Holtville Unified School District

County of Imperial
Holtville, California

Audit Report

June 30, 2023

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Holtville Unified School District
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June 30, 2023

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Independent Auditor's Report

To the Board of Education
Holtville Unified School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 13, 2023

HOLTVILLE UNIFIED SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(UNAUDITED)

Each year the Holtville Unified School District (HUSD) strives to provide high quality education in a safe atmosphere that nurtures the learning process for our students. Despite fiscal challenges, the District is committed to accomplishing its goals while maintaining sound financial practice and operational accountability.

The following section of the District's annual financial report represents a discussion and analysis of the District's fiscal performance during the year ending June 30, 2023, as required by the Governmental Accounting Standards Board (GASB), Statement No. 34. The purpose of this report is to present an overview of the District's financial data for the 2022-23 fiscal year. Note that this report should be read with the actual financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

* District-wide, HUSD's Net Position improved in 2022-23 by approximately $5.8 million (See Table 1). This improvement in net position occurred due to increases in assets coupled with a decrease in deferred inflows of pension resources.

* District-wide, total revenues and total expenditures increased between 2021-22 and 2022-23 by approximately $11.5 million and $9.2 million respectively (See Table 2).

OVERVIEW OF THE FINANCIAL STATEMENTS

The intent of this report is to serve as an introduction to Holtville Unified School District's basic financial statements as defined by the GASB34. The annual report consists of three parts:

- Management Discussion and Analysis (this section)
- Basic financial statements (District-wide and Fund financial statements)
- Notes to the financial statements

District-Wide Statements

Within the District-Wide Financial Statements, information regarding the District as a whole is presented. Similar to the accounting methods used by private-sector companies, the District-Wide Statements help to illustrate how the District performed as a whole, across all of its funds. Included in this section is the **Statement of Net Position**, which reports all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Also included in this section is the **Statement of Activities**, which accounts for all revenues and expenses for the District's 2022-23 fiscal year, showing the amounts of program-specific and general school district revenues used to support the school district's various functions.

The purpose of the District-Wide Statements is to provide a measure of the overall financial stability (or position) of the District. By monitoring changes in net position, HUSD will have a strong indicator that helps measure whether its financial position is improving or deteriorating. However, the District will also need to take into account other factors, such as the condition of school buildings and facilities, the quality of education and safety of its school sites, and the growth or decline of student enrollment within the District to accurately assess its financial position.

It is also important to note that in the District-Wide Financial Statements, all of HUSD's financial activities are reported under the *Governmental Activities* designation. Within this category, all of HUSD's basic services are included. The other category, *Business-Type Activities*, does not list any financial information, as school districts are not involved in providing business services that generate fees. Instead, revenue is generated from Federal, State, and Local governmental sources.

The following graph illustrates the District's Net Position from the prior year to the audit year.

(Table 1)
Comparative Statement of Net Position

	Governmental Activities		
	June 30, 2023	**June 30, 2022**	**Net Change**
Assets			
Cash	$ 21,585,746	$ 17,362,701	$ 4,223,045
Accounts receivable	2,185,425	1,957,828	227,597
Inventory	27,167	25,434	1,733
Prepaid expenses	387,371	182,575	204,796
Capital assets, net	28,644,179	25,653,249	2,990,930
Lease assets, net	232,162	48,522	183,640
Total Assets	$ 53,062,050	$ 45,230,309	$ 7,831,741
Deferred Outflows of Resources			
Deferred outflows of resources - pensions	$ 7,191,013	$ 5,798,289	$ 1,392,724
Deferred outflows of resources - OPEB	989,888	1,198,923	(209,035)
Deferred outflows of resources - other	624,793	656,486	(31,693)
Total Deferred Outflows of Resources	$ 8,805,694	$ 7,653,698	$ 1,151,996
Liabilities			
Accounts payable and other current liabilities	1,929,192	1,427,673	501,519
Unearned revenue	1,192,329	830,075	362,254
Long-term liabilities	43,708,613	34,290,036	9,418,577
Total Liabilities	46,830,134	36,547,784	10,282,350
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	$ 2,329,712	$ 9,758,568	$ (7,428,856)
Deferred inflows of resources - OPEB	296,208	12,071	284,137
Total Deferred Inflows of Resources	$ 2,625,920	$ 9,770,639	$ (7,144,719)
Net Position			
Net investment in capital assets	$ 12,347,106	$ 9,983,523	$ 2,363,583
Restricted	13,252,975	9,540,124	3,712,851
Unrestricted	(13,188,391)	(12,958,063)	(230,328)
Total Net Position	$ 12,411,690	$ 6,565,584	$ 5,846,106

The table below illustrates the District's Governmental Activities for the fiscal year 2022-23 compared to the prior year.

(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities		
	Year Ended June 30, 2023	Year Ended June 30, 2022	Net Change
Revenues			
Program revenues			
Charges for services	$ 788,304	$ 704,559	$ 83,745
Operating grants and contributions	15,153,213	7,053,812	8,099,401
General revenues			-
Taxes levied for general purposes	3,349,285	3,160,926	188,359
Taxes levied for debt service	941,739	944,240	(2,501)
Federal and state aid not restricted	19,119,341	16,484,555	2,634,786
Interest and investment earnings	198,596	(328,050)	526,646
Miscellaneous	89,519	88,244	1,275
Total Revenues	39,639,997	28,108,286	11,531,711
Expenses			
Instruction	18,823,638	13,930,923	4,892,715
Instruction related services	3,118,898	1,863,703	1,255,195
Pupil support services	4,503,715	3,428,985	1,074,730
General administration	2,279,490	1,601,202	678,288
Plant services	2,874,653	2,082,638	792,015
Other	2,193,497	1,673,819	519,678
Total Expenses	33,793,891	24,581,270	9,212,621
Increase (Decrease) in Net Position	5,846,106	3,527,016	2,319,090
Net Position - Beginning Balance	6,565,584	3,040,312	3,525,272
Adjustment to Beginning Balance**	-	(1,744)	1,744
Net Position - Ending Balance	$ 12,411,690	$ 6,565,584	$ 5,846,106

**2021-22 beginning balance updated for GASB 87 implementation.

Fund Financial Statements

While the District-Wide Statements provide an overall picture of the District's financial performance, the Fund Financial Statements provide specific information for each of the District's *funds.* Like other state and local entities, HUSD uses fund accounting to maintain control over related resources. These resources have been segregated into funds to track specific activities and objectives. Fund accounting ensures and demonstrates compliance with finance-related legal requirements.

All of the funds used by HUSD are *governmental funds.* Governmental funds account for essentially the same functions as governmental activities in the Government-Wide financial statements. However, the governmental fund financials provide a short-term view of the District's inflows and outflows of resources that can be spent, including the balances at year-end of these resources.

Because the information derived from Governmental Fund Financial Statements is short-term, comparing the data to District-Wide Statements will assist in understanding long-term impact of financial decisions. Note that HUSD uses a number of individual governmental funds, which are presented individually in the Fund Financial Statements.

As mentioned above, the Fund Financial Statements provide insight into the performance of individual areas of the District's operations. If one were to look at the District-Wide statements alone, this would only tell part of the story for the 2022-23 school year. By looking at the following chart (Table 3), one can view the performance of each of the District's funds separately.

(Table 3)
Changes in District Fund Balances

	June 30, 2023	June 30, 2022	Net $ Change	Net % Change
General Fund	$ 12,016,644	$ 10,145,883	$ 1,870,761	18.4%
Associated Student Body Fund	227,587	236,671	(9,084)	-3.8%
Adult Education Fund	53,378	66,464	(13,086)	-19.7%
Cafeteria Fund	1,637,136	1,047,655	589,481	56.3%
Building Fund	5,244,623	4,426,942	817,681	18.5%
Capital Facilities Fund	122,926	83,616	39,310	47.0%
Special Reserve for Capital Outlay*	500,000	0	500,000	
Bond Interest & Redemption Fund	1,247,096	1,199,477	47,619	4.0%
Debt Service Fund	302,354	310,777	(8,423)	-2.7%
Total	$ 21,351,744	$ 17,517,485	$ 3,834,259	21.9%

*The District opened the Special Reserve Fund in 2022-23 to assist in funding future capital improvements.

In looking at the above, one can see that the grand total of all fund balances increased in 2022-23. This was due to large increases in General Fund and Cafeteria Fund revenues, along with the third and final issuance of the 2018 Measure G Bond, which will be spent down in the near term.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 4 below summarizes the 2022-23 activity in the District's Capital Assets. Over the course of the year, the District continued and completed some of its bond construction projects, leading to a decrease in Work in Progress and an increase in Buildings & Improvements. Total annual depreciation for 2022-23 was approximately $1.08 million.

(Table 4)
Comparative Schedule of Capital Assets and Lease Assets

	June 30, 2023	June 30, 2022	Net $ Change	Net % Change
Land	$ 153,012	$ 153,012	$ 0	0.0%
Work in Progress	3,252,533	4,834,792	(1,582,259)	-32.7%
Land Improvements	3,107,202	2,796,524	310,678	11.1%
Buildings & Improvements	34,500,737	29,690,560	4,810,177	16.2%
Equipment	4,201,074	3,663,632	537,442	14.7%
Less Accumulated Depreciation for				
Land Improvements	(1,489,704)	(1,364,059)	(125,645)	9.2%
Buildings & Improvements	(13,005,158)	(12,176,341)	(828,817)	6.8%
Equipment	(2,075,517)	(1,944,871)	(130,646)	6.7%
Lease Assets	328,806	177,908	150,898	84.8%
Less Accumulated Amortization	(96,644)	(129,386)	32,742	-25.3%
Total	$ 28,876,341	$ 25,701,771	$ 2,990,930	11.6%

Outstanding Long-Term Debt

For 2022-23, HUSD's long-term debt decreased by approximately $1.6 million (See Table 5 below), due in large part to the third and final issuance of the 2018 Measure G General Obligation Bond. This issuance was partially offset by principal payments on existing bonds and other debt items.

(Table 5)
Comparative Schedule of Long-Term Debt

	June 30, 2023	June 30, 2022	Net $ Change	Net % Change
General Obligation Bonds	$ 18,166,626	$ 16,361,065	$ 1,805,561	11.0%
COPs	3,377,700	3,679,800	(302,100)	-8.2%
QZAB COPs	0	54,820	(54,820)	-100.0%
Leases Payable	229,532	49,505	180,027	363.7%
Total Long-Term Debt	$ 21,773,858	$ 20,145,190	$ 1,628,668	8.1%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time that this analysis was written, the District recognized the following areas of concern that could significantly impact the future of the District's financial health:

- Enrollment and Average Daily Attendance (ADA) need to be continually monitored.
- Continued increases in employee pension costs (STRS and PERS) will continue to erode at future funding increases. This must be offset by reductions in other areas in the budget.
- Implementation of new GASB pronouncements requires diligence and understanding to ensure proper recording.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is vital to understanding the financial data presented within the District-Wide and Fund Financial Statements. The notes follow the Basic Financial Statements and should be examined along with this report to form a more complete picture of the District's financial state.

CONTACTING THE DISTRICT'S FINANCIAL MANAGERS

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John-Paul Wells at Holtville Unified School District, 621 E. 6th Street, Holtville, CA 92250.

Basic Financial Statements

Holtville Unified School District

Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 21,585,746
Accounts Receivable	2,185,425
Inventory	27,167
Prepaid Expenses	387,371
Capital Assets:	
Land	153,012
Land Improvements	3,107,202
Buildings & Improvements	34,500,737
Equipment	4,201,074
Work In Progress	3,252,533
Less Accumulated Depreciation	(16,570,379)
Lease Assets:	
Equipment	328,806
Less Accumulated Amortization	(96,644)
Total Assets	53,062,050
Deferred Outflows of Resources	8,805,694
Liabilities	
Accounts Payable and Other Current Liabilities	1,929,192
Unearned Revenue	1,192,329
Long-Term Liabilities:	
Due Within One Year	869,661
Due In More Than One Year	42,838,952
Total Liabilities	46,830,134
Deferred Inflows of Resources	2,625,920
Net Position	
Net Investment in Capital Assets	12,347,106
Restricted For:	
Capital Projects	5,367,549
Debt Service	1,247,096
Educational Programs	4,142,659
Other Purposes (Expendable)	2,056,133
Other Purposes (Nonexpendable)	439,538
Unrestricted	(13,188,391)
Total Net Position	$ 12,411,690

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

Holtville Unified School District

Statement of Activities
For the Year Ended June 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 18,823,638	$ 356,261	$ 8,417,450	$ -	$ (10,049,927)
Instruction-Related Services:					
Instructional Supervision and Administration	1,127,143	-	544,492	-	(582,651)
Instructional Library, Media and Technology	380,201	-	12,797	-	(367,404)
School Site Administration	1,611,554	-	319,555	-	(1,291,999)
Pupil Services:					
Home-to-School Transportation	761,578	15,486	387,941	-	(358,151)
Food Services	1,463,214	-	2,159,324	-	696,110
All Other Pupil Services	2,278,923	1,731	2,056,488	-	(220,704)
General Administration:					
Centralized Data Processing	529,974	-	-	-	(529,974)
All Other General Administration	1,749,516	15,290	409,944	-	(1,324,282)
Plant Services	2,874,653	-	615,276	-	(2,259,377)
Ancillary Services	1,070,078	386,727	150,486	-	(532,865)
Interest on Long-Term Debt	766,158	-	-	-	(766,158)
Payments to County Offices	190,303	12,809	79,460	-	(98,034)
Debt Issuance Costs	166,958	-	-	-	(166,958)
Total Governmental Activities	$ 33,793,891	$ 788,304	$ 15,153,213	$ -	(17,852,374)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 3,349,285
Property Taxes, Levied for Debt Service	941,739
Federal and State Aid Not Restricted for Specific Purposes	19,119,341
Interest and Investment Earnings	198,596
Miscellaneous	89,519
Total General Revenues	23,698,480
Change in Net Position	5,846,106
Net Position - Beginning of Year	6,565,584
Net Position - Ending	$ 12,411,690

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

Holtville Unified School District

Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and Cash Equivalents	$ 13,072,078	$ 5,236,516	$ 3,277,152	$ 21,585,746
Accounts Receivable	1,751,187	42,098	392,140	2,185,425
Due From Other Funds	72,438	29,300	600,663	702,401
Stores Inventories	-	-	27,167	27,167
Prepaid Expenditures	387,371	-	-	387,371
Total Assets	$ 15,283,074	$ 5,307,914	$ 4,297,122	$ 24,888,110
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 1,446,577	$ 63,291	$ 131,768	$ 1,641,636
Due To Other Funds	629,963	-	72,438	702,401
Unearned Revenue	1,189,890	-	2,439	1,192,329
Total Liabilities	3,266,430	63,291	206,645	3,536,366
Fund Balance:				
Nonspendable	412,371	-	27,167	439,538
Restricted	4,350,241	5,244,623	3,218,573	12,813,437
Committed	-	-	42,383	42,383
Assigned	-	-	802,354	802,354
Unassigned	7,254,032	-	-	7,254,032
Total Fund Balance	12,016,644	5,244,623	4,090,477	21,351,744
Total Liabilities and Fund Balances	$ 15,283,074	$ 5,307,914	$ 4,297,122	$ 24,888,110

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

Total fund balances governmental funds:		$ 21,351,744
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets and lease assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation, and accumulated amortization.		
Capital assets relating to governmental activities, at historical cost	45,214,558	
Accumulated depreciation	(16,570,379)	
Net		28,644,179
Lease assets relating to governmental activities, at historical cost	328,806	
Accumulated amortization	(96,644)	
Net		232,162
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:		21,930
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(287,556)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	18,166,626	
Certificates of participation payable	3,377,700	
Leases payable	229,532	
Total OPEB liability	1,910,183	
Net pension liability	20,024,572	
Total		(43,708,613)

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

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		602,863
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions	7,191,013	
Deferred inflows of resources relating to pensions	(2,329,712)	
Net		4,861,301
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): 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 of resources relating to OPEB	989,888	
Deferred inflows of resources relating to OPEB	(296,208)	
Net		693,680
Total net position governmental activities:		$ 12,411,690

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

Holtville Unified School District

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

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Revenues				
State Apportionment	$ 17,135,256	$ -	$ -	$ 17,135,256
Education Protection Account Funds	1,287,681	-	-	1,287,681
Property Taxes	3,349,285	-	941,739	4,291,024
Federal Revenue	3,080,785	13,311	1,480,912	4,575,008
Other State Revenue	7,032,540	-	867,829	7,900,369
Interest	260,858	134,667	53,411	448,936
Fair Market Value Adjustment	(168,266)	(56,810)	(25,264)	(250,340)
Other Local Revenue	1,454,408	-	496,567	1,950,975
Total Revenues	$ 33,432,547	$ 91,168	$ 3,815,194	$ 37,338,909
Expenditures				
Current Expenditures:				
Instruction	16,978,024	-	124,106	17,102,130
Instruction - Related Services	2,869,813	-	43,385	2,913,198
Pupil Services	2,711,140	-	1,432,701	4,143,841
Ancillary Services	548,792	-	395,495	944,287
General Administration	2,112,682	-	47,438	2,160,120
Plant Services	2,493,816	-	-	2,493,816
Payments to County Offices	190,303	-	-	190,303
Debt Issuance Costs	-	179,202	-	179,202
Capital Outlay	2,900,898	1,241,552	182,614	4,325,064
Debt Service:				
Principal	68,997	-	854,917	923,914
Interest	2,460	324	629,534	632,318
Total Expenditures	30,876,925	1,421,078	3,710,190	36,008,193
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,555,622	(1,329,910)	105,004	1,330,716
Other Financing Sources (Uses):				
Transfers In	-	-	933,885	933,885
Transfers Out	(933,885)	-	-	(933,885)
Proceeds from Sale of Bonds	-	2,147,591	106,929	2,254,520
Proceeds from Leases	249,024	-	-	249,024
Total Other Financing Sources (Uses)	(684,861)	2,147,591	1,040,814	2,503,544
Net Change in Fund Balance	1,870,761	817,681	1,145,818	3,834,260
Fund Balance, Beginning of Year	10,145,883	4,426,942	2,944,659	17,517,484
Fund Balance, End of Year	$ 12,016,644	$ 5,244,623	$ 4,090,477	$ 21,351,744

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

Holtville Unified School District

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

Total change in fund balances, governmental funds:		$ 3,834,260

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation expense or amortization expense. The difference between capital outlay expenditures, depreciation expense, and amortization expense for the period is:

Expenditures for capital outlay	4,325,064	
Depreciation expense	(1,085,108)	
Amortization expense	(65,384)	
Net		3,174,572

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue of premium or discount, were:	(2,503,544)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	923,914
Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:	12,244
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	(125,132)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	6,385

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

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	1,261,672
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was:	(729,558)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	(8,707)
Change in net position of governmental activities:	$ 5,846,106

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, capital facilities funds, debt service funds, and student-related activities.

2. Component Units

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

3. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

Non-Major Governmental Funds

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

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

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

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

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

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

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

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

Debt Service Fund: This fund is used for the accumulation of resources for and retirement of principal and interest on general long-term debt.

4. <u>Basis of Accounting – Measurement Focus</u>

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

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

5. Encumbrances

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

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

d. Lease Assets & Lease Liabilities

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

e. Subscription Assets & Subscription Liabilities

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

f. Compensated Absences

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

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

g. Unearned Revenue

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

h. Interfund Activity

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

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Minimum Fund Balance Policy

The District has adopted a policy to maintain a minimum economic uncertainty reserve of at least 3% of the total general fund expenditures and other financing uses. The reserve may be increased from time to time in order to address specific anticipated revenue or cash flow shortfalls. The primary purpose of this reserve is to avoid the need for service level reductions in the event of economic downturn. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. Deferred Inflows and Deferred Outflows of Resources

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

9. Pensions

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

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

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

10. Postemployment Benefits Other than Pensions (OPEB)

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

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

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

11. Property Taxes

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

12. Use of Estimates

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

13. Fair Value Measurements

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

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

14. New Accounting Pronouncements

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

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

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

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

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

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

Violation	Action Taken
None Reported	Not Applicable

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

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

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

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

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
Imperial County Treasury	$ 21,319,782	$ -	$ 21,319,782	$ -
Total investments by fair value level	$ 21,319,782	$ -	$ 21,319,782	$ -

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

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

D. Cash and Investments

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

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Cash In County Treasury	$ 13,431,300	$ 5,376,954	$ 3,102,911	$ 21,911,165
Fair Market Value Adjustment	(384,222)	(153,815)	(53,346)	(591,383)
Cash In Banks and Revolving Fund	25,000	13,377	227,587	265,964
Total Cash and Cash Equivalents	$ 13,072,078	$ 5,236,516	$ 3,277,152	$ 21,585,746

1. Cash in County Treasury

   In accordance with Education Code §41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool ($21,911,165 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $21,319,782. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

   Cash balances on hand and in banks ($240,964 as of June 30, 2023) and in revolving fund ($25,000 as of June 30, 2023) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

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

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 21,319,782

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

At June 30, 2023, the District's bank balances did not exceed FDIC limitations and were therefore not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the Imperial County Treasury with a fair value of $21,319,782. The average weighted maturity for this pool was 521 days at June 30, 2023.

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

E. Accounts Receivable

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

	Major Governmental Funds		Nonmajor	
	General Fund	Building Fund	Governmental Funds	Total
Federal Government:				
Special Education	$ 299,622	$ -	$ -	$ 299,622
ESSA, Title I, Part A	182,417	-	-	182,417
ESSA, Title I, Part C	17,548	-	-	17,548
ESSA, Title I Migrant Ed Summer Program	59,851	-	-	59,851
ESSA, Title III	1,894	-	-	1,894
ESSA, Title IV, Part A	21,524	-	-	21,524
ESSER/GEER	233,520	-	-	233,520
Career and Tech Education	19,614	-	-	19,614
Child Nutrition Program	-	-	281,857	281,857
Other Federal Programs	27,000	-	-	27,000
State Government:				
Career and Tech Education	13,148	-	-	13,148
Strong Workforce Program	52,247	-	-	52,247
Special Education	53,865	-	-	53,865
Adult Education	-	-	17,917	17,917
Mental Health Services	75,210	-	-	75,210
Lottery	100,733	-	-	100,733
Block Grant	434,261	-	-	434,261
Child Nutrition Program	-	-	59,219	59,219
Local Sources				
Interest	158,733	42,098	33,147	233,978
Total Accounts Receivable	$ 1,751,187	$ 42,098	$ 392,140	$ 2,185,425

F. Prepaid Expenditures

As of June 30, 2023, prepaid expenditures consisted of:

	General Fund
Prepaid Textbook Adoptions	$ 387,371
Total	$ 387,371

G. Interfund Balances & Activities

1. Due To and From Other Funds

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 72,438	Adult Education
Building Fund	General Fund	29,300	COVID projects
Nonmajor Governmental Funds	General Fund	15,212	Migrant expenses
Nonmajor Governmental Funds	General Fund	500,000	Capital projects
Nonmajor Governmental Funds	General Fund	85,451	Debt service payments
		$ 702,401	

2. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Purpose
General Fund	Special Reserve Fund	$ 500,000	Capital projects
General Fund	Debt Service Fund	433,885	COP debt service
		$ 933,885	

H. Capital Assets and Lease Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 153,012	$ -	$ -	$ 153,012
Work in progress	4,834,792	2,959,194	4,541,453	3,252,533
Total capital assets not being depreciated	4,987,804	2,959,194	4,541,453	3,405,545
Capital assets being depreciated:				
Land improvements	2,796,524	310,678	-	3,107,202
Buildings and improvements	29,690,560	4,810,177	-	34,500,737
Equipment	3,663,632	537,442	-	4,201,074
Total capital assets being depreciated	36,150,716	5,658,297	-	41,809,013
Less accumulated depreciation for:				
Land improvements	(1,364,059)	(125,645)	-	(1,489,704)
Buildings and improvements	(12,176,341)	(828,817)	-	(13,005,158)
Equipment	(1,944,871)	(130,646)	-	(2,075,517)
Total accumulated depreciation	(15,485,271)	(1,085,108)	-	(16,570,379)
Total capital assets, net	25,653,249	7,532,383	4,541,453	28,644,179
Lease assets				
Equipment	177,908	249,024	98,126	328,806
Less accumulated amortization	(129,386)	(65,384)	(98,126)	(96,644)
Total lease assets, net	48,522	183,640	-	232,162
Total Capital assets and lease assets, net	$ 25,701,771	$ 7,716,023	$ 4,541,453	$ 28,876,341

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	$ 599,116	$ 24,142
Instruction-Related Services	3,908	-
Pupil Services	87,096	25,285
Ancillary Services	103,280	-
General Administration	29,166	-
Plant Services	262,542	15,957
Totals	$ 1,085,108	$ 65,384

I. Accounts Payable

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

	Major Governmental Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Vendors Payable	$ 565,611	$ 63,291	$ 125,099	$ 754,001
Payroll and Benefits	880,966	-	6,669	887,635
Total Accounts Payable	$ 1,446,577	$ 63,291	$ 131,768	$ 1,641,636

J. Unearned Revenue

Unearned revenue balances as of June 30, 2023, consisted of:

	General Fund	Nonmajor Governmental Funds	Total
Federal Programs			
ESSER/GEER	$ 840,715	$ -	$ 840,715
ESSA	56,104	-	56,104
Child Nutrition	-	2,439	2,439
State Programs			
After School Education and Safety	39,189	-	39,189
Universal Pre-Kindergarten	196,037	-	196,037
K-12 Strong Workforce Grant	57,845	-	57,845
Total Unearned Revenue	$ 1,189,890	$ 2,439	$ 1,192,329

K. Short Term Debt Activity

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

L. Fund Balance Classifications of the Governmental Funds

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

	Major Governmental Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Nonspendable Fund Balance				
Revolving Cash	$ 25,000	$ -	$ -	$ 25,000
Stores Inventory	-	-	27,167	27,167
Prepaid Expenditures	387,371	-	-	387,371
Total Nonspendable Fund Balance	412,371	-	27,167	439,538
Restricted Fund Balance				
Capital Projects	-	5,244,623	122,926	5,367,549
Debt Service	-	-	1,247,096	1,247,096
Educational Programs	4,131,664	-	10,995	4,142,659
Associated Student Body	-	-	227,587	227,587
Child Nutrition	-	-	1,609,969	1,609,969
Other Purposes	218,577	-	-	218,577
Total Restricted Fund Balance	4,350,241	5,244,623	3,218,573	12,813,437
Committed Fund Balance:				
Adult Education	-	-	42,383	42,383
Total Committed Balance	-	-	42,383	42,383
Assigned Fund Balance:				
Capital Projects	-	-	500,000	500,000
Debt Service	-	-	302,354	302,354
Total Assigned Balance	-	-	802,354	802,354
Unassigned Fund Balance				
For Economic Uncertanties	7,254,032	-	-	7,254,032
Total Unassigned Fund Balance	7,254,032	-	-	7,254,032
Total Fund Balance	$ 12,016,644	$ 5,244,623	$ 4,090,477	$ 21,351,744

M. Long Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 14,444,210	$ 2,000,000	$ 498,000	$ 15,946,210	$ 536,570
Accreted Interest	635,901	84,271	-	720,172	2,430
Bond Premium (Discount)	1,280,954	254,520	35,230	1,500,244	38,792
Total GO Bonds	16,361,065	2,338,791	533,230	18,166,626	577,792
Certificates of Participation	3,679,800	-	302,100	3,377,700	219,200
QZAB COPS	54,820	-	54,820	-	-
Leases Payable	49,505	249,024	68,997	229,532	72,669
Total OPEB Liability*	1,673,797	236,386	-	1,910,183	-
Net Pension Liability*	12,464,664	7,559,908	-	20,024,572	-
Compensated Absences*	6,385	-	6,385	-	-
Total Governmental Activities	$ 34,290,036	$ 10,384,109	$ 965,532	$ 43,708,613	$ 869,661

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation and QZAB payable are made from the debt service fund.
- Payments for leases payable are made from the general fund and the debt service fund.
- Payments for compensated absences are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for pension contributions are made from the general fund, the adult education fund, and the cafeteria fund.
- Payments for OPEB contributions are made from the general fund, the adult education fund, and the cafeteria fund.

2. General Obligation Bonds

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

On November 5, 2002 registered voters authorized the issuance of $8,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, no amounts remain unissued.

On November 6, 2018 registered voters authorized the issuance of $10,000,000 principal amount of general obligation bonds. Of the total amount originally issued, $2,000,000 remain unissued as of June 30, 2023.

General obligation bonds for the fiscal year ended June 30, 2023, consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2002 Election Series D	08/19/10	4.56-12.00%	08/01/40	$ 536,408
2014 Refunding Bonds	12/23/14	3.75-5.00%	08/01/34	2,930,000
2016 Refunding Bonds	11/10/16	2.00-3.00%	08/01/36	1,090,000
2018 Election Series A	06/05/19	2.00-5.00%	08/01/48	4,000,000
2020 Refunding Bonds	05/07/20	1.55-1.95%	08/01/35	2,890,000
2018 Election Series B	01/14/21	2.00-4.00%	08/01/50	4,000,000
2018 Election Series C	10/05/22	6.00%	08/01/52	2,000,000
Total GO Bonds				$ 17,446,408

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2002 Election Series D					
Principal	$ 533,210	$ -	$ -	$ 533,210	$ 2,570
Accreted Interest	635,901	84,271	-	720,172	2,430
Premium	48,671	-	2,562	46,109	2,562
2014 Refunding Bonds					
Principal	2,560,000	-	55,000	2,505,000	55,000
Premium	49,621	-	1,066	48,555	1,066
2016 Refunding Bonds					
Principal	970,000	-	25,000	945,000	25,000
Discount	(17,362)	-	(447)	(16,915)	(447)
2018 Election Series A					
Principal	3,930,000	-	-	3,930,000	-
Premium	487,813	-	-	487,813	-
2020 Refunding Bonds					
Principal	2,451,000	-	238,000	2,213,000	254,000
2018 Election Series B					
Principal	4,000,000	-	180,000	3,820,000	200,000
Premium	712,211	-	32,049	680,162	35,611
2018 Election Series C					
Principal	-	2,000,000	-	2,000,000	-
Premium	-	254,520	-	254,520	-
Total	$ 16,361,065	$ 2,338,791	$ 533,230	$ 18,166,626	$ 577,792

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

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2024	$ 536,570	$ 592,114	$ 2,430	$ 1,131,114
2025	375,376	581,577	2,624	959,577
2026	400,375	574,091	5,625	980,091
2027	433,013	566,089	5,987	1,005,089
2028	472,849	556,599	3,151	1,032,599
2029-2033	2,834,689	2,529,823	305,311	5,669,823
2034-2038	2,948,986	2,024,496	1,026,014	5,999,496
2039-2043	1,994,352	1,642,100	1,540,648	5,177,100
2044-2048	3,280,000	1,062,900	-	4,342,900
2049-2053	2,670,000	308,950	-	2,978,950
Total	$ 15,946,210	$ 10,438,739	$ 2,891,790	$ 29,276,739

Accreted Interest

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

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

Premium

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

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

	2002 Series D	2014 Refunding	2016 Refunding	2018 Series A	2018 Series B	2018 Series C
Total Interest Payments	$ 2,893,592	$ 1,523,950	$ 483,275	$ 3,884,068	$ 3,085,940	$ 3,193,467
Plus Bond Discount	-	-	19,508	-	-	-
Less Bond Premium	(78,269)	(56,793)	-	(496,502)	(712,211)	(254,520)
Net Interest Payments	2,815,323	1,467,157	502,783	3,387,566	2,373,729	2,938,947
PAR Amount of Bonds	536,408	2,930,000	1,090,000	4,000,000	4,000,000	2,000,000
Periods	30	20	20	20	30	30
Effective Interest Rate	17.49%	2.50%	2.31%	4.23%	1.98%	4.90%

3. Certificates of Participation

On August 1, 2007, the District issued $1,000,000 in Certificates of Participation as Qualified Zone Academy Bonds (QZABs) to provide funds to finance certain capital improvements, equipment and other educational development programs of the District. The District is required to make a scheduled deposit of $54,817 each year through the maturity date of August 16, 2022. Accumulated interest earned on the account provides the additional funding required to pay the bonds in full upon maturity. The escrow account accrues interest at a fixed rate of 2.74%. As of June 30, 2023, the District has repaid the QZABs in full.

On September 8, 2011, the District issued $1,530,000 of Certificates of Participation (COPs) issued to (i) finance the acquisition, construction and installation of certain capital improvements in the Holtville Unified School District, and (ii) pay the costs of delivery of the COPs. The COPs require semi-annual coupon payments at interest rates ranging from 4.625 – 6.75%. The COPs mature annually from September 1, 2019 through September 1, 2028.

On November 16, 2021, the District issued $2,969,800 of Refunding Certificates of Participation (COPs). The COPs were issued to refund the 2016 COPs and to pay the costs of delivery. The COPs require semi-annual coupon payments of principal and interest at 2.10% with maturities from August 1, 2022 through August 1, 2041.

Activity for COPs for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2007 QZAB					
Principal	$ 54,820	$ -	$ 54,820	$ -	$ -
2011 COPS					
Principal	710,000	-	95,000	615,000	95,000
2021 Refunding COPS					
Principal	2,969,800	-	207,100	2,762,700	124,200
Total	$ 3,734,620	$ -	$ 356,920	$ 3,377,700	$ 219,200

The annual requirements to amortize the COPs outstanding as of June 30, 2023 were:

Year Ended June 30,	Principal	Interest	Total
2024	$ 219,200	$ 95,682	$ 314,882
2025	226,300	86,469	312,769
2026	228,000	77,071	305,071
2027	237,300	67,441	304,741
2028	239,200	57,552	296,752
2029-2033	821,700	193,233	1,014,933
2034-2038	799,600	110,568	910,168
2039-2043	606,400	25,780	632,180
Total	$ 3,377,700	$ 713,795	$ 4,091,495

Premium

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

Effective interest on certificates of participation issued at a premium are as follows:

	2016 COPS
Total Interest Payments	$ 1,709,453
Less Bond Premium	(14,506)
Net Interest Payments	1,694,947
PAR Amount of Bonds	3,280,000
Periods	20
Effective Interest Rate	2.58%

4. Leases Payable

Commitments under lease agreements for the right to use equipment provide for minimum future lease payments as of June 30, 2023, as follows:

Year Ended June 30,	Principal	Interest	Total
2024	$ 72,669	$ 9,624	$ 82,293
2025	49,328	6,725	56,053
2026	28,192	5,213	33,405
2027	25,164	3,981	29,145
2028	26,427	2,718	29,145
2029	27,752	1,392	29,144
Total	229,532	29,653	259,185

5. Net Pension Liability

The District's beginning net pension liability was $12,464,664 and increased by $7,559,908 during the year ended June 30, 2023 for an ending net pension liability of $20,024,572. See Note N for additional information regarding the net pension liability.

6. Total OPEB Liability

The Districts beginning total OPEB liability was $1,673,797 and increased during the year ended June 30, 2023 by $236,386. The ending total OPEB liability at June 30, 2023 was $1,910,183. See Note O for additional information regarding the total OPEB liability.

N. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

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

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

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

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

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

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

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	$ 980,926	$ 643,462
2022	10.828%	1,084,107	165,411
2023	10.828%	983,721	3,284,810

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

d. Contributions Recognized

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

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,091,503	$ 1,272,273	$ 3,363,776
Contributions - State On Behalf Payments	983,721	-	983,721
Total Governmental Funds	$ 3,075,224	$ 1,272,273	$ 4,347,497

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 1,729,272	$ 920,063	$ 2,649,335
Contributions - State On Behalf Payments	1,084,107	-	1,084,107
Total Government-Wide	$ 2,813,379	$ 920,063	$ 3,733,442

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 11,124,662	$ 8,899,910	$ 20,024,572

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2022	0.015955%	0.010337%	0.026292%	0.025592%
Proportion June 30, 2023	0.016010%	0.009764%	0.025774%	0.025865%
Change in Proportion	0.000055%	-0.000573%	-0.000518%	0.000273%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	$ 3,284,810	$ -	$ 3,284,810
Employer Contributions	2,091,503	1,272,273	3,363,776
Change In:			
Net Pension Liability	3,863,986	3,695,922	7,559,908
Deferred Outflows of Resources	402,334	(3,812,031)	(3,409,697)
Deferred Inflows of Resources	(5,620,969)	209,086	(5,411,883)
Total Pension Expense - Governmental	$ 4,021,664	$ 1,365,250	$ 5,386,914

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Contributions Subsequent to Measurement	$ 2,091,503	$ 1,272,273	$ 3,363,776
Experience Differences	7,687	36,659	44,346
Changes in Assumptions	404,403	658,365	1,062,768
Changes in Proportionate Share	1,181,276	487,347	1,668,623
Earnings Differences	-	1,051,500	1,051,500
Total Deferred Outflows of Resources	$ 3,684,869	$ 3,506,144	$ 7,191,013

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Experience Differences	$ 823,447	$ 221,354	$ 1,044,801
Changes in Proportionate Share	708,090	-	708,090
Earnings Differences	576,821	-	576,821
Total Deferred Inflows of Resources	$ 2,108,358	$ 221,354	$ 2,329,712

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

Governmental Activities					
Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2024	$ 2,926,929	$ 1,871,551	$ (951,866)	$ (77,599)	$ 3,769,015
2025	366,031	541,517	(985,349)	(77,598)	(155,399)
2026	366,030	441,213	(822,126)	(66,157)	(81,040)
2027	25,879	651,863	804,300	-	1,482,042
2028	-	-	(115,054)	-	(115,054)
Thereafter	-	-	(38,263)	-	(38,263)
Total	$ 3,684,869	$ 3,506,144	$ (2,108,358)	$ (221,354)	$ 4,861,301

c. Actuarial Assumptions

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

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

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

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

(3) Varies by entry age and service.

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

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

d. Discount Rate

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

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

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

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

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

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

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

*20 year average

CalPERS

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

*20 year average

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 18,893,881	$ 12,856,370
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 11,124,662	$ 8,899,910
1% Increase	8.10%	7.90%
Net Pension Liability	$ 4,673,959	$ 5,630,041

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022					
(Previously Reported)	$ 93,547,111	$ 81,582,355	$ 11,964,756	$ 4,704,081	$ 7,260,675
Changes for the year					
Change in proportionate share	(1,843,047)	(1,607,320)	(235,727)	(260,756)	25,029
Service cost	1,978,155	-	1,978,155	749,387	1,228,768
Interest	6,494,017	-	6,494,017	2,460,137	4,033,880
Experience differences	(431,199)	-	(431,199)	(163,352)	(267,847)
Change in assumptions	-	-	-	-	-
Change in benefits	18,042	-	18,042	6,835	11,207
Contributions:					
Employer	-	1,680,814	(1,680,814)	(636,745)	(1,044,069)
Employee	-	1,048,364	(1,048,364)	(397,153)	(651,211)
State on behalf	-	1,103,118	(1,103,118)	(417,896)	(685,222)
Net investment income	-	(1,904,773)	1,904,773	721,588	1,183,185
Other income	-	33,556	(33,556)	(12,712)	(20,844)
Benefit payments[(1)]	(4,517,324)	(4,517,324)	-	-	-
Administrative expenses	-	(49,258)	49,258	18,661	30,597
Borrowing costs	-	(31,649)	31,649	11,990	19,659
Other expenses	-	(1,376)	1,376	521	855
Net changes	1,698,644	(4,245,848)	5,944,492	2,080,505	3,863,987
Balance at June 30, 2023	$ 95,245,755	$ 77,336,507	$ 17,909,248	$ 6,784,586	$ 11,124,662

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022			
(Previously Reported)	$ 27,346,968	$ 22,142,980	$ 5,203,988
Changes for the year			
Change in proportionate share	291,721	236,208	55,513
Service cost	642,829	-	642,829
Interest	1,923,275	-	1,923,275
Experience differences	(286,684)	-	(286,684)
Change in assumptions	885,387	-	885,387
Change in benefits	-	-	-
Contributions:			
Employer	-	920,046	(920,046)
Employee	-	285,612	(285,612)
Nonemployer	-	-	-
Net plan to plan resource movement	-	1	(1)
Net investment income	-	(1,667,372)	1,667,372
Benefit payments(1)	(1,370,524)	(1,370,524)	-
Administrative expenses	-	(13,889)	13,889
Other expenses	-	-	-
Net changes	2,086,004	(1,609,918)	3,695,922
Balance at June 30, 2023	$ 29,432,972	$ 20,533,062	$ 8,899,910

(1) – Includes refunds of employee contributions

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

O. Postemployment Benefits Other Than Pension Benefits

1. <u>Plan Description</u>

Plan administration. The District's defined benefit OPEB plan, Holtville Unified School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board.

Benefits provided. Certificated and Certificated Management employees are eligible to retire and receive District-paid health benefits after attaining age 55. The District pays $350 per month towards healthcare premiums for an eligible retiree, spouse, and dependents. District-paid benefits continue for the earlier of two years or until age 65. Classified CSEA unit members and Confidential employees are not entitled to District-paid retiree health benefits, except as noted below.

One retired Board member is receiving District-paid health premiums until age 65; this benefit will not apply for current Board members. In addition, several Certificated and Classified retirees are receiving benefits under special incentive arrangements that are scheduled to expire not later than age 65. The District does not anticipate any future incentive arrangements and no provision for future incentive arrangements is included in the valuation.

2. <u>Contributions</u>

The contribution requirements of Plan members and the District are established and amended by the District. The District contributes 100% up to a cap as identified above. Retirees are not required to make any contributions, unless the cost of coverage exceeds the cap. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

3. Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	103
	109

4. Total OPEB Liability

The District's Total OPEB Liability of $1,910,183 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021 (June 30, 2021). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

5. Actuarial Assumptions and Other Inputs

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

Economic assumptions:	
Inflation	3.00% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	3.69%
Healthcare cost trend rates	5.75% decreasing to 4.50%
Retiree's share of costs	0.00%

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1009 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

6. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 1,673,797
Changes for the year:	
Service cost	80,796
Interest	43,276
Change of benefit terms	559,269
Experience differences	-
Changes of assumptions	(326,580)
Benefit payments	(120,375)
Net change	236,386
Balance at June 30, 2023	$ 1,910,183

7. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Plan, 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:

	1% Decrease (2.69%)	Valuation Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	$ 2,086,040	$ 1,910,183	$ 1,754,554

8. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

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

	1% Decrease	Healthcare Cost Trends Rate	1% Increase
	4.75% Decreasing to 3.50%	5.75% Decreasing to 4.50%	6.75% Decreasing to 5.50%
Total OPEB Liability	$ 1,714,882	$ 1,910,183	$ 2,139,550

9. OPEB Expense

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $810,740.

10. Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 170,283	$ (296,208)
Experience differences	704,425	-
Subsequent contributions	115,180	-
Total	$ 989,888	$ (296,208)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will impact OPEB expense under the following amortization schedule:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2024	$ 285,022	$ (42,443)	$ 242,579
2025	169,842	(42,443)	127,399
2026	169,842	(42,130)	127,712
2027	169,842	(39,347)	130,495
2028	99,655	(39,347)	60,308
Thereafter	95,685	(90,498)	5,187
Total	$ 989,888	$ (296,208)	$ 693,680

P. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

Q. Participation in Joint Powers Authorities

The District is a member of the Imperial Valley Regional Occupation Program (IVROP) the Imperial County School Property/Liability Insurance (ICSPLI), and the Self Insurance Program for Imperial County (SIPIC) for the operation of a common risk management and insurance program for property and liability coverage and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

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

3. Construction Commitments

As of June 30, 2023, the District had the following construction commitments:

	Commitment	Expected Date of Completion*
Construction in Process:		
District-wide Security Projects	$ 517,308	December 2023
Finley Admin and Community Learning Hub Project	488,507	December 2023
Finley Modular Restrooms Project	343,692	December 2023
Pine and HMS Modular Restrooms Project	332,114	December 2023
Finley Site Work Project	426,727	December 2023
District-wide Fire Alarm Replacement	923,090	June 2024

*Expected date of completion subject to change.

S. Deferred Outflows of Resources

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

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

In accordance with GASB Statement No. 75, the District has recorded deferred outflows of resources for OPEB related items as prescribed by the statement.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Loss 2014 Refunding Bonds	$ 154,518	$ -	$ 11,037	$ 143,481
Bond Insurance 2014 Refunding	5,966	-	126	5,840
Loss 2016 Refunding Bonds	115,489	-	7,218	108,271
Bond Insurance 2016 Refunding	3,720	-	94	3,626
Loss 2020 Refunding Bonds	319,376	-	22,812	296,564
Loss 2021 Refunding COPs	57,417	-	2,870	54,547
Bond Insurance 2018-C	-	12,464	-	12,464
OPEB Related	1,198,923	115,180	324,215	989,888
Pension Related				
CalSTRS	4,087,203	2,116,532	2,518,866	3,684,869
CalPERS	(305,887)	5,416,991	1,604,960	3,506,144
Total Deferred Outflows of Resources	$ 5,636,725	$ 7,661,167	$ 4,492,198	$ 8,805,694

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	OPEB Related	Bond Insurance	Total
2024	$ 43,937	$ 4,798,480	$ 285,022	$ 220	$ 5,127,659
2025	43,938	907,548	169,842	231	1,121,559
2026	43,938	807,243	169,842	231	1,021,254
2027	43,938	677,742	169,842	243	891,765
2028	43,938	-	99,655	243	143,836
Thereafter	383,174	-	95,685	20,762	499,621
Total	$ 602,863	$ 7,191,013	$ 989,888	$ 21,930	$ 8,805,694

T. Deferred Inflows of Resources

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

In accordance with GASB Statement No. 75, the District has recorded deferred inflows of resources for OPEB related items as prescribed by the statement.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 7,729,327	$ (4,426,605)	$ 1,194,364	$ 2,108,358
CalPERS	12,268	286,684	77,598	221,354
OPEB Related	12,071	326,580	42,443	296,208
Total Deferred Inflows of Resources	$ 7,753,666	$ (3,813,341)	$ 1,314,405	$ 2,625,920

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2024	$ 1,029,465	$ 42,443	$ 1,071,908
2025	1,062,947	42,443	1,105,390
2026	888,283	42,130	930,413
2027	(804,300)	39,347	(764,953)
2028	115,054	39,347	154,401
Thereafter	38,263	90,498	128,761
Total	$ 2,329,712	$ 296,208	$ 2,625,920

U. Upcoming Accounting Guidance

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

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

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

Required Supplementary Information

Holtville Unified School District

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

	Budgeted Amounts			Variance to Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
LCFF Sources				
State Apportionment	$ 13,484,530	$ 13,805,172	$ 17,135,256	$ 3,330,084
Education Protection Account	3,902,975	4,567,680	1,287,681	(3,279,999)
Property Taxes	3,059,754	3,399,792	3,349,285	(50,507)
Federal Revenue	1,786,709	3,568,470	3,080,785	(487,685)
Other State Revenue	2,315,964	6,174,535	7,032,540	858,005
Interest Income	40,000	215,000	260,858	45,858
Fair Market Value Adjustment	-	-	(168,266)	(168,266)
Other Local Revenue	802,600	1,610,420	1,454,408	(156,012)
Total Revenues	25,392,532	33,341,069	33,432,547	91,478
Expenditures				
Current Expenditures:				
Certificated Salaries	11,298,436	12,240,154	12,049,930	190,224
Classified Salaries	3,678,204	4,566,755	4,546,867	19,888
Employee Benefits	6,648,045	7,190,334	6,829,162	361,172
Books and Supplies	973,156	2,098,507	1,655,600	442,907
Services and Other Operating	2,124,732	3,357,521	2,680,146	677,375
Other Outgo	87,388	190,304	190,303	1
Direct Support/Indirect Costs	(43,543)	(54,116)	(47,438)	(6,678)
Capital Outlay	25,000	3,285,849	2,900,898	384,951
Debt Service				
Principal	-	15,000	68,997	(53,997)
Interest	-	5,000	2,460	2,540
Total Expenditures	24,791,418	32,895,308	30,876,925	2,018,383
Excess (Deficiency) of Revenues Over Expenditures	601,114	445,761	2,555,622	2,109,861
Other Financing Sources				
Transfers Out	(420,000)	(433,885)	(933,885)	(500,000)
Other Sources	-	-	249,024	249,024
Total Other Financing Sources	(420,000)	(433,885)	(684,861)	(250,976)
Net Change in Fund Balance	181,114	11,876	1,870,761	1,858,885
Fund Balance - Beginning of Year	10,145,883	10,145,883	10,145,883	-
Fund Balance - End of Year	$ 10,326,997	$ 10,157,759	$ 12,016,644	$ 1,858,885

See Accompanying Notes to Required Supplementary Information

Holtville Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0160%	0.0160%	0.0142%	0.0162%	0.0154%	0.0161%	0.0162%	0.0166%	0.0151%	N/A
District's proportionate share of the net pension liability (asset)	$ 11,124,662	$ 7,260,676	$ 13,761,085	$ 14,595,321	$ 14,148,163	$ 14,847,704	$ 13,106,542	$ 11,142,294	$ 8,847,000	N/A
State's proportionate share of the net pension liability (asset) associated with the District	6,784,585	4,704,081	7,628,288	9,990,931	8,180,803	8,817,067	7,497,688	5,932,583	5,386,707	N/A
Total	$ 17,909,247	$ 12,644,179	$ 23,543,132	$ 22,757,321	$ 22,301,222	$ 23,028,507	$ 20,817,756	$ 17,383,221	$ 13,996,453	N/A
District's covered payroll**	10,220,284	9,374,279	8,741,538	10,898,709	8,175,045	8,488,895	8,051,064	7,648,187	$ 6,708,388	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.85%	77.45%	157.42%	133.92%	173.07%	174.91%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A

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

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

Holtville Unified School District

Schedule of the District’s Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,091,503	$ 1,729,272	$ 1,513,946	$ 1,494,803	$ 1,414,108	$ 1,179,659	$ 1,067,903	$ 863,879	$ 679,159	N/A
Contributions in relation to the contractually required contribution	(2,091,503)	(1,729,272)	(1,513,946)	(1,494,803)	(1,414,108)	(1,179,659)	(1,067,903)	(863,879)	(679,159)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 10,950,277	$ 10,220,284	$ 9,374,279	$ 8,741,538	$ 10,898,709	$ 8,175,405	$ 8,488,895	$ 8,051,064	$ 7,648,187	N/A
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	12.98%	14.43%	12.58%	10.73%	8.88%	N/A

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

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

Holtville Unified School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0259%	0.0256%	0.0233%	0.0232%	0.0230%	0.0221%	0.0219%	0.0213%	0.0194%	N/A
District's proportionate share of the net pension liability (asset)	$ 8,899,910	$ 5,203,988	$ 7,150,077	$ 6,758,843	$ 6,141,056	$ 5,263,917	$ 4,322,489	$ 3,133,790	$ 2,206,640	N/A
District's covered payroll**	$ 4,015,989	$ 3,674,570	$ 3,386,781	$ 3,245,515	$ 3,070,929	$ 2,832,042	$ 2,650,317	$ 2,364,285	$ 2,043,769	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.61%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A

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

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

Holtville Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,272,273	$ 920,063	$ 760,636	$ 667,907	$ 586,205	$ 476,946	$ 393,314	$ 313,983	$ 278,300	N/A
Contributions in relation to the contractually required contribution	(1,272,273)	(920,063)	(760,636)	(667,907)	(586,205)	(476,946)	(393,314)	(313,983)	(278,300)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 5,014,872	$ 4,015,989	$ 3,674,570	$ 3,386,781	$ 3,245,515	$ 3,070,929	$ 2,832,042	$ 2,650,317	$ 2,364,285	N/A
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.77%	N/A

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

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

Holtville Unified School District

Schedule of Changes in the District's Total OPEB Liability and Related Ratios – HUSD Retiree Health Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	$ 80,796	$ 40,549	$ 31,052	$ 25,417	$ 27,474	$ 26,674	N/A	N/A	N/A	N/A
Interest	43,276	27,706	35,959	21,123	25,057	30,752	N/A	N/A	N/A	N/A
Experience differences	-	492,318	-	645,721	-	-	N/A	N/A	N/A	N/A
Change of benefit terms	559,269	-	-	-	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	(326,580)	112,667	74,643	73,734	(24,455)	-	N/A	N/A	N/A	N/A
Benefit payments	(120,375)	(178,385)	(159,816)	(251,707)	(289,380)	(190,122)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	236,386	494,855	(18,162)	514,288	(261,304)	(132,696)	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	1,673,797	1,178,942	1,197,104	682,816	944,120	1,076,816	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 1,910,183	$ 1,673,797	$ 1,178,942	$ 1,197,104	$ 682,816	$ 944,120	N/A	N/A	N/A	N/A
Covered payroll	13,255,271	13,255,271	13,255,271	13,554,240	$ 12,375,879	$ 12,382,930	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	14.41%	12.63%	8.89%	8.83%	5.52%	7.62%	N/A	N/A	N/A	N/A

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

Excess of Expenditures Over Appropriations

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

Appropriations Category		Excess Expenditures	Reason for Excess Expenditures
General Fund:			
Direct Support/Indirect Costs	$	6,678	The District underestimated indirect costs charged to other funds.
Debt Service	$	51,457	The District budgeted for GASB 87 lease payments in services and other instead of debt

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

Schedule of District's Proportionate Share – CalSTRS

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

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

Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

Schedule of District's Proportionate Share – CalPERS

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

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

Schedule of District's Contributions – CalPERS

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

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

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

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

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

1. Benefit Changes: There were no benefit changes during the 2022-23 fiscal year

2. Changes in Assumptions: Discount rate is updated annually in accordance with GASB 75.

3. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.

4. The following are the discount rates used for each period:

Year	Discount Rate
2018	3.13%
2019	3.62%
2020	3.13%
2021	2.45%
2022	1.92%
2023	3.69%

Combining Statements as Supplementary Information

Holtville Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Capital Projects Funds		Debt Service Funds		Total
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve For Capital Outlay	Bond Interest & Redemption Fund	Debt Service Fund	Nonmajor Governmental Funds
Assets								
Cash and Cash Equivalents	$ 227,587	$ 62,638	$ 1,290,893	$ 242,770	$ -	$ 1,238,044	$ 215,220	$ 3,277,152
Accounts Receivable	-	17,918	362,114	1,373	-	9,052	1,683	392,140
Due From Other Funds	-	15,212	-	-	500,000	-	85,451	600,663
Stores Inventories	-	-	27,167	-	-	-	-	27,167
Total Assets	$ 227,587	$ 95,768	$ 1,680,174	$ 244,143	$ 500,000	$ 1,247,096	$ 302,354	$ 4,297,122
Liabilities and Fund Balance:								
Liabilities:								
Accounts Payable	$ -	$ 6,669	$ 3,882	$ 121,217	$ -	$ -	$ -	$ 131,768
Due To Other Funds	-	35,721	36,717	-	-	-	-	72,438
Unearned Revenue	-	-	2,439	-	-	-	-	2,439
Total Liabilities	-	42,390	43,038	121,217	-	-	-	206,645
Fund Balance:								
Nonspendable	-	-	27,167	-	-	-	-	27,167
Restricted	227,587	10,995	1,609,969	122,926	-	1,247,096	-	3,218,573
Committed	-	42,383	-	-	-	-	-	42,383
Assigned	-	-	-	-	500,000	-	302,354	802,354
Total Fund Balance	227,587	53,378	1,637,136	122,926	500,000	1,247,096	302,354	4,090,477
Total Liabilities and Fund Balances	$ 227,587	$ 95,768	$ 1,680,174	$ 244,143	$ 500,000	$ 1,247,096	$ 302,354	$ 4,297,122

Holtville Unified School District

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

	Special Revenue Funds			Capital Projects Funds		Debt Service Funds		Total
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve For Capital Outlay	Bond Interest & Redemption Fund	Debt Service Fund	Nonmajor Governmental Funds
Revenues								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 941,739	$ -	$ 941,739
Federal Revenue	-	-	1,465,680	-	-	-	15,232	1,480,912
Other State Revenue	-	218,515	649,314	-	-	-	-	867,829
Interest	-	1,313	23,718	2,833	-	21,314	4,233	53,411
Fair Market Value Adjustment	-	(238)	(19,980)	(5,361)	-	-	315	(25,264)
Other Local Revenue	386,411	-	68,318	41,838	-	-	-	496,567
Total Revenues	$ 386,411	$ 219,590	$ 2,187,050	$ 39,310	$ -	$ 963,053	$ 19,780	$ 3,815,194
Expenditures								
Current Expenditures:								
Instruction	-	124,106	-	-	-	-	-	124,106
Instruction - Related Services	-	43,385	-	-	-	-	-	43,385
Pupil Services	-	54,464	1,378,237	-	-	-	-	1,432,701
Ancillary Services	395,495	-	-	-	-	-	-	395,495
General Administration	-	10,721	36,717	-	-	-	-	47,438
Capital Outlay	-	-	182,614	-	-	-	-	182,614
Debt Service:								
Principal	-	-	-	-	-	498,000	356,917	854,917
Interest	-	-	-	-	-	524,363	105,171	629,534
Total Expenditures	395,495	232,676	1,597,568	-	-	1,022,363	462,088	3,710,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,084)	(13,086)	589,482	39,310	-	(59,310)	(442,308)	105,004
Other Financing Sources (Uses):								
Transfers In	-	-	-	-	500,000	-	433,885	933,885
Proceeds from Sale of Bonds	-	-	-	-	-	106,929	-	106,929
Total Other Financing Sources (Uses)	-	-	-	-	500,000	106,929	433,885	1,040,814
Net Change in Fund Balance	(9,084)	(13,086)	589,482	39,310	500,000	47,619	(8,423)	1,145,818
Fund Balance, Beginning of Year	236,671	66,464	1,047,654	83,616	-	1,199,477	310,777	2,944,659
Fund Balance, End of Year	$ 227,587	$ 53,378	$ 1,637,136	$ 122,926	$ 500,000	$ 1,247,096	$ 302,354	$ 4,090,477

Other Supplementary Information

The Holtville Unified School District was established in 1968 and is located in the southeastern most portion of Imperial County. The District encompasses within its boundaries the City of Holtville, with jurisdiction of approximately 562 square miles. No changes were made to these boundaries during the current year. The District operates two elementary schools, one middle school, one high school, and one continuation high school.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Kevin Grizzle	President	Four Year Term Expires December 2026
Jared Garewal	Clerk	Four Year Term Expires December 2024
Ben Abatti Jr.	Member	Four Year Term Expires December 2026
Matt Hester	Member	Four Year Term Expires December 2024
Julie Duarte	Member	Four Year Term Expires December 2026

ADMINISTRATION

Celso Ruiz
Superintendent

John Paul Wells
Assistant Superintendent

Eric Velazquez
Director of
Special Projects

Lillian Aguirre
Director of
Special Education

Holtville Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Second Period Report Certificate #DF95B26B		Annual Report Certificate #5B4E9B7B	
	Original	Revised	Original	Revised
TK/K-3				
Regular ADA	439.55	N/A	441.35	N/A
Total TK/K-3	439.55	N/A	441.35	N/A
Grades 4-6				
Regular ADA	306.05	N/A	305.57	N/A
Total Grades 4-6	306.05	N/A	305.57	N/A
Grades 7-8				
Regular ADA	221.85	N/A	221.17	N/A
Total Grades 7-8	221.85	N/A	221.17	N/A
Grades 9-12				
Regular ADA	518.07	N/A	516.89	N/A
Total Grades 9-12	518.07	N/A	516.89	N/A
Total ADA	1,485.52	N/A	1,484.98	N/A

N/A – There were no audit findings which resulted in revisions to ADA.

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

Holtville Unified School District

Schedule of Instructional Time
Year Ended June 30, 2023

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	54,000	0	54,000	180	0	180	Complied
Kindergarten	36,000	54,000	0	54,000	180	0	180	Complied
1st Grade	50,400	54,875	0	54,875	180	0	180	Complied
2nd Grade	50,400	54,875	0	54,875	180	0	180	Complied
3rd Grade	50,400	55,415	0	55,415	180	0	180	Complied
4th Grade	54,000	55,415	0	55,415	180	0	180	Complied
5th Grade	54,000	55,415	0	55,415	180	0	180	Complied
6th Grade	54,000	56,990	0	56,990	180	0	180	Complied
7th Grade	54,000	56,990	0	56,990	180	0	180	Complied
8th Grade	54,000	56,990	0	56,990	180	0	180	Complied
9th Grade	64,800	69,051	0	69,051	180	0	180	Complied
10th Grade	64,800	69,051	0	69,051	180	0	180	Complied
11th Grade	64,800	69,051	0	69,051	180	0	180	Complied
12th Grade	64,800	69,051	0	69,051	180	0	180	Complied

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

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

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

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

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

Holtville Unified School District

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

General Fund	Budget 2024 (See Note 1)	2023	2022	2021
Revenues and Other Financing Sources	$ 36,685,850	$ 33,681,571	$ 26,283,841	$ 27,271,440
Expenditures and Other Financing Uses	39,036,663	31,810,810	25,639,790	23,691,242
Net Change in Fund Balance	(2,350,813)	1,870,761	644,051	3,580,198
Ending Fund Balance	$ 9,665,831	$ 12,016,644	$ 10,145,883	$ 9,501,832
Available Reserves (See Note 2)	$ 7,507,913	$ 7,254,032	$ 7,616,756	$ 7,139,579
Available Reserves as a Percentage of Total Outgo	19.23%	22.80%	29.71%	30.14%
Long Term Debt	$ 20,904,197	$ 21,773,858	$ 20,102,169	$ 20,539,360
Average Daily Attendance at P2	1,486	1,486	1,469	1,519

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

The general fund balance has increased by $2,514,812 over the past two years. The fiscal year 2023-24 budget projects a decrease of $2,350,813. For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by $1,234,498 over the past two years.

Average daily attendance (ADA) has decreased by 33 as compared to ADA funded in 2020-21. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

Notes:

1. Budget 2024 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.

Fund balances for all funds as reported on the annual financial and budget report are in agreement with the audited financial statements.

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

As of June 30, 2023, the District is not a sponsoring local educational agency for any charter schools.

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

Holtville Unified School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
School Breakfast Program	10.553	13525	$ -	$ 444,020
National School Lunch Program	10.555	13396	-	864,327
National School Lunch Program - Noncash Commodities	10.555	13396	-	80,063
Supply Chain Assistance (SCA) Funds	10.555	15655	-	54,340
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	-	22,930
Total Child Nutrition Cluster			-	1,465,680
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	244,774
Total Special Education (IDEA) Cluster			-	244,774
OTHER PROGRAMS:				
U.S. Department of Education				
Passed through California Department of Education				
Title I	84.010	14329	-	631,559
Migrant Education	84.011	14838	-	245,929
Migrant Education Summer	84.011	10005	-	98,516
Carl D Perkins Career & Technical Education	84.048	14894	-	19,614
Title III English Learner	84.365	14346	-	69,024
Title II Supporting Effective Instruction	84.367	14341	-	94,133
Title IV Student Support	84.424	15396	-	100,273
ARP - Homeless Children & Youth	84.425	15566	-	829
ESSER II	84.425D	15547	-	583,130
ESSER III	84.425D	15559	-	371,338
ESSER III Learning Loss	84.425U	10155	-	285,131
ESSER II State Reserve	84.425D	15618	-	81,214
GEER II	84.425C	15619	-	20,216
ESSER III State Reserve Emergency Needs	84.425U	15620	-	57,421
ESSER III State Reserve Learning Loss	84.425U	15621	-	98,283
Federal Emergency Management Agency				
Direct Program				
FEMA Disaster Grant	97.036	N/A	-	79,401
Total Other Programs			-	2,836,011
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 4,546,465

See accompanying notes to schedule of expenditures of federal awards.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 5.86% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	AL #	Indirect Cost Rate
Migrant Education Summer	84.011	5.61%
Title III English Learner	84.365	2.00%
Child Nutrition	10.555	5.35%

Schoolwide Program

The District operates "schoolwide programs" at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it's schoolwide programs:

Program	AL #	Amount Expended
Title I	84.010	$ 631,559

Reconciliation of Revenues

The District has received a federal interest subsidy under the Build America Bonds Program through the Department of the Treasury. The Build America Bonds Program is reported consistent with the requirements of the program and is not included on the schedule of expenditures of federal awards.

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:

Total Federal Revenues on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ 4,575,008
Less: Amounts representing QSCB Interest Subsidy/Rebate of federal funds	(28,543)
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	$ 4,546,465

Other Independent Auditors’ Reports

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

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

To the Board of Education
Holtville Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Holtville Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 13, 2023

WILKINSON HADLEY
KING & CO. LLP
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Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Board of Education
Holtville Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal 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 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 13, 2023

WILKINSON HADLEY
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CPAS AND ADVISORS
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Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Board of Education
Holtville Unified School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

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

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

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

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The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

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

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

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

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

We did not perform procedures for Continuation Education because the ADA generated by the program was below the level which required testing.

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

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

Report on Internal Control over State Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 13, 2023

Auditor’s Results, Findings & Recommendations

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes	X No
Noncompliance material to financial statements noted?	___ Yes	X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes	X No

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	___ Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.425	ARP - Homeless Children & Youth
84.425D	ESSER II
84.425D	ESSER III
84.425U	ESSER III Learning Loss
84.425D	ESSER II State Reserve
84.425C	GEER II
84.425U	ESSER III State Reserve Emergency Needs
84.425U	ESSER III State Reserve Learning Loss

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	___ Yes	X No

STATE AWARDS

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

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

None

Holtville Unified School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2023

Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings reported in the prior year audit.		