to clerical error. Staff will review all reports and ensure the accuracy of data input.

FINDING 2022-002: ANNUAL ATTENDANCE ACCOUNTING (10000)

Criteria: California Education Code Section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of ADA totals reported by the District to CDE, we noted the following misstatements:

- Based on our recalculation, the District overstated ADA reported on the Annual Report of Attendance (Line A-3) by 0.02 ADA in grades 9-12.
- On line B-1 of the Annual, independent study ADA for grade 6 is reported under grades 7-8. Thereby causing grades 4-6 to be understated by 8.31 and grades 7-8 to be overstated by 8.31.

Effect: Pupil attendance shown on Line A-3 for the District's non-public school attendance was overstated by 0.02. Based on derived value of ADA calculations, this misstatement is estimated to have a questioned cost of $217, however, due to ADA yield provisions no funding impact is anticipated. Line B-1 is for informational purposes and is not apportionment significant.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2022-002: ANNUAL ATTENDANCE ACCOUNTING (10000) (continued)

Context: Not applicable

Cause: The District noted this error during the audit process, and attempted to make revisions but was unable to do so because of a closure in the reporting window.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: Staff will review all reports to ensure accuracy of data input. The District will be revising P-Annual to reflect accurate data to the CDE when available.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2021-001: School Accountability Report Card	In accordance with Education Code §33126, the school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1st of each year. SARC reported conditions did not match the FIT Form at the three schools tested, Fred Ekstrand Elementary, Lone Hill Middle, and Bonita High.	72000	We recommend that an employee verify the information presented in the SARC. This information is essential to present the image of the school fairly to the public.	Not implemented, see finding 2022-001
Finding 2021-002: California Clean Energy	Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan. The District completed a project on August 19, 2019, but did not submit their final report until February 24, 2021, which is outside the 15 month window.	40000	Not applicable, this was the final project. No future final reports will be required.	Implemented

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To the Board of Education
Bonita Unified School District
San Dimas, California

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

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2022, on the financial statements of Bonita Unified School District.

DISTRICT OFFICE

Observation: During our testing of cash disbursements at the District office, it was noted that several of the expenditures tested had purchase orders dated after the associated invoice date or were not dated, therefore pre-approved could not be consistently verified.

> ***Recommendation:*** We recommend that all expenditures be pre-approved in accordance with district procedures.

ASSOCIATED STUDENT BODY

Observation: It was noted during our interim and year-end testing that not all ASBs are consistently preparing timely bank reconciliations.

> ***Recommendation:*** Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or District office should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

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

Nigro & Nigro, PC

Murrieta, California
December 6, 2022

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