BERRYESSA UNION SCHOOL DISTRICT

SANTA CLARA COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2022

NIGRO & NIGRO PC

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Financial Section

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A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Education
Berryessa Union School District
San Jose, California

Report on the Audit of the Financial Statements

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Berryessa Union School District, as of June 30, 2022, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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Change in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 87, *Leases*. Accordingly, the beginning balance of receivables and deferred inflows has been restated to adopt this standard. In addition, the District implemented the provisions of GASB Statement No. 31, resulting in a restatement of beginning net position, as discussed in Note 13. Our opinion is not modified with respect to these matters.

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

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

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

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

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

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 18, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
November 18, 2022

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

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $3.2 million.
- Governmental expenses were about $97.3 million. Revenues were about $94.2 million.
- The District acquired approximately $15.0 million in new capital assets during the year.
- Governmental funds decreased by $17.5 million, or 19.8%.
- Reserves for the General Fund decreased by $2.6 million, or 47.8%. Revenues were $88.9 million and expenditures were $92.6 million.

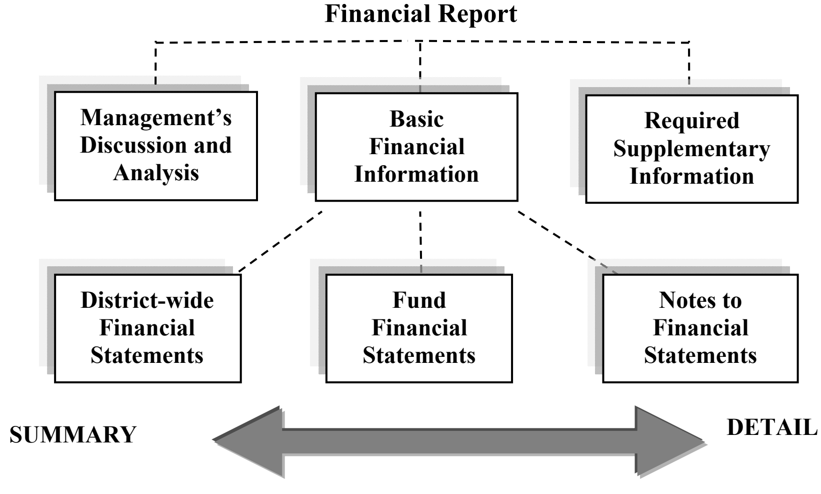
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1. Organization of Berryessa Union School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

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

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

The District has one kind of fund:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2022, than it was the year before – decreasing 4.5% to $(74.3) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2022	**2021***	
Assets			
Current assets	$ 77,742,229	$ 96,406,662	$ (18,664,433)
Capital assets	120,751,103	114,482,364	6,268,739
Total assets	198,493,332	210,889,026	(12,395,694)
Total deferred outflows of resources	27,880,162	29,614,944	(1,734,782)
Liabilities			
Current liabilities	4,892,490	5,162,008	(269,518)
Long-term liabilities	244,311,108	284,154,094	(39,842,986)
Total liabilities	249,203,598	289,316,102	(40,112,504)
Total deferred inflows of resources	51,471,623	22,327,020	29,144,603
Net position			
Net investment in capital assets	30,764,074	28,866,705	1,897,369
Restricted	17,430,078	15,045,883	2,384,195
Unrestricted	(122,495,879)	(115,051,740)	(7,444,139)
Total net position	$ (74,301,727)	$ (71,139,152)	$ (3,162,575)

**As restated*

Changes in net position, governmental activities. The District's total revenues increased 0.5% to $94.1 million (See Table A-2). The increase is due primarily to increased LCFF revenue.

The total cost of all programs and services decreased 7.6% to $97.3 million. The District's expenses are predominantly related to educating and caring for students, 79.9%. The purely administrative activities of the District accounted for just 8.4% of total costs. A significant contributor to the decrease in costs was decreased instruction-related spending.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance
	2022	**2021**	**Increase (Decrease)**
Revenues			
Program Revenues:			
Charges for services	$ 177,609	$ 444,157	$ (266,548)
Operating grants and contributions	17,546,795	19,608,957	(2,062,162)
General Revenues:			
Property taxes	43,526,492	42,717,077	809,415
Federal and state aid not restricted	33,561,508	29,578,720	3,982,788
Other general revenues	(660,234)	1,358,940	(2,019,174)
Total Revenues	94,152,170	93,707,851	444,319
Expenses			
Instruction-related	67,600,637	72,820,321	(5,219,684)
Pupil services	10,187,867	10,260,696	(72,829)
Administration	8,202,229	9,094,937	(892,708)
Plant services	6,046,678	7,832,993	(1,786,315)
All other activities	5,277,334	5,322,628	(45,294)
Total Expenses	97,314,745	105,331,575	(8,016,830)
Increase (decrease) in net position	(3,162,575)	(11,623,724)	$ 8,461,149
Total Net Position	$ (74,301,727)	$ (71,139,152)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $70.7 million, which is above last year's ending fund balance of $88.2 million. The primary cause of the decreased fund balance is the spending of bond proceeds and special reserve funds on capital projects.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2021*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
Fund					
General Fund	$ 13,060,515	$ 88,921,489	$ 92,550,806	$ (512,089)	$ 8,919,109
Student Activity Fund	201,474	137,356	86,057	-	252,773
Cafeteria Fund	196,993	3,828,097	3,194,576	-	830,514
Deferred Maintenance Fund	488,973	(9,985)	29,649	-	449,339
Special Reserve Fund (Other Than Capital Outlay)	2,650,287	(54,910)	-	-	2,595,377
Special Reserve Fund (Postemployment Benefits)	2,619,043	(54,263)	-	-	2,564,780
Building Fund	43,050,422	(758,752)	6,498,585	15,331	35,808,416
Capital Facilities Fund	3,765,593	(21,358)	10,901	-	3,733,334
Special Reserve Fund (Capital Outlay)	15,874,982	383,383	8,712,113	512,089	8,058,341
Bond Interest and Redemption Fund	6,317,442	8,925,491	7,730,755	-	7,512,178
Foundation Private-Purpose Trust Fund	6,195	(128)	-	-	6,067
	$ 88,231,919	$ 101,296,420	$ 118,813,442	$ 15,331	$ 70,730,228

**As restated*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $5.4 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $0.2 due to negotiated salary increases.
- Other non-personnel expenses increased $9.2 million to re-budget carryover funds and revise operational estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $4.8 million, the actual results for the year show that expenditures exceeded revenues by roughly $3.6 million. Actual revenues were $0.3 million more than anticipated, and expenditures were $0.9 million less than budgeted. That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had invested $15.0 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately $8.7 million.

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

	Governmental Activities		Variance
	2022	2021	Increase (Decrease)
Land	$ 7,377,095	$ 2,523,593	$ 4,853,502
Improvement of sites	36,780,196	36,707,233	72,963
Buildings	66,673,145	69,953,995	(3,280,850)
Equipment	3,316,632	3,939,382	(622,750)
Construction in progress	6,604,035	1,358,161	5,245,874
Total	$ 120,751,103	$ 114,482,364	$ 6,268,739

Long-Term Debt

At year-end the District had $244.3 million in long-term liabilities – a decrease of 14.0% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental Activities		Variance Increase
	2022	**2021**	**(Decrease)**
General obligation bonds	$ 136,659,021	$ 139,530,418	$ (2,871,397)
Energy conservation assistance loan	706,779	753,898	(47,119)
Financed purchases	3,622	18,508	(14,886)
QZABs	2,948,046	3,425,830	(477,784)
Other postemployment benefits	53,770,784	47,228,860	6,541,924
Compensated absences	309,820	276,552	33,268
Early retirement incentive	2,187,536	2,734,420	(546,884)
Net pension liability	47,725,500	90,185,608	(42,460,108)
Total	$ 244,311,108	$ 284,154,094	$ (39,842,986)

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

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

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Services Department at the Berryessa Union School District, 1376 Piedmont Road, San Jose, California 95132.

BERRYESSA UNION SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 67,257,182
Accounts receivable	5,826,436
Inventories	178,193
Prepaid expenses	668,039
Leases receivable	3,812,379
Capital assets:	
Non-depreciable assets	13,981,130
Depreciable assets	219,301,668
Less, accumulated depreciation	(112,531,695)
Total assets	198,493,332
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	20,105,786
Deferred outflows related to OPEB	7,774,376
Total deferred outflows of resources	27,880,162
LIABILITIES	
Accounts payable	2,959,197
Accrued interest payable	1,644,402
Unearned revenue	288,891
Noncurrent liabilities:	
Due or payable within one year	6,650,287
Due in more than one year:	
Other than OPEB and pensions	136,164,537
Total OPEB liability	53,770,784
Net pension liability	47,725,500
Total liabilities	249,203,598
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	37,214,110
Deferred inflows related to OPEB	10,493,600
Deferred inflows related to leases	3,763,913
Total deferred inflows of resources	51,471,623
NET POSITION	
Net investment in capital assets	30,764,074
Restricted for:	
Capital projects	4,853,157
Debt service	7,512,178
Categorical programs	4,811,970
Student activities	252,773
Unrestricted	(122,495,879)
Total net position	$ (74,301,727)

BERRYESSA UNION SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instructional Services:				
Instruction	$ 57,208,366	$ 1,865	$ 8,779,305	$ (48,427,196)
Instruction-Related Services:				
Supervision of instruction	3,061,685	-	882,362	(2,179,323)
Instructional library, media and technology	871,778	47	29,796	(841,935)
School site administration	6,458,808	27	82,344	(6,376,437)
Pupil Support Services:				
Home-to-school transportation	1,691,799	-	15,925	(1,675,874)
Food services	3,430,335	67,029	3,611,291	247,985
All other pupil services	5,065,733	885	1,367,287	(3,697,561)
General Administration Services:				
Data processing services	1,424,489	-	8,789	(1,415,700)
Other general administration	6,777,740	50,930	1,068,877	(5,657,933)
Plant Services	6,046,678	1,948	551,891	(5,492,839)
Ancillary Services	86,057	-	137,356	51,299
Interest on Long-Term Debt	5,170,527	-	-	(5,170,527)
Other Outgo	20,750	54,878	1,011,572	1,045,700
Total Governmental Activities	$ 97,314,745	$ 177,609	$ 17,546,795	(79,590,341)

General Revenues:	
Property taxes	43,526,492
Federal and state aid not restricted to specific purpose	33,561,508
Interest and investment earnings	(1,697,178)
Miscellaneous	1,036,944
Total general revenues	76,427,766
Change in net position	(3,162,575)
Net position - July 1, 2021, as originally stated	(71,430,648)
Restatement - change in accounting principle (Note 13)	291,496
Net position - July 1, 2021, as restated	(71,139,152)
Net position - June 30, 2022	$ (74,301,727)

BERRYESSA UNION SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Deposits and investments	$ 11,176,934	$ 35,755,275	$ 8,037,349	$ 7,495,693	$ 4,791,931	$ 67,257,182
Accounts receivable	5,501,354	124,509	20,992	16,485	163,096	5,826,436
Due from other funds	125,539	-	-	-	-	125,539
Inventories	111,183	-	-	-	67,010	178,193
Prepaid expenditures	668,039	-	-	-	-	668,039
Lease receivable	3,812,379	-	-	-	-	3,812,379
Total Assets	$ 21,395,428	$ 35,879,784	$ 8,058,341	$ 7,512,178	$ 5,022,037	$ 77,867,768
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities						
Accounts payable	$ 2,814,019	$ 69,769	$ -	$ -	$ 75,409	$ 2,959,197
Due to other funds	-	1,599	-	-	123,940	125,539
Unearned revenue	288,891	-	-	-	-	288,891
Total Liabilities	3,102,910	71,368	-	-	199,349	3,373,627
Deferred Inflows	3,763,913	-	-	-	-	3,763,913
Fund Balances						
Nonspendable	804,222	-	-	-	77,010	881,232
Restricted	4,734,960	35,808,416	1,119,823	7,512,178	4,745,678	53,921,055
Assigned	6,149,070	-	6,938,518	-	-	13,087,588
Unassigned	2,840,353	-	-	-	-	2,840,353
Total Fund Balances	14,528,605	35,808,416	8,058,341	7,512,178	4,822,688	70,730,228
Total Liabilities, Deferred Inflows and Fund Balances	$ 21,395,428	$ 35,879,784	$ 8,058,341	$ 7,512,178	$ 5,022,037	$ 77,867,768

BERRYESSA UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds			$ 70,730,228
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:			
	Capital assets, at historical cost	$ 233,282,798	
	Accumulated depreciation	(112,531,695)	120,751,103
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:			(53,770,784)
In governmental funds, deferred outflows and inflows of resources relating to pensions and other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows related to pensions and OPEB are reported. The combined deferred inflows and outflows for the period were:			
	Deferred outflows of resources	27,880,162	
	Deferred inflows of resources	(47,707,710)	(19,827,548)
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	136,659,021	
	QZAB payable	2,948,046	
	Capital leases payable	3,622	
	Compensated absences payable	309,820	
	Early Retirement Incentive	2,187,536	
	Energy conservation loan payable	706,779	
	Net pension liability	47,725,500	(190,540,324)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(1,644,402)
Total net position - governmental activities			$ (74,301,727)

BERRYESSA UNION SCHOOL DISTRICT

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 64,383,275	$ -	$ -	$ -	$ -	$ 64,383,275
Federal sources	8,683,070	-	-	-	3,430,216	12,113,286
Other state sources	11,012,012	-	-	51,362	281,767	11,345,141
Other local sources	4,723,974	(758,752)	383,383	8,874,129	231,984	13,454,718
Total Revenues	88,802,331	(758,752)	383,383	8,925,491	3,943,967	101,296,420
EXPENDITURES						
Current:						
Instruction	60,047,036	-	-	-	-	60,047,036
Instruction-related services:						
Supervision of instruction	3,160,190	-	-	-	-	3,160,190
Instructional library, media and technology	836,189	-	-	-	-	836,189
School site administration	6,619,055	-	-	-	-	6,619,055
Pupil support services:						
Home-to-school transportation	1,618,435	-	-	-	-	1,618,435
Food services	77,113	-	-	-	3,008,255	3,085,368
All other pupil services	5,899,055	-	-	-	-	5,899,055
Ancillary services	-	-	-	-	86,057	86,057
General administration services:						
Data processing services	1,358,091	-	-	-	-	1,358,091
Other general administration	6,482,558	-	-	-	10,901	6,493,459
Plant services	6,460,329	272	-	-	83,200	6,543,801
Transfers of indirect costs	(103,121)	-	-	-	103,121	-
Capital Outlay	78,145	6,451,194	8,053,517	-	-	14,582,856
Intergovernmental	20,000	-	-	-	-	20,000
Debt Service:						
Principal	14,886	47,119	477,784	1,959,674	-	2,499,463
Interest	12,494	-	180,812	5,771,081	-	5,964,387
Total Expenditures	92,580,455	6,498,585	8,712,113	7,730,755	3,291,534	118,813,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,778,124)	(7,257,337)	(8,328,730)	1,194,736	652,433	(17,517,022)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	-	-	512,089	-	-	512,089
Interfund transfers out	(512,089)	-	-	-	-	(512,089)
Other financing sources	-	15,331	-	-	-	15,331
Total Other Financing Sources and Uses	(512,089)	15,331	512,089	-	-	15,331
Net Change in Fund Balances	(4,290,213)	(7,242,006)	(7,816,641)	1,194,736	652,433	(17,501,691)
Fund Balances, July 1, 2021, as originally stated	18,792,524	42,875,307	15,826,093	6,292,443	4,154,056	87,940,423
Adjustment for Restatement (Note 13)	26,294	175,115	48,889	24,999	16,199	291,496
Fund Balances, July 1, 2021, as restated	18,818,818	43,050,422	15,874,982	6,317,442	4,170,255	88,231,919
Fund Balances, June 30, 2022	$ 14,528,605	$ 35,808,416	$ 8,058,341	$ 7,512,178	$ 4,822,688	$ 70,730,228

BERRYESSA UNION SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds		$ (17,501,691)
Amounts reported for governmental *activities* in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay, governmental funds	14,981,892	
Depreciation expense	(8,713,153)	
Net:		6,268,739
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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		2,499,463
Accreted interest on capital appreciation bonds is not recognized as an expenditure in the fund financial statements. However, it is accrued as an expense in the government-wide financial statements in the period that the interest accretes. The change in accreted interest during the year was:		715,665
In governmental funds, other postenployment benefit (OPEB) costs are recognized when employer contributions are made, in the statement of activities, OPEB costs are recognized on the accrual basis. This year the difference between the accrual basis OPEB costs and actual employer contributions was:		(2,275,749)
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:		546,884
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized over the life of the debt. Amortization of the premium for the period is:		196,058
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 the accrual basis pension costs and actual employer contributions was:		6,553,445
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:		(132,121)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This year vacation leave earned exceeded the amounts used by:		(33,268)
Change in net position of governmental activities		$ (3,162,575)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

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

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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

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

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

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

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

Scholarship Fund: This fund may be used to report formal arrangements under which principal and interest benefit other individuals, private organizations, or other governments. This fund was established to account for funds received and held with the purpose of providing scholarships.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

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

2. Measurement Focus, Basis of Accounting

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

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

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

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

3. Revenues - Exchange and Non-Exchange Transactions

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions (continued)

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

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the Board of Education to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District Board of Education satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

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

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

1. Cash and Cash Equivalents

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

2. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	5-40 years
Furniture and Equipment	5-40 years
Vehicles	5-40 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid and accumulated annual balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

9. Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net Position

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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

G. Property Tax Calendar

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

H. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	$ 67,257,182

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

Cash on hand and in banks	$ 202,359
Cash in revolving fund	35,000
Investments	67,019,823
Total deposits and investments	$ 67,257,182

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

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

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2022, $57,041 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk
The District's investment policy authorizes the district's chief fiscal officer to invest and reinvest any surplus monies not required for the immediate necessities of the district on behalf of the district. The investment objectives shall be to first safeguard the principal of the funds, then to meet the district's liquidity needs and, third, to achieve a return on the funds. The District's investment policy does not limit investment maturities. Maturities of investments held at June 30, 2022, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Investment Pool	$ 67,019,823	$ 67,019,823	$ -	Uncategorized	N/A

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

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District did not have any investments outside of the County Treasury investment pool.

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

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

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

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

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

NOTE 3 – RECEIVABLES

A. Accounts Receivables

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

	Governmental Funds					
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government:						
Categorical aid programs	$ 5,052,400	$ -	$ -	$ -	$ 139,409	$ 5,191,809
State Government:						
Lottery	393,706	-	-	-	-	393,706
Special education	13,960	-	-	-	-	13,960
Categorical aid programs	-	-	-	-	8,925	8,925
Local:						
Interest	23,341	95,826	14,544	16,485	5,116	155,312
Other local	17,947	28,683	6,448	-	9,646	62,724
Total	$ 5,501,354	$ 124,509	$ 20,992	$ 16,485	$ 163,096	$ 5,826,436

B. Leases Receivables

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for various real property leases. These leases have initial terms that range from five to ten years. The District used either the stated interest rate or the State's incremental borrowing rate (0.2% for leases that are one to five years and 1.5% for leases over ten years) to discount the lease revenue to the net present value. For the fiscal year ended June 30, 2022, the District reported lease revenue of $712,636 and interest revenue of $0 related to lease payments received. Measurement policies and key estimates related to leases can be found in Note 1.E.7.

The annual payments receivable as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	$ 711,934	$ 18,927	$ 730,861
2023-2024	748,447	17,271	765,718
2024-2025	769,769	15,526	785,295
2025-2026	791,641	13,723	805,364
2026-2027	22,919	11,859	34,778
2027-2032	136,472	53,709	190,181
2032-2037	178,205	42,267	220,472
2037-2042	228,131	27,457	255,588
2042-2046	224,861	8,623	233,484
Totals	$ 3,812,379	$ 209,362	$ 4,021,741

As of June 30, 2022, deferred inflows associated with the leases was $3,763,913.

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2022, consisted of the following:

Cafeteria Fund due to General Fund for indirect costs and repayment of temporary loan, and retiree costs	$	123,940
Building Fund due to General Fund for expenditure reimbursements		1,599
	$	125,539

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2022, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects to support debt payments	$	512,089

NOTE 5 – FUND BALANCES

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 25,000	$ -	$ -	$ -	$ 10,000	$ 35,000
Stores inventories	111,183	-	-	-	67,010	178,193
Prepaid expenditures	668,039	-	-	-	-	668,039
Total Nonspendable	804,222	-	-	-	77,010	881,232
Restricted:						
Categorical programs	4,734,960	-	-	-	-	4,734,960
Student activities	-	-	-	-	252,773	252,773
Food service program	-	-	-	-	753,504	753,504
Capital projects	-	35,808,416	1,119,823	-	3,733,334	40,661,573
Debt service	-	-	-	7,512,178	-	7,512,178
Scholarships	-	-	-	-	6,067	6,067
Total Restricted	4,734,960	35,808,416	1,119,823	7,512,178	4,745,678	53,921,055
Assigned:						
CSEA staff development	25,000	-	-	-	-	25,000
CSEA career ladder program	84,489	-	-	-	-	84,489
Supplemental grant	430,085	-	-	-	-	430,085
Other assignments	2,595,377	-	6,938,518	-	-	9,533,895
Deferred maintenance program	449,339	-	-	-	-	449,339
Postemployment benefits	2,564,780	-	-	-	-	2,564,780
Total Assigned	6,149,070	-	6,938,518	-	-	13,087,588
Unassigned:						
Reserve for economic uncertainties	2,840,353	-	-	-	-	2,840,353
Total Unassigned	2,840,353	-	-	-	-	2,840,353
Total	$ 14,528,605	$ 35,808,416	$ 8,058,341	$ 7,512,178	$ 4,822,688	$ 70,730,228

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2021	Additions	Retirements	Balance, June 30, 2022
Capital assets not being depreciated:				
Land	$ 2,523,593	$ 4,853,502	$ -	$ 7,377,095
Construction in progress	1,358,161	6,189,896	944,022	6,604,035
Total capital assets not being depreciated	3,881,754	11,043,398	944,022	13,981,130
Capital assets being depreciated:				
Improvement of sites	63,904,794	3,351,476	-	67,256,270
Buildings	143,001,294	1,531,040	-	144,532,334
Equipment	7,513,064	-	-	7,513,064
Total capital assets being depreciated	214,419,152	4,882,516	-	219,301,668
Accumulated depreciation for:				
Improvement of sites	(27,197,561)	(3,278,513)	-	(30,476,074)
Buildings	(73,047,299)	(4,811,890)	-	(77,859,189)
Equipment	(3,573,682)	(622,750)	-	(4,196,432)
Total accumulated depreciation	(103,818,542)	(8,713,153)	-	(112,531,695)
Total capital assets being depreciated, net	110,600,610	(3,830,637)	-	106,769,973
Governmental activity capital assets, net	$ 114,482,364	$ 7,212,761	$ 944,022	$ 120,751,103

Depreciation expense is allocated to the following functions in the Statement of Activities:

Governmental Activities:	
Instruction	$ 6,538,433
Supervision of instruction	352,454
Instructional library, media and technology	94,568
School site administration	704,666
Home-to-school transportation	94,416
Food services	374,988
Data processing services	145,885
All other general administration	407,743
Total depreciation expense	$ 8,713,153

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

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

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 119,604,601	$ -	$ 1,959,674	$ 117,644,927	$ 2,386,332
Accreted Interest	15,237,688	1,244,661	1,960,326	14,522,023	2,988,667
Unamortized Issuance Premium	4,688,129	-	196,058	4,492,071	196,058
Total G.O. Bonds	139,530,418	1,244,661	4,116,058	136,659,021	5,571,057
Financed purchases	18,508	-	14,886	3,622	3,622
Qualified School Zone Bonds	3,425,830	-	477,784	2,948,046	481,606
Compensated Absences	276,552	33,268	-	309,820	-
Early Retirement Incentive	2,734,420	-	546,884	2,187,536	546,884
Direct Borrowings:					
Energy Conservation Assistance Loan	753,898	-	47,119	706,779	47,118
Totals	$ 146,739,626	$ 1,277,929	$ 5,202,731	$ 142,814,824	$ 6,650,287

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

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the QZAB are made from the Special Reserve for Capital Outlay Projects Funds. Payments for financed purchases and early retirement incentive are made from the General Fund. Payments for the energy conservation loan are made from the Building Fund. Payments related to compensated absences are made from the fund for which the related employee worked.

A. General Obligation Bonds

Election of 1999
On November 2, 1999, the voters of the District approved a measure by more than a two-thirds vote authorizing the District to issue up to $48 million of general obligation bonds to finance the repair and renovation of schools.

Election of 2014
Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, at which the requisite 55% or more of the persons voting on a proposition voted to authorize the issuance and sale of $77 million aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay the costs of issuing the Bonds.

Election of 2020
On March 3, 2020, the voters of the District approved Measure U by more than a 55% vote, authorizing the District to issue up to $98 million of general obligation bonds. On December 15, 2020 the District issued Series A, current interest bonds in the amount of $40,000,000. The bonds are being issued to repair/update local elementary/middle schools, including science, arts and math classrooms/labs for 21st-century learning; make essential safety and security improvements; replace aging fire alarms; and repair, construct, or acquire classrooms and equipment.

The bonds represent general obligations of the District, payable from the proceeds of an ad valorem property tax, which the Board of Supervisors of Santa Clara County is empowered and is obligated to levy upon all property within the District subject to taxation.

A summary of all bonds issued and outstanding at June 30, 2022 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
1999A	6/1/2000	2/1/2025	4.35%-6.2%	11,998,182	$ 1,534,753	$ -	$ 329,570	$ 1,205,183
1999B	7/1/2001	8/1/2026	4.0%-5.63%	17,999,707	3,019,706	-	545,104	2,474,602
1999C	6/3/2003	2/1/2028	2.0%-5.26%	18,000,142	3,690,142	-	-	3,690,142
2014A	2/26/2014	8/1/2044	3.125%-5.0%	40,000,000	37,650,000	-	-	37,650,000
2014B	5/1/2017	8/1/2044	4.0%-5.0%	37,000,000	33,710,000	-	535,000	33,175,000
2020A	12/15/2020	8/1/2051	2.0%-5.0%	40,000,000	40,000,000	-	550,000	39,450,000
				Totals	$ 119,604,601	$ -	$ 1,959,674	$ 117,644,927
				Accreted Interest				
				1999A	$ 3,873,932	$ 303,319	$ 860,430	$ 3,316,821
				1999B	5,918,123	462,859	1,099,896	5,281,086
				1999C	5,445,633	478,483	-	5,924,116
				Totals	$ 15,237,688	$ 1,244,661	$ 1,960,326	$ 14,522,023

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

A. General Obligation Bonds (continued)

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

Fiscal Year	Principal	Interest	Total
2022-2023	$ 2,386,332	$ 6,744,793	$ 9,131,125
2023-2024	2,269,871	6,865,129	9,135,000
2024-2025	2,702,030	8,003,595	10,705,625
2025-2026	2,300,602	6,045,398	8,346,000
2026-2027	2,581,118	6,092,132	8,673,250
2027-2032	12,489,974	18,723,676	31,213,650
2032-2037	21,515,000	13,014,169	34,529,169
2037-2042	30,625,000	8,412,288	39,037,288
2042-2047	28,625,000	2,871,763	31,496,763
2047-2052	12,150,000	532,156	12,682,156
	$ 117,644,927	$ 77,305,099	$ 194,950,026

B. Qualified Zone Academy Bond

In May 2011, the District issued a Qualified Zone Academy Bond (QZAB) in the amount of $8,000,000. The QZAB is scheduled to mature in August 2027, and the unpaid principal balance was $2,948,046 as of June 30, 2022.

The Qualified Zone Academy Bonds are scheduled to mature as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	$ 481,606	$ 152,959	$ 634,565
2023-2024	485,459	125,640	611,099
2024-2025	489,342	98,102	587,444
2025-2026	493,257	70,343	563,600
2026-2027	497,203	42,363	539,566
2027-2028	501,179	14,158	515,337
Total	$ 2,948,046	$ 503,565	$ 3,451,611

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

C. Financed Purchases

The District purchased various vehicles and office equipment valued at $221,449 under financed purchase agreements. The District has included in equipment, capital assets which were acquired under these obligations.

Future yearly payments on are as follows:

	Fiscal Year	Payment
	2022-23	$ 4,184
Total payments		4,184
Less amount representing interest		(562)
Present value of minimum lease payments		$ 3,622

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2022, for these obligations are shown below.

Fiscal Year	Payment
2022-2023	$ 546,884
2023-2024	546,884
2024-2025	546,884
2025-2026	546,884
Totals	$ 2,187,536

E. Direct Borrowings

Energy Conservation Assistance Loan

In May 2017 the District was approved for an Energy Conservation Assistance Act zero percent interest loan, which is considered a direct borrowing. The loan was approved for a maximum of $911,000 to be disbursed on a reimbursement basis based on invoices submitted by the District to the Energy Resources Conservation and Development Commission. The District incurred $848,134 of reimbursable expenses and received a disbursement for this amount on December 26, 2018. In the event of default, the Energy Commission may declare the loan immediately due and payable.

Future yearly payments on this loan are as follows:

Fiscal Year	Principal
2022-2023	$ 47,118
2023-2024	47,119
2024-2025	47,119
2025-2026	47,119
2026-2027	47,119
2027-2032	235,593
2032-2037	235,592
Total	$ 706,779

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 53,359,806	$ 7,774,376	$ 10,493,600	$ 3,207,133
MPP Program	410,978	-	-	(19,173)
Total	$ 53,770,784	$ 7,774,376	$ 10,493,600	$ 3,187,960

The details of each plan are as follows:

<u>District Plan</u>

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

Benefits Provided
The District contributes toward post-retirement health benefits for employees who retire after meeting certain age and service requirements. All employees who retire after age 55 and choose coverage under a CalPERS health plan are eligible to receive the District Basic Contribution (DBC) for as long as the retired person or his/her spouse lives (if the retirement option the employee selected provides the spouse with monthly benefits after the employee's death). The DBC is $139 per month in 2020, and $143 in 2021, and expected to continue to increase in future years. The amounts described in the following paragraphs are paid in addition to the DBC.

Certificated (and management employees hired into a management position on or after 7/1/2010) who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium over the DBC. If the employee had at least 20 years of service, dental and vision coverage for the retired employee is included. If the employee had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits. Certificated employees must be continuously employed prior to June 30, 2015. All these benefits, except for the DBC, cease when the retired employee reaches age 65.

Management employees. The maximum monthly benefit paid to retired management employees (age 55 and 5 consecutive years in management position) is $1,100. Management employees must be hired before July 1, 2010 to be eligible for benefits. Employees promoted into a Management position after July 1, 2010 without interruption in service will be eligible for the early retirement which is provided to employees in the bargaining unit from which he/she was promoted.

Classified employees (CSEA) hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium (Kaiser premium amount is fixed at the time of retirement) over the DBC. If hired before 7/1/2007 and retiring with at least 20 years of service, or if hired after 1/1/2002 and retiring with at least 30 years of service, dental and vision coverage for the retired employee are included (all premium amounts are fixed at the time of retirement). If the employee was hired before 2002 and had at least 30 years of service, the employee's spouse is also covered for medical, dental and vision benefits (total benefits not to exceed the Kaiser two-party rate); in this case, premium amounts are not fixed at the time of retirement.

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

District Plan (continued)

Benefits Provided (continued))
All these benefits, except for the DBC, cease when the retired employee reaches age 65. Classified employees hired after 6/30/2007 receive the DBC. All benefits are pro-rated based on the number of hours worked, if the employee was working part-time at the time of retirement.

Teamster employees hired before 7/1/2007 who retire with at least 15 years of service, and who are at least age 55, are paid the excess of the Kaiser single-employee premium over the DBC. The rate cap is increased by 5% on the first two January 1st's after retirement, and remains unchanged thereafter. If hired before 7/1/2007 and retiring with at least 20 years of service, dental and vision coverage for the retired employee are included (rate caps are increased by 5% on the first two January 1st's after retirement, and remain unchanged thereafter).

If the employee was hired before 7/1/2007 and had at least 30 years of service, the benefit payable is (1) medical coverage for the employee and spouse (not to exceed the Kaiser two-party rate, fixed at the time of retirement), and (2) employee-only dental and vision. All these benefits, except for the DBC, cease when the retired employee reaches age 65. Teamster employees hired after 6/30/2007 only receive the DBC.

Retiree Contributions: Retirees pay all amounts in excess of the District's payments.

Lump Sum Option: In lieu of receiving the benefits described above, a retiring employee may choose to receive a lump sum equal to $500 multiplied by the number of years of service (not to exceed 30 years).

Employees Covered by Benefit Terms
At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	314
Active employees	724
Total	1,038

Total OPEB Liability
The District's total OPEB liability of $53,359,806 for the Plan was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

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

Valuation Date	June 30, 2020
Inflation	2.75 percent
Salary increases	3.00 percent
Healthcare cost trend rates	5.5 percent for medical; 4.0 percent for dental and vision

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

District Plan (continued)

Discount Rate
Since the benefits are not funded, the discount rate is equal to the 20-Year Bond Rate. The District has chosen to use the "S&P Municipal Bond 20-Year High Grade Rate Index" as its 20-year bond rate. That Index was 2.66% at June 30, 2020 and 2.18% at June 30, 2021.

Mortality Rates
Mortality rates are taken from the 2017 CalPERS valuation, projected to future years using the ultimate rates from projection scale MP-2020, for classified and Teamsters employees, and from the 2020 CalSTRS valuation, for certificated and management employees. In the 2018 valuation, mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model, and from the 2016 CalSTRS valuation for certificated and management employees.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at July 1, 2020	$	46,798,709
Changes for the year:		
Service cost		2,647,194
Interest		1,228,906
Changes of assumptions		3,883,470
Benefit payments		(1,198,473)
Net changes		6,561,097
Balance at June 30, 2021	$	53,359,806

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

Discount Rate		OPEB Liability
1% decrease	$	63,055,143
Current discount rate	$	53,359,806
1% increase	$	45,728,660

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

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

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	44,836,860
Current trend rate	$	53,359,806
1% increase	$	64,407,977

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the District recognized OPEB expense of $3,207,133. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	8,815,839
Changes of assumptions		6,869,440		1,677,761
District contributions subsequent to the measurement date of the net OPEB liability		904,936		-
Total	$	7,774,376	$	10,493,600

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

Year Ended June 30:		Deferred Outflows/(Inflows) of Resources
2023	$	(668,967)
2024		(668,967)
2025		(668,967)
2026		(668,967)
2027		(668,967)
Thereafter		(279,325)
Total	$	(3,624,160)

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

Medicare Premium Payment (MPP) Program

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

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

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

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

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

Total OPEB Liability
At June 30, 2022, the District reported a liability of $410,978 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net OPEB Liability	0.103037%	0.101502%	0.001535%

For the year ended June 30, 2022, the District reported OPEB expense of $(19,173).

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

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions And Other Inputs

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

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

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

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

Discount Rate

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

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

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

Medicare Premium Payment (MPP) Program (continued)

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

Discount Rate	MPP OPEB Liability	
1% decrease	$	453,011
Current discount rate	$	410,978
1% increase	$	375,066

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

Medicare Cost Trend Rates	MPP OPEB Liability	
1% decrease	$	373,736
Current trend rate	$	410,978
1% increase	$	453,675

NOTE 9 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability		Deferred Outflows of Resources		Deferred Inflows of Resources		Pension Expense	
CalSTRS	$	31,194,360	$	15,570,845	$	29,547,176	$	(2,015,348)
CalPERS		16,531,140		4,534,941		7,666,934		2,045,923
Total	$	47,725,500	$	20,105,786	$	37,214,110	$	30,575

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

NOTE 9 – PENSION PLANS (continued)

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

Contributions
The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

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

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were $6,258,798.

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

District's proportionate share of net pension liability	$ 31,194,360
State's proportionate share of the net pension liability associated with the District	15,695,792
Total	$ 46,890,152

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

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.068547%	0.066976%	0.001571%

NOTE 9 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2022, the District recognized pension expense of $(2,015,348). In addition, the District recognized pension expense and revenue of $(2,735,799) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,258,798	$ -
Net change in proportionate share of net pension liability	4,813,994	1,551,903
Difference between projected and actual earnings on pension plan investments	-	24,675,542
Changes of assumptions	4,419,909	-
Differences between expected and actual experience	78,144	3,319,731
Total	$ 15,570,845	$ 29,547,176

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 2,972,188	$ 7,524,021
2024	2,974,244	6,871,453
2025	1,015,172	6,736,916
2026	1,015,172	7,528,152
2027	619,590	542,529
Thereafter	715,681	344,105
Total	$ 9,312,047	$ 29,547,176

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

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

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

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

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

NOTE 9 – PENSION PLANS (continued)

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

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 63,500,552
Current discount rate (7.10%)	31,194,360
1% increase (8.10%)	4,380,838

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $4,408,427.

B. California Public Employees Retirement System (CalPERS)

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

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

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

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

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

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

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were $3,067,182.

NOTE 9 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $16,531,140. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	Change Increase/ (Decrease)
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.081296%	0.082390%	-0.001094%

For the year ended June 30, 2022, the District recognized pension expense of $2,045,923. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,067,182	$ -
Net change in proportionate share of net pension liability	132,744	442,285
Difference between projected and actual earnings on pension plan investments	841,518	7,185,678
Changes of assumptions	-	-
Differences between expected and actual experience	493,497	38,971
Total	$ 4,534,941	$ 7,666,934

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

NOTE 9 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 741,447	$ 2,045,698
2024	447,116	1,917,757
2025	276,356	1,861,367
2026	2,840	1,842,112
2027	-	-
Thereafter	-	-
Total	$ 1,467,759	$ 7,666,934

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

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

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

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

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 27,873,823
Current discount rate (7.15%)	16,531,140
1% increase (8.15%)	7,114,279

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2022, the District reported payables of $28,545 and $12,067 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

NOTE 10 – JOINT VENTURES

The District is a member with other school districts in three joint powers agencies for common risk management and insurance related to workers' compensation, property/liability and health care, South Bay Area Schools Insurance Authority (SBASIA), Santa Clara County School Insurance Group (SCCSIG) and Schools Excess Liability Fund (SELF). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District is also a member with other school districts in East Valley Schools Transportation Agency (EVSTA), a joint powers authority that provides bus services to member districts. There have been no significant reductions in the level of insurance coverage from the prior year. The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes. Financial information is available from the respective entities.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2022, the District had commitments with respect to unfinished capital projects of approximately $4.3 million to be paid from local funds.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2022.

NOTE 12 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District participated in the SBASIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For the fiscal year 2021-22, the District participated in the Public Entity Protected Insurance Program (PEPIP), an insurance purchasing pool. The purpose of the PEPIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the JPA.

Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to districts that can meet the JPA selection criteria. The firm of Keenan & Associates provides administrative, cost control, and actuarial services to the JPA.

NOTE 13 – ADJUSTMENT FOR RESTATEMENT

The district retroactively recognized the fair market value of cash in county, increasing the beginning fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balance and the beginning net position on the Statement of Activities at July 1, 2021, by the following:

General Fund	$	2,541
Student Activity Special Revenue Fund		
Cafeteria Fund		1,149
Deferred Maintenance Fund		2,919
Special Reserve Fund (Other Than Capital Outlay)		10,479
Special Reserve Fund (Postemployment Benefits)		10,355
Building Fund		175,115
Capital Facilities Fund		15,025
Special Reserve Fund (Capital Outlay)		48,889
Bond Interest and Redemption Fund		24,999
Foundation Private-Purpose Trust Fund		25
Total	$	291,496

In addition, the implementation of GASB 87 resulted in a restatement of the beginning balance of current assets and deferred inflows by $4,525,015. There was no net impact from this restatement on beginning net position.

NOTE 14 – SUBSEQUENT EVENT

On September 8, 2022, the District issued Series B, 2020 General Obligation Bonds in the amount of $40,600,000 and Series B-1, 2020 General Obligation Bonds in the amount of $17,400,000. The Bonds were issued to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and to pay the costs of issuing the Bonds. The Bonds will be issued as current interest bonds, with interest payable semiannually on February 1 and August 1 of each year, commencing February 1, 2023. The interest rates vary from 3.61-5.0% and the final maturity date is August 1, 2040.

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 63,970,401	$ 64,206,499	$ 64,383,275	$ 176,776
Federal Sources	7,901,243	9,637,086	8,683,070	(954,016)
Other State Sources	7,222,691	10,022,195	11,012,012	989,817
Other Local Sources	4,194,905	4,792,905	4,843,132	50,227
Total Revenues	83,289,240	88,658,685	88,921,489	262,804
Expenditures				
Current:				
Certificated Salaries	36,447,353	36,005,929	39,393,468	(3,387,539)
Classified Salaries	11,054,009	11,731,034	12,168,800	(437,766)
Employee Benefits	25,664,168	25,584,772	25,377,781	206,991
Books and Supplies	2,182,605	4,208,014	3,285,104	922,910
Services and Other Operating Expenditures	7,789,292	14,680,506	12,381,395	2,299,111
Capital Outlay	9,500	61,276	-	61,276
Other Outgo	953,884	1,141,953	(55,742)	1,197,695
Total Expenditures	84,100,811	93,413,485	92,550,806	862,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	(811,571)	(4,754,800)	(3,629,317)	1,125,483
Other Financing Sources and Uses				
Interfund Transfers Out	-	-	(512,089)	(512,089)
Total Other Financing Sources and Uses	-	-	(512,089)	(512,089)
Net Change in Fund Balance	(811,571)	(4,754,800)	(4,141,406)	613,394
Fund Balances, July 1, 2021, as originally stated	13,204,778	13,057,974	13,057,974	-
Adjustment for Restatement (Note 13)	-	-	2,541	2,541
Fund Balances, July 1, 2021, as restated	13,204,778	13,057,974	13,060,515	2,541
Fund Balances, June 30, 2022	$ 12,393,207	$ 8,303,174	8,919,109	$ 615,935

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Deferred Maintenance Fund	449,339
Special Reserve Fund for Other Than Capital Outlay Projects	2,595,377
Special Revenue Fund for Postemployment Benefits	2,564,780
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 14,528,605

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18
CalSTRS				
District's proportion of the net pension liability	0.0685%	0.0670%	0.0644%	0.0653%
District's proportionate share of the net pension liability	$ 31,194,360	$ 64,905,834	$ 58,183,792	$ 60,048,018
State's proportionate share of the net pension liability associated with the District	15,695,792	33,458,965	31,743,143	34,380,299
Totals	$ 46,890,152	$ 98,364,799	$ 89,926,935	$ 94,428,317
District's covered payroll	$ 35,113,936	$ 36,310,152	$ 34,806,505	$ 34,923,243
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.84%	178.75%	167.16%	171.94%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0618%	0.0630%	0.0660%	0.0650%
District's proportionate share of the net pension liability	$ 57,184,276	$ 50,955,030	$ 44,302,000	$ 38,192,000
State's proportionate share of the net pension liability associated with the District	33,829,656	29,012,060	23,430,811	23,062,210
Totals	$ 91,013,932	$ 79,967,090	$ 67,732,811	$ 61,254,210
District's covered payroll	$ 33,012,273	$ 31,623,234	$ 30,543,000	$ 29,110,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.22%	161.13%	145.05%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

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

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

CalPERS	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0813%	0.0824%	0.0819%	0.0831%
District's proportionate share of the net pension liability	$ 16,531,140	$ 25,279,774	$ 23,880,969	$ 22,158,788
District's covered payroll	$ 13,629,278	$ 13,432,402	$ 12,972,916	$ 13,005,730
District's proportionate share of the net pension liability as a percentage of its covered payroll	121.29%	188.20%	184.08%	170.38%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

CalPERS	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0822%	0.0816%	0.0800%	0.0780%
District's proportionate share of the net pension liability	$ 19,614,831	$ 16,115,050	$ 11,818,000	$ 8,823,000
District's covered payroll	$ 12,774,590	$ 12,533,798	$ 8,876,000	$ 8,159,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	153.55%	128.57%	133.15%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
CalSTRS				
Contractually required contribution	$ 6,258,798	$ 6,004,483	$ 6,209,036	$ 5,666,499
Contributions in relation to the contractually required contribution	6,258,798	6,004,483	6,209,036	5,666,499
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 36,990,535	$ 35,113,936	$ 36,310,152	$ 34,806,505
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 5,039,424	$ 4,152,944	$ 3,393,173	$ 2,712,184
Contributions in relation to the contractually required contribution	5,039,424	4,152,944	3,393,173	2,712,184
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 34,923,243	$ 33,012,273	$ 31,623,234	$ 30,543,000
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19
CalPERS				
Contractually required contribution	$ 3,067,182	$ 2,687,830	$ 2,649,004	$ 2,343,168
Contributions in relation to the contractually required contribution	3,067,182	2,687,830	2,649,004	2,343,168
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 13,387,962	$ 13,629,278	$ 13,432,402	$ 12,972,916
Contributions as a percentage of coveredpayroll	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 2,019,920	$ 1,774,135	$ 1,484,879	$ 1,044,818
Contributions in relation to the contractually required contribution	2,019,920	1,774,135	1,484,879	1,044,818
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered payroll	$ 13,005,730	$ 12,774,590	$ 12,533,798	$ 8,876,000
Contributions as a percentage of coveredpayroll	15.531%	13.888%	11.847%	11.771%

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

BERRYESSA UNION SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

Employer's Fiscal Year	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**
Total OPEB liability					
Service cost	$ 2,647,194	$ 2,869,561	$ 2,663,472	$ 2,587,815	$ 2,758,118
Interest	1,228,906	1,408,417	1,374,906	1,396,237	1,209,410
Differences between expected and actual experience	-	(9,581,423)	-	(2,405,852)	-
Changes of assumptions or other inputs	3,883,470	2,206,515	1,437,696	1,038,550	(2,753,251)
Benefit payments	(1,198,473)	(1,170,488)	(1,095,434)	(1,078,971)	(1,388,473)
Net change in total OPEB liability	6,561,097	(4,267,418)	4,380,640	1,537,779	(174,196)
Total OPEB liability - beginning	46,798,709	51,066,127	46,685,487	45,147,708	45,321,904
Total OPEB liability - ending	$ 53,359,806	$ 46,798,709	$ 51,066,127	$ 46,685,487	$ 45,147,708
Covered payroll	$ 51,523,385	$ 47,462,959	$ 48,200,383	$ 46,511,882	$ 45,360,521
Total OPEB liability as a percentage of covered payroll	103.56%	98.60%	105.95%	100.37%	99.53%

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

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

Last Ten Fiscal Years*

Employer's Fiscal Year Measurement Period	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
District's proportion of net OPEB liability	0.1030%	0.1015%	0.0996%	0.1027%	0.0984%
District's proportionate share of net OPEB liability	$ 410,978	$ 430,151	$ 370,792	$ 393,270	$ 414,038
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

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

NOTE 1 – PURPOSE OF SCHEDULES

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

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

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

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

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

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

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

> ***Change in benefit terms*** – There were no changes in benefit terms since the previous valuation.
>
> ***Change of assumptions*** – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.66 percent to 2.18 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

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

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

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Supplementary Information

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Berryessa Union School District was established in 1855 and encompasses 6 square miles in northeastern Santa Clara County, including portions of the cities of San Jose and Milpitas and adjacent unincorporated areas. The District currently operates ten elementary schools and three middle schools. There were no changes in the boundaries of the District during the year.

The Board of Education of Berryessa Union School District is composed of five members elected at large within the boundaries of the District. The Board and Administrative Staff manage and control the affairs of the District.

GOVERNING BOARD

Member	Office	Term Expires
Hugo Jimenez	President	November, 2022
Khoa Nguyen	Vice President	November, 2024
Jai Srinivasan	Clerk	November, 2024
Kansan Chu	Member	November, 2024
Thelma Boac	Member	November, 2022

DISTRICT ADMINISTRATORS

Dr. Roxane Fuentes,
Superintendent

Kevin Franklin,
Assistant Superintendent Business Services

Ricardo Cabrera,
Assistant Superintendent, Human Services

Joseph M. McCreary, Ed.D.,
Assistant Superintendent, Education Services

BERRYESSA UNION SCHOOL DISTRICT
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2022

	Student Activities Fund	Cafeteria Fund	Capital Facilities Fund	Foundation Private-Purpose Trust Fund	Total Non-Major Governmental Funds
ASSETS					
Deposits and investments	$ 252,773	$ 812,329	$ 3,720,783	$ 6,046	$ 4,791,931
Accounts receivable	-	150,524	12,551	21	163,096
Inventories	-	67,010	-	-	67,010
Total Assets	$ 252,773	$ 1,029,863	$ 3,733,334	$ 6,067	$ 5,022,037
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ -	$ 75,409	$ -	$ -	$ 75,409
Due to other funds	-	123,940	-	-	123,940
Total Liabilities	-	199,349	-	-	199,349
Fund Balances					
Nonspendable	-	77,010	-	-	77,010
Restricted	252,773	753,504	3,733,334	6,067	4,745,678
Total Fund Balances	252,773	830,514	3,733,334	6,067	4,822,688
Total Liabilities and Fund Balances	$ 252,773	$ 1,029,863	$ 3,733,334	$ 6,067	$ 5,022,037

BERRYESSA UNION SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2022

	Student Activites Fund	Cafeteria Fund	Capital Facilities Fund	Foundation Private-Purpose Trust Fund	Total Non-Major Governmental Funds
REVENUES					
Federal sources	$ -	$ 3,430,216	$ -	$ -	$ 3,430,216
Other state sources	-	281,767	-	-	281,767
Other local sources	137,356	116,114	(21,358)	(128)	231,984
Total Revenues	137,356	3,828,097	(21,358)	(128)	3,943,967
EXPENDITURES					
Current:					
Pupil support services:					
Food services	-	3,008,255	-	-	3,008,255
Ancillary services	86,057	-	-	-	86,057
General administration services:					
Other general administration	-	-	10,901	-	10,901
Plant services	-	83,200	-	-	83,200
Transfers of indirect costs	-	103,121	-	-	103,121
Total Expenditures	86,057	3,194,576	10,901	-	3,291,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	51,299	633,521	(32,259)	(128)	652,433
Fund Balances, July 1, 2021, as originally stated	201,474	195,844	3,750,568	6,170	4,154,056
Adjustments for Restatement (note 13)	-	1,149	15,025	25	16,199
Fund Balances, July 1, 2021	201,474	196,993	3,765,593	6,195	4,170,255
Fund Balances, June 30, 2022	$ 252,773	$ 830,514	$ 3,733,334	$ 6,067	$ 4,822,688

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

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K-3	2,505.78	2,516.42
Grades 4-6	1,832.72	1,835.26
Grades 7-8	1,318.30	1,316.23
Total Regular ADA	5,656.80	5,667.91
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 4-6	1.03	1.04
Grades 7-8	5.30	5.16
Total Special Education, Nonpublic, Nonsectarian Schools	6.33	6.20
Total ADA	5,663.13	5,674.11

BERRYESSA UNION SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2022

Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	48,080	180	Complied
Grade 1	50,400	51,008	180	Complied
Grade 2	50,400	51,008	180	Complied
Grade 3	50,400	51,008	180	Complied
Grade 4	54,000	54,549	180	Complied
Grade 5	54,000	54,549	180	Complied
Grade 6	54,000	56,136	180	Complied
Grade 7	54,000	56,136	180	Complied
Grade 8	54,000	56,136	180	Complied

General Fund	(Budget) 2023[2]	2022[3]	2021*	2020
Revenues and other financing sources	$ 83,289,240	$ 88,921,489	$ 85,488,736	$ 77,620,608
Expenditures	84,100,811	92,550,806	84,410,973	81,908,570
Other uses and transfers out	-	512,089	491,785	218,065
Total outgo	84,100,811	93,062,895	84,902,758	82,126,635
Change in fund balance (deficit)	(811,571)	(4,141,406)	585,978	(4,506,027)
Ending fund balance	$ 8,107,538	$ 8,919,109	$ 13,060,515	$ 12,471,996
Available reserves [1]	$ 5,354,572	$ 2,840,353	$ 5,440,803	$ 7,375,845
Available reserves as a percentage of total outgo	6.4%	3.1%	6.4%	9.0%
Total long-term debt	$ 237,660,821	$ 244,311,108	$ 284,154,094	$ 238,030,180
Average daily attendance at P-2	6,996	5,663	N/A	6,634

**as restated*

The General Fund balance has decreased by $3.6 million over the past two years. The fiscal year 2022-23 adopted budget projects a decrease of $811,571. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2022-23 fiscal year. Long-term debt has decreased by $6.3 million over the past two years.

Average daily attendance decreased by 971 ADA in 2021-22 compared to 2019-20.
Budgeted ADA for FY 2022-23 is 6,996.

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

[2] Revised Final Budget September, 2022.

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

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

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 84,369	
School Breakfast Program - Breakfast Basic	10.553	13525	580,136	
National School Lunch Program	10.555	13523	2,333,560	
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	52,692	
USDA Donated Foods	10.555	13391	112,191	
Subtotal Child Nutrition Cluster				$ 3,162,948
COVID-19 Pandemic EBT Local Administrative Grant	10.649	15644		3,063
Total U.S. Department of Agriculture				3,166,011
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants	84.010	14329		830,951
Title II, Part A, Supporting Effective Instruction	84.367	14341		137,845
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084		288,678
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		51,963
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	987	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	5,970	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	3,543,393	
Elementary and Secondary School Emergency Relief III Fund: Learning Loss	84.425U	10155	799,578	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	609,667	
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	143,371	
Expanded Learning Opportunities Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	345,845	
Expanded Learning Opportunities Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	277,110	
Subtotal Education Stabilization Fund				5,725,921
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,288,597	
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	27,442	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	75,791	
Preschool Staff Development, Part B	84.173A	13431	494	
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	255,387	
Subtotal Special Education Cluster (IDEA)				1,647,711
Total U.S. Department of Education				8,683,069
Total Expenditures of Federal Awards				$ 11,849,080

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

NOTE 1 – PURPOSE OF SCHEDULES

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

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

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

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

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 12,113,286
Differences between Federal Revenues and Expenditures:		
National School Lunch Program	10.555	(264,206)
Total Schedule of Expenditures of Federal Awards		$ 11,849,080

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Berryessa Union School District
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berryessa Union School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2022.

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

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

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

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001.

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

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

Nigro & Nigro, PC

Murrieta, California
November 18, 2022

NIGRO & NIGRO PC

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

Board of Education
Berryessa Union School District
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited the Berryessa Union School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Berryessa Union School District's major federal programs for the year ended June 30, 2022. The Berryessa Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Berryessa Union School District compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

- Obtain an understanding of the Berryessa Union School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Berryessa Union School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

Nigro & Nigro, PC

Murrieta, California
November 18, 2022

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Berryessa Union School District
San Jose, California

Report on Compliance

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

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

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

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

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

Description	Procedures Performed
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as Not Applicable were not operated by the District.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 18, 2022

Schedule of Findings and Questioned Costs

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Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A, Basic Grants
84.425U, 84.425C, 84.425D	COVID-19 Education Stabilization Fund

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

State Awards

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

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

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

Finding 2022-001: Contract Bidding (60000)

Criteria: According to Public Contract Code Section 20112, a notice calling for bids must be published at least once a week for two weeks in a newspaper of general circulation in the district, or if there is no such newspaper, a newspaper of general circulation in the county. Government Code section 6066 provides that once a week for two successive weeks with at least five days intervening between the publication dates and not counting the publication dates is sufficient. It also states, "[t]he period of notice commences upon the first day of publication and terminates at the end of the fourteenth day, including therein the first day." According to Public Contract Code section 20112 the notice must specify the work to be done or materials or supplies to be provided as well as the time, place and location of the bid opening.

Condition: We noted one contract that was advertised for only one week not the two-week timeframe specified in public contract code. The contract was for paving and was subsequently awarded at the contract price of $240,000.

Cause: The District failed to run the bid advertisement for two successive weeks.

Effect: The District is out of compliance with this requirement.

Recommendation: While it is too late to comply with regulations on this specific contract since it is now completed, we recommend that the District comply with Public Contract Code on all remaining and future contracts and awards contracts only after compliant advertisement.

Views of Responsible Officials: The District is aware of the issue and will be reviewing and implementing updated policies and procedures to ensure that all Contract bidding policies are met.

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

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

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

Finding 2022-002: Teacher Credentials (71000)

Criteria: Any teacher that is assigned to teach a class must be assigned consistent with the authorization of his/her certification unless otherwise authorized by law pursuant to a governing board resolution in conformance with subdivision (b) of Education Code Section 44256, 44258.2, 44258.3, or 44263 or the approval of a committee on assignments pursuant to subdivision (c) or (d) of Education Code Section 44258.7.

Condition: It was noted that out of the nine teachers randomly selected for teacher credential testing, one teacher was assigned to teach in a position which was not consistent with the authorization of his/her certification.

Cause: The teacher in question held a single subject credential (Mandarin) but was teaching a self-contained elementary class. The District did not have an adequate process in place to monitor the status of all teacher certification and thereby ensure that teachers are appropriately credentialed and teaching subjects consistent with the authorization of the respective certification.

Context: Noted for one of the nine teachers tested.

Effect: Due to the lack of an adequate process to ensure that teachers credentials are current and teachers are properly certificated for core classrooms, there was a misassignment of teachers, resulting in the District being out of compliance for teacher certification and authorized assignment requirements.

Recommendation: We recommend that the District verify all certificated employees involved in instruction have a valid teacher credential and are teaching subjects consistent with their authorized certification.

Views of Responsible Officials: The District is in the process of updating their procedures to ensure that our teachers' credentials are reviewed at the time of hire and throughout the school year.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2021-001: California Clean Energy Jobs Act	Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan. The District completed a project in October of 2019, but has not yet filed the final report for this project with the Commission.	40000	We recommend that the District file the final report for the project. No future final reports will be required.	Implemented

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NIGRO & NIGRO PC

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To the Board of Trustees
Berryessa Union School District
San Jose, California

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

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 18, 2022 on the financial statements of Berryessa Union School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: During our cash receipts testing at Piedmont Middle we noted that cash receipts we sampled were not deposited in a timely manner. Each item was collected approximately one month prior to deposit.

> ***Recommendation:*** We recommend that the site emphasize to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because many thefts often occur during these times.

Observation: In our test of cash disbursements, we noted several instances at Piedmont Middle in which disbursements were not approved by the District representative, the ASB advisor, and the student representative until after the expenditure had already been incurred or approval dates could not be verified.

> ***Recommendation:*** Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

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DISTRICT OFFICE

Observation: During the office closures for COVID, the responsibility for reconciling credit card statements shifted from an employee in purchasing to the Purchasing Director. The Purchasing Director is an authorized credit card holder, and therefore she is reconciling statements for her own purchases.

> ***Recommendation:*** We recommend that credit card statements be reconciled and matched to receipts and other supporting documentation by an employee that is not a credit card holder.

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

Nigro & Nigro, PC

Murrieta, California
November 18, 2022