

RINCON VALLEY UNION SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2023



RINCON VALLEY UNION SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Rincon Valley Union School District
Santa Rosa, 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 the Rincon Valley Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rincon Valley Union School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rincon Valley Union School 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 Rincon Valley Union School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement 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 Rincon Valley Union School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rincon Valley Union School 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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 Rincon Valley Union School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 on our consideration of the Rincon Valley Union School 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 Rincon Valley Union School 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 Rincon Valley Union School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 11, 2023

RINCON VALLEY UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

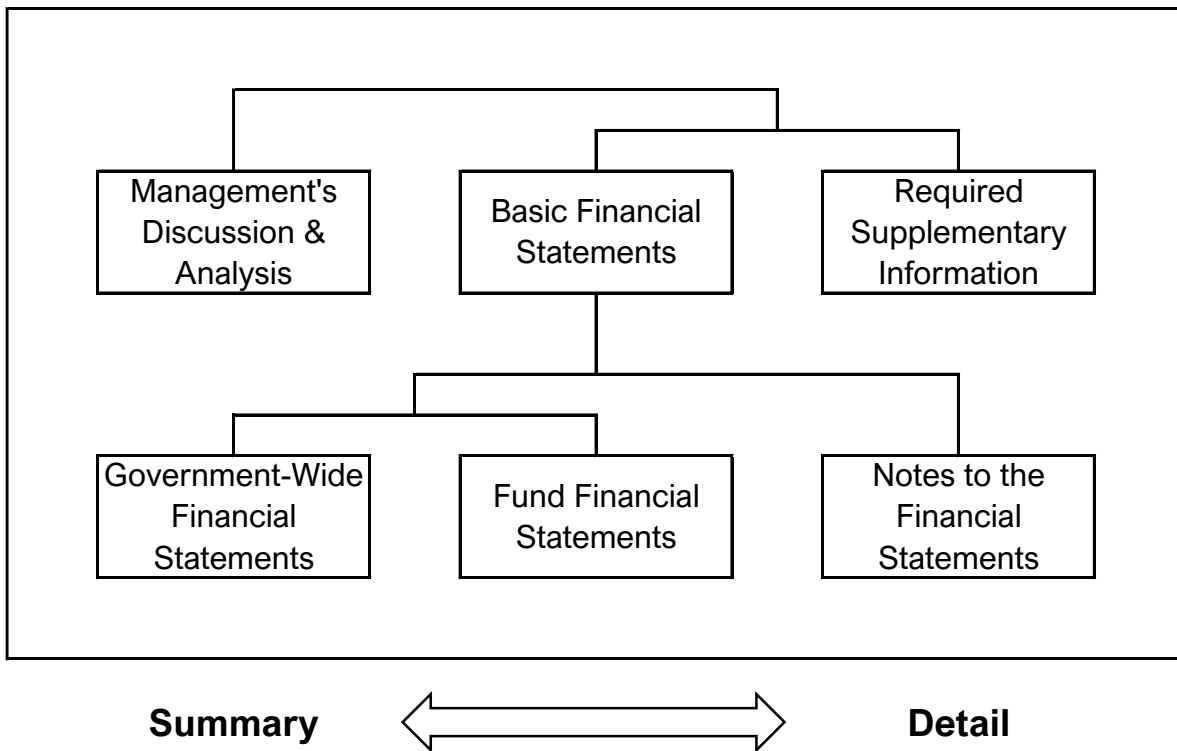
Our discussion and analysis of Rincon Valley Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The District's net position was \$12,479,152 at June 30, 2023. This was an increase of \$11,369,471 from the prior year, after restatement.
- ▶ Overall revenues were \$68,728,156 which exceeded expenses of \$57,358,685.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

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

- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-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 government'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 government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$12,479,152 at June 30, 2023, as reflected in the table below. Of this amount, \$(30,444,862) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 38,394,089	\$ 30,921,396	\$ 7,472,693
Capital assets	67,899,495	69,663,667	(1,764,172)
Total Assets	106,293,584	100,585,063	5,708,521
DEFERRED OUTFLOWS OF RESOURCES	16,850,938	12,183,860	4,667,078
LIABILITIES			
Current liabilities	11,033,855	10,225,481	808,374
Long-term liabilities	94,439,578	81,486,778	12,952,800
Total Liabilities	105,473,433	91,712,259	13,761,174
DEFERRED INFLOWS OF RESOURCES	5,191,937	20,195,993	(15,004,056)
NET POSITION			
Net investment in capital assets	24,918,208	24,731,326	186,882
Restricted	18,005,806	(375,148)	18,380,954
Unrestricted	(30,444,862)	(23,495,507)	(6,949,355)
Total Net Position	\$ 12,479,152	\$ 860,671	\$ 11,618,481

**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 5,876,529	\$ 4,396,654	\$ 1,479,875
Operating grants and contributions	15,511,329	11,231,704	4,279,625
Capital grants and contributions	24	(41)	65
General revenues			
Property taxes	27,839,928	26,397,244	1,442,684
Unrestricted federal and state aid	16,286,395	12,568,289	3,718,106
Other	3,213,951	1,472,978	1,740,973
Total Revenues	68,728,156	56,066,828	12,661,328
EXPENSES			
Instruction	30,241,211	28,677,763	1,563,448
Instruction-related services	5,419,452	5,624,138	(204,686)
Pupil services	8,796,798	7,976,797	820,001
General administration	3,276,775	2,537,989	738,786
Plant services	5,293,074	5,177,783	115,291
Ancillary and community services	2,344,821	1,436,904	907,917
Interest on Long-Term Debt	1,873,184	1,892,759	(19,575)
Other Expenses	113,370	-	113,370
Total Expenses	57,358,685	53,324,133	4,034,552
Change in net position	11,369,471	2,742,695	8,626,776
Net Position - Beginning, as Restated*	1,109,681	(1,882,024)	2,991,705
Net Position - Ending	\$ 12,479,152	\$ 860,671	\$ 11,618,481

The cost of all our governmental activities this year was \$57,358,685 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$27,839,928 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$15,511,329).

**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District’s functions. Net cost shows the financial burden that was placed on the District’s taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2023	2022
Instruction	\$ 22,804,439	\$ 20,076,299
Instruction-related services	2,525,408	4,777,183
Pupil services	2,698,421	3,395,277
General administration	680,659	1,954,813
Plant services	5,205,763	5,133,388
Ancillary and community services	307,093	669,575
Debt service	1,873,184	1,892,759
Transfers to other agencies	(124,164)	(203,478)
Total	\$ 35,970,803	\$ 37,695,816

FINANCIAL ANALYSIS OF THE DISTRICT’S MAJOR 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 \$30,132,185, which is more than last year’s ending fund balance of \$23,762,675. The District’s General Fund had \$4,249,020 more in operating revenues than expenditures for the year ended June 30, 2023. The District’s Special Reserve Fund for Capital Outlay Projects had \$233,415 less in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District’s financial projections and current budget based on State and local financial information.

**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$67,899,495 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 4,260,520	\$ 4,260,520	\$ -
Construction in progress	221,128	-	221,128
Land improvements	6,646,199	6,584,996	61,203
Buildings & improvements	90,843,925	90,139,121	704,804
Furniture & equipment	4,556,446	4,222,584	333,862
Less: Accumulated depreciation	(38,628,723)	(35,543,554)	(3,085,169)
Total Capital Assets	\$ 67,899,495	\$ 69,663,667	\$ (1,764,172)

Long-Term Liabilities

At year-end, the District had \$94,496,918 in long-term liabilities, an increase of 9.53% from last year – as shown in the table below.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 48,908,178	\$ 50,391,728	\$ (1,483,550)
Notes payable	1,415,008	1,613,881	(198,873)
Compensated absences	249,277	232,643	16,634
Total OPEB liability	2,634,795	2,803,606	(168,811)
Net pension liability	43,522,159	28,715,124	14,807,035
Less: current portion of long-term liabilities	(2,289,839)	2,519,214	(4,809,053)
Total Long-term Liabilities	\$ 94,439,578	\$ 86,276,196	\$ 8,163,382

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**RINCON VALLEY UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, Rincon Valley Union School District, 1000 Yulupa Avenue, Santa Rosa, California, 95405.

RINCON VALLEY UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 31,322,450
Accounts receivable	7,064,025
Inventory	7,614
Capital assets, not depreciated	4,481,648
Capital assets, net of accumulated depreciation	<u>63,417,847</u>
Total Assets	<u>106,293,584</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	15,687,672
Deferred outflows related to OPEB	658,249
Deferred amount on refunding	<u>505,017</u>
Total Deferred Outflows of Resources	<u>16,850,938</u>
LIABILITIES	
Accrued liabilities	7,196,368
Unearned revenue	1,547,648
Long-term liabilities, current portion	2,289,839
Long-term liabilities, non-current portion	<u>94,439,578</u>
Total Liabilities	<u>105,473,433</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,601,899
Deferred inflows related to OPEB	<u>590,038</u>
Total Deferred Inflows of Resources	<u>5,191,937</u>
NET POSITION	
Net investment in capital assets	24,918,208
Restricted:	
Capital projects	4,973,304
Debt service	2,385,998
Educational programs	8,754,893
Food service	1,891,611
Unrestricted	<u>(30,444,862)</u>
Total Net Position	<u>\$ 12,479,152</u>

The accompanying notes are an integral part of these financial statements.

**RINCON VALLEY UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 30,241,211	\$ 2,397,755	\$ 5,038,993	\$ 24	\$ (22,804,439)
Instruction-related services					
Instructional supervision and administration	800,513	69,954	2,277,251	-	1,546,692
Instructional library, media, and technology	1,284,591	-	35,095	-	(1,249,496)
School site administration	3,334,348	409,617	102,127	-	(2,822,604)
Pupil services					
Home-to-school transportation	840,516	241	30	-	(840,245)
Food services	2,219,562	190,405	3,360,825	-	1,331,668
All other pupil services	5,736,720	1,879,471	667,405	-	(3,189,844)
General administration					
All other general administration	3,276,775	610,105	1,986,011	-	(680,659)
Plant services	5,293,074	25,788	61,523	-	(5,205,763)
Ancillary services	135,296	82,012	18,276	-	(35,008)
Community services	2,209,525	-	1,937,440	-	(272,085)
Interest on long-term debt	1,873,184	-	-	-	(1,873,184)
Other outgo	113,370	211,181	26,353	-	124,164
Total Governmental Activities	\$ 57,358,685	\$ 5,876,529	\$ 15,511,329	\$ 24	\$ (35,970,803)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					22,904,135
Property taxes, levied for debt service					3,570,199
Property taxes, levied for other specific purposes					1,365,594
Federal and state aid not restricted for specific purposes					16,286,395
Interest and investment earnings					290,315
Miscellaneous					2,923,636
Subtotal, General Revenue					47,340,274
CHANGE IN NET POSITION					11,369,471
Net Position - Beginning, as Restated					1,109,681
Net Position - Ending					\$ 12,479,152

The accompanying notes are an integral part of these financial statements.

**RINCON VALLEY UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 18,575,776	\$ 4,558,618	\$ 8,188,056	\$ 31,322,450
Accounts receivable	6,013,883	306,165	743,977	7,064,025
Due from other funds	796,645	165,000	174,525	1,136,170
Stores inventory	3,255	-	4,359	7,614
Total Assets	\$ 25,389,559	\$ 5,029,783	\$ 9,110,917	\$ 39,530,259
LIABILITIES				
Accrued liabilities	\$ 6,002,166	\$ 297,829	\$ 414,261	\$ 6,714,256
Due to other funds	339,525	-	796,645	1,136,170
Unearned revenue	898,673	-	648,975	1,547,648
Total Liabilities	7,240,364	297,829	1,859,881	9,398,074
FUND BALANCES				
Nonspendable	20,505	-	6,359	26,864
Restricted	6,511,287	4,731,954	7,244,677	18,487,918
Committed	5,851,292	-	-	5,851,292
Unassigned	5,766,111	-	-	5,766,111
Total Fund Balances	18,149,195	4,731,954	7,251,036	30,132,185
Total Liabilities and Fund Balances	\$ 25,389,559	\$ 5,029,783	\$ 9,110,917	\$ 39,530,259

The accompanying notes are an integral part of these financial statements.

**RINCON VALLEY UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Funds \$ 30,132,185

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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	\$ 106,528,218	
Accumulated depreciation	<u>(38,628,723)</u>	67,899,495

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

505,017

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:

(482,112)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 48,908,178	
Notes payable	1,415,008	
Compensated absences	249,277	
Total OPEB liability	2,634,795	
Net pension liability	<u>43,522,159</u>	(96,729,417)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 15,687,672	
Deferred inflows of resources related to pensions	<u>(4,601,899)</u>	11,085,773

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 658,249	
Deferred inflows of resources related to OPEB	<u>(590,038)</u>	68,211

Total Net Position - Governmental Activities \$ 12,479,152

**RINCON VALLEY UNION SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 34,067,900	\$ -	\$ 2,942,345	\$ 37,010,245
Federal sources	2,539,285	-	1,282,371	3,821,656
Other state sources	10,968,517	612,330	2,633,950	14,214,797
Other local sources	10,684,424	259,878	5,506,921	16,451,223
Total Revenues	58,260,126	872,208	12,365,587	71,497,921
EXPENDITURES				
Current				
Instruction	31,665,969	-	2,792,637	34,458,606
Instruction-related services				
Instructional supervision and administration	870,933	-	22,866	893,799
Instructional library, media, and technology	915,298	-	23,908	939,206
School site administration	3,487,394	-	471,405	3,958,799
Pupil services				
Home-to-school transportation	896,410	-	-	896,410
Food services	-	-	2,396,203	2,396,203
All other pupil services	6,370,407	-	53,039	6,423,446
General administration				
All other general administration	3,122,573	-	167,725	3,290,298
Plant services	4,426,506	206,792	244,340	4,877,638
Facilities acquisition and construction	162,375	898,831	-	1,061,206
Ancillary services	155,801	-	-	155,801
Community services	1,937,440	-	275,858	2,213,298
Debt service				
Principal	-	-	2,223,873	2,223,873
Interest and other	-	-	1,339,828	1,339,828
Total Expenditures	54,011,106	1,105,623	10,011,682	65,128,411
Excess (Deficiency) of Revenues Over Expenditures	4,249,020	(233,415)	2,353,905	6,369,510
Other Financing Sources (Uses)				
Transfers in	50,000	-	-	50,000
Transfers out	-	-	(50,000)	(50,000)
Net Financing Sources (Uses)	50,000	-	(50,000)	-
NET CHANGE IN FUND BALANCE	4,299,020	(233,415)	2,303,905	6,369,510
Fund Balance - Beginning	13,850,175	4,965,369	4,947,131	23,762,675
Fund Balance - Ending	\$ 18,149,195	\$ 4,731,954	\$ 7,251,036	\$ 30,132,185

The accompanying notes are an integral part of these financial statements.

**RINCON VALLEY UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 6,369,510

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

Capital outlay:

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

Expenditures for capital outlay:	\$	1,320,997	
Depreciation expense:		<u>(3,085,169)</u>	(1,764,172)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

2,223,873

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(170,710)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period 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:

65,434

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(598,790)

(continued on the next page)

**RINCON VALLEY UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2023**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (16,634)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (165,145)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 5,368,765

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 57,340

Change in Net Position of Governmental Activities	\$	11,369,471
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RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

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

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

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

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*).

Non-Major Governmental Funds

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

Charter Schools Fund: This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school 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 school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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 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.

Expenses/Expenditures

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

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Sites and Improvements	20 years
Buildings and Improvements	10-50 years
Furniture and Equipment	5-15 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District 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 District 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 so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) 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, 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data (continued)

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 purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021.—The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	\$ 31,992,483
Fair value adjustment	(1,081,247)
Cash on hand and in banks	391,964
Cash in revolving fund	19,250
Total	\$ 31,322,450

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Sonoma County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$30,911,236. The average weighted maturity for this pool is 539 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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, 2023, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable 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 Sonoma 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.

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

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 30,911,236</u>
Total	<u>\$ 30,911,236</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 3 – ACCOUNTS RECEIVABLES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Governmental Activities
Federal Government				
Categorical aid	\$ 1,784,723	\$ -	\$ 144,902	\$ 1,929,625
State Government				
Apportionment	2,407,612	-	228,545	2,636,157
Categorical aid	1,281,477	-	350,022	1,631,499
Lottery	155,435	-	19,061	174,496
Local Government				
Other local sources	384,636	306,165	1,447	692,248
Total	\$ 6,013,883	\$ 306,165	\$ 743,977	\$ 7,064,025

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,260,520	\$ -	\$ -	\$ 4,260,520
Construction in progress	-	221,128	-	221,128
Total capital assets not being depreciated	4,260,520	221,128	-	4,481,648
Capital assets being depreciated				
Land improvements	6,584,996	61,203	-	6,646,199
Buildings & improvements	90,139,121	704,804	-	90,843,925
Furniture & equipment	4,222,584	333,862	-	4,556,446
Total capital assets being depreciated	100,946,701	1,099,869	-	102,046,570
Less: Accumulated depreciation				
Land improvements	2,559,089	296,620	-	2,855,709
Buildings & improvements	29,993,560	2,450,210	-	32,443,770
Furniture & equipment	2,990,905	338,339	-	3,329,244
Total accumulated depreciation	35,543,554	3,085,169	-	38,628,723
Total capital assets being depreciated, net	65,403,147	(1,985,300)	-	63,417,847
Governmental Activities				
Capital Assets, net	\$ 69,663,667	\$ (1,764,172)	\$ -	\$ 67,899,495

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
Instruction	\$ 1,769,710
Instructional library, media, and technology	347,067
All other pupil services	492,250
All other general administration	156,620
Plant services	319,522
Total	\$ 3,085,169

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2023 were as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			
	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 165,000	\$ 174,525	\$ 339,525
Non-Major Governmental Funds	796,645	-	-	796,645
Total	\$ 796,645	\$ 165,000	\$ 174,525	\$ 1,136,170

Due from the Child Development Fund Fund to General Fund for annual facilities rent.	\$	258,654
Due from the Cafeteria Revenue Fund to General Fund for revised indirect cost.		57,491
Due from the General Fund to Special Reserve Fund for Capital Outlay Projects for annual facilities rent.		165,000
Due from the General Fund To Child Development Fund for ELOP Funds year end redistribution.		174,525
Due from the Charter Schools Fund to General Fund for 2022-23 annual costs and home study.		480,500
Total	\$	1,136,170

B. Operating Transfers

The individual interfund transfer for the year ended June 30, 2023 consisted of a transfer from the Charter Schools Fund to the General Fund for indirect costs totaling \$50,000.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>District-Wide</u>	<u>Governmental Activities</u>
Payroll	\$ 258,980	\$ -	\$ 107,010	\$ -	\$ 365,990
Construction	-	297,829	-	-	297,829
Vendors payable	2,181,246	-	164,314	-	2,345,560
Unmatured interest	-	-	-	482,112	482,112
Due to grantor government	3,561,940	-	142,937	-	3,704,877
Total	\$ 6,002,166	\$ 297,829	\$ 414,261	\$ 482,112	\$ 7,196,368

NOTE 7 – UNEARNED REVENUE

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

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Activities</u>
State categorical sources	\$ 572,224	\$ 609,634	\$ 1,181,858
Local sources	326,449	39,341	365,790
Total	\$ 898,673	\$ 648,975	\$ 1,547,648

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Restated Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 49,389,481	\$ 598,790	\$ 2,025,000	\$ 47,963,271	\$ 2,024,867
Unamortized premium	1,002,247	-	57,340	944,907	57,340
Total general obligation bonds	<u>50,391,728</u>	<u>598,790</u>	<u>2,082,340</u>	<u>48,908,178</u>	<u>2,082,207</u>
Notes payable	1,613,881	-	198,873	1,415,008	207,632
Compensated absences	232,643	16,634	-	249,277	-
Total OPEB liability	2,803,606	-	168,811	2,634,795	-
Net pension liability	28,715,124	14,807,035	-	43,522,159	-
Total	<u>\$ 83,756,982</u>	<u>\$ 15,422,459</u>	<u>\$ 2,450,024</u>	<u>\$ 96,729,417</u>	<u>\$ 2,289,839</u>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on notes payable are made in the Capital Facilities Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$249,277. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. General Obligation Bonds

In the March 2, 2004 election, the citizens of the District approved the issuance and sale of not more than \$23.9 million of general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District. Under such voters' authorization, Election 2004, Series 2005 current interest and capital appreciation bonds have been issued.

In 2012, the District issued the 2012 Refunding bond totaling \$8,765,000. The 2012 Refunding bonds were issued to advance refund previous debt issuance of the District. These bonds mature on August 1, 2028.

In the June 3, 2014 election, the citizens of the District approved the issuance and sale of not more than \$35 million of general obligation bonds to finance the construction, improvement, equipping and furnishing of various capital facilities of the District. Under such voters' authorization, Election 2014 Series A and B current interest bonds have been issued.

Terms of the general obligation bonds are summarized as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2023
					Outstanding July 01, 2022	Additions	Deductions	
Election 2004, Series 2005 - CI	2005	2037	5.00%	\$ 1,940,000	\$ 1,940,000	\$ -	\$ -	\$ 1,940,000
Election 2004, Series 2005 - CAB	2005	2036	3.04 - 11.75%	5,459,008	10,844,481	598,790	280,000	11,163,271
2012 Refunding	2012	2029	2.25%	15,980,000	8,765,000	-	1,105,000	7,660,000
Election 2014, Series A	2014	2040	2.00 - 5.00%	18,000,000	12,860,000	-	365,000	12,495,000
Election 2014, Series B	2028	2040	2.00 - 5.00%	17,000,000	14,980,000	-	275,000	14,705,000
					<u>\$ 49,389,481</u>	<u>\$ 598,790</u>	<u>\$ 2,025,000</u>	<u>\$ 47,963,271</u>

Debt service payments are made from property tax levy authorized by the voters.

RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. General Obligation Bonds (continued)

The annual requirements to amortize these bonds and the remaining outstanding balance of 2002 Series A and B bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,024,867	\$ 1,422,802	\$ 3,447,669
2025	2,188,761	1,375,271	3,564,032
2026	2,377,280	1,320,159	3,697,439
2027	2,555,454	1,258,434	3,813,888
2028	2,746,774	1,199,383	3,946,157
2029 - 2033	10,583,872	10,804,042	21,387,914
2034 - 2038	13,474,381	8,107,425	21,581,806
2039 - 2040	5,175,000	180,216	5,355,216
Accretion	6,836,882	(6,836,882)	-
Total	\$ 47,963,271	\$ 18,830,850	\$ 66,794,121

C. Notes Payable

On December 1, 2009, the District entered into an adjustable rate note payable agreement with the Public Agency Finance Corporation in the amount of \$3,735,000, with an initial interest rate of 3.57% per annum. On December 1, 2014, December 1, 2019, and December 1, 2024, the interest rate on any such maturities shall be adjusted to equal 85% of the Seattle Federal Home Loan Bank 5 Year Advance Rate. The District used the proceeds to redeem the 2003 Series L certificates of participation. The note payable agreement is secured by the Spring Creek Elementary school site. There is no acceleration clause in the agreement.

The future debt service payments as of June 30, 2023, were as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 207,632	\$ 25,073	\$ 232,705
2025	211,197	21,538	232,735
2026	214,824	17,941	232,765
2027	218,513	14,283	232,796
2028	222,266	10,563	232,829
2029 - 2030	340,576	9,707	350,283
Total	\$ 1,415,008	\$ 99,105	\$ 1,514,113

D. Other Postemployment Benefits

The District's beginning total OPEB liability was \$2,803,606 and decreased by \$168,811 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was \$2,634,795. See Note 10 for additional information regarding the total OPEB liability.

E. Net Pension Liability

The District's beginning net pension liability was \$28,715,124 and increased by \$14,807,035 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$43,522,159. See Note 11 for additional information regarding the net pension liability.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 17,250	\$ -	\$ 2,000	\$ 19,250
Stores inventory	3,255	-	4,359	7,614
Total non-spendable	<u>20,505</u>	<u>-</u>	<u>6,359</u>	<u>26,864</u>
Restricted				
Educational programs	6,511,287	-	2,243,606	8,754,893
Food service	-	-	1,891,611	1,891,611
Capital projects	-	4,731,954	241,350	4,973,304
Debt service	-	-	2,868,110	2,868,110
Total restricted	<u>6,511,287</u>	<u>4,731,954</u>	<u>7,244,677</u>	<u>18,487,918</u>
Committed				
Other commitments	5,851,292	-	-	5,851,292
Total committed	<u>5,851,292</u>	<u>-</u>	<u>-</u>	<u>5,851,292</u>
Unassigned	5,766,111	-	-	5,766,111
Total Fund Balance	<u>\$ 18,149,195</u>	<u>\$ 4,731,954</u>	<u>\$ 7,251,036</u>	<u>\$ 30,132,185</u>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Rincon Valley Union School District’s defined benefit OPEB plan, Rincon Valley Union School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	<u>Certificated Hired before 6/30/86</u>	<u>Classified, Confidential and Supervisors Hired before 7/1/14</u>	<u>Designated Certificated Management</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65**	To age 65	To age 65**
Required Service	20 years**	5 years	20 years**
Minimum Age	55	55	55
Dependent Coverage	Yes**	Yes	Yes*
District Contribution %	100%	100%	100%
District Cap	Active cap	100% of Active cap at 15 years of service; 5 to 15 years, prorated percentage of cap	Active cap

* At 20 years of service, employee only coverage to age 65; At 25 years of service, a choice of employee only coverage to age 70 or employee plus dependent coverage to age 65

** At 20 years of service, employee plus one dependent coverage to age 65; At 25 years of service, a choice of employee only coverage to age 70 or employee plus dependent coverage to age 65

C. Contributions

For the measurement period, the District contributed \$192,710 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

Inactive employees receiving benefits	<u>17</u>
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>86</u>
Total number of participants**	<u>103</u>

*Information not provided

**As of the June 1, 2021 valuation date

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Rincon Valley Union School District’s total OPEB liability of \$2,634,795 was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2021.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date of June 30, 2022.

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	3.54%
Healthcare cost trend rates	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

Retirement rates:

Certificated	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees
Classified Management	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Schools Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Schools Employees

The actuarial assumptions used in the June 30, 2021 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	
Service cost	\$ 188,734
Interest on total OPEB liability	60,682
Difference between expected and actual experience	15,438
Changes of assumptions	(240,955)
Benefits payments	<u>(192,710)</u>
Net change in total OPEB liability	(168,811)
Total OPEB liability - beginning	<u>2,803,606</u>
Total OPEB liability - ending	<u>\$ 2,634,795</u>
Covered-employee payroll	\$ 3,699,033
District's total OPEB liability as a percentage of covered-employee payroll	71.23%

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

The following presents the total OPEB liability of the Rincon Valley Union School 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:

	1% Decrease	Valuation Discount Rate	1% Increase
	(2.54%)	(3.54%)	(4.54%)
Total OPEB liability	\$ 2,816,546	\$ 2,634,795	\$ 2,522,735

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 2,372,503	\$ 2,634,795	\$ 2,930,175

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Rincon Valley Union School District recognized OPEB expense of \$298,873. At June 30, 2023, the Rincon Valley Union School District reported deferred outflows of resources related to OPEB 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	\$ 349,131	\$ 347,506
Changes in assumptions	175,390	242,532
District contributions subsequent to the measurement date	133,728	-
Total	\$ 658,249	\$ 590,038

The \$133,728 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 154,119	\$ 104,662
2025	154,119	104,662
2026	154,119	104,662
2027	53,183	103,304
2028	6,065	100,138
Thereafter	2,916	72,610
Total	\$ 524,521	\$ 590,038

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement 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). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 23,513,550	\$ 8,233,941	\$ 3,115,631	\$ (1,011,118)
PERS Pension	20,008,609	7,453,731	1,486,268	2,660,599
Total	<u>\$ 43,522,159</u>	<u>\$ 15,687,672</u>	<u>\$ 4,601,899</u>	<u>\$ 1,649,481</u>

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$4,314,400 for the year ended June 30, 2023.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,889,040 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$ 23,513,550
State's proportionate share of the net pension liability associated with the District	11,775,655
Total	<u>\$ 35,289,205</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District’s proportion was 0.034 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2021.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 11 – 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, 2023, the District recognized pension expense of \$(1,011,118). In addition, the District recognized pension expense and revenue of \$(880,725) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 1,149,520
Differences between expected and actual experience	19,288	1,763,026
Changes in assumptions	1,166,101	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,734,112	203,085
District contributions subsequent to the measurement date	4,314,440	-
Total	<u>\$ 8,233,941</u>	<u>\$ 3,115,631</u>

The \$4,314,440 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 1,562,805	\$ 1,355,800
2025	576,391	1,376,771
2026	576,391	1,753,550
2027	567,964	(1,695,685)
2028	393,365	244,319
2029	242,585	80,876
Total	<u>\$ 3,919,501</u>	<u>\$ 3,115,631</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 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%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 11 – 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 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 39,934,729	\$ 23,513,550	\$ 9,879,034

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$2,703,806 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$20,008,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.058 percent, which was a decrease of 0.005 percent from its proportion measured as of June 30, 2021.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$2,660,599. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,362,472	\$ -
Differences between expected and actual experience	90,427	497,840
Changes in assumptions	1,480,123	-
Changes in proportion and differences between District contributions and proportionate share of contributions	816,903	988,428
District contributions subsequent to the measurement date	2,703,806	-
Total	<u>\$ 7,453,731</u>	<u>\$ 1,486,268</u>

The \$2,703,806 reported as 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 year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 1,417,469	\$ 516,934
2025	1,254,058	514,398
2026	637,846	454,936
2027	1,440,552	-
Total	<u>\$ 4,749,925</u>	<u>\$ 1,486,268</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 28,903,449	\$ 20,008,609	\$ 12,657,351

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

As of June 30, 2023, the District had no commitments with respect to unfinished capital projects.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in one joint venture under a joint powers agreement (JPA) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability, and workers' compensation insurance coverage. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**RINCON VALLEY UNION SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2023**

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District’s long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred amount on refunding was \$505,017.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was \$15,687,672 and total deferred inflows related to pensions was \$4,601,899.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$658,249 and total deferred inflows related to other postemployment benefits was \$590,038.

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The amounts previously reported at June 30, 2022 as the ending net position for Governmental Activities, as been restated to correct the balance of accreted interest. The June 30, 2022 ending balances have been restated as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 860,671
Restatement	249,010
Net Position - Beginning, as Restated	<u>\$ 1,109,681</u>

REQUIRED SUPPLEMENTARY INFORMATION

**RINCON VALLEY UNION SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 33,004,190	\$ 34,012,490	\$ 34,067,900	\$ 55,410
Federal sources	2,241,536	2,339,217	2,539,285	200,068
Other state sources	5,346,090	10,983,260	10,968,517	(14,743)
Other local sources	8,408,794	9,620,285	10,684,424	1,064,139
Total Revenues	49,000,610	56,955,252	58,260,126	1,304,874
EXPENDITURES				
Certificated salaries	20,208,896	21,873,171	21,696,594	176,577
Classified salaries	8,083,834	9,063,591	9,002,725	60,866
Employee benefits	12,577,872	13,330,272	13,146,192	184,080
Books and supplies	2,776,991	4,227,977	2,978,342	1,249,635
Services and other operating expenditures	6,108,184	7,205,714	7,136,384	69,330
Capital outlay	67,709	1,861,733	217,015	1,644,718
Other outgo				
Excluding transfers of indirect costs	3,653	3,653	-	3,653
Transfers of indirect costs	(164,755)	(164,755)	(166,146)	1,391
Total Expenditures	49,662,384	57,401,356	54,011,106	3,390,250
Excess (Deficiency) of Revenues Over Expenditures	(661,774)	(446,104)	4,249,020	4,695,124
Other Financing Sources (Uses)				
Transfers in	3,450,000	3,450,000	3,700,000	250,000
Other sources	(3,475,000)	(3,400,000)	-	3,400,000
Transfers out	-	-	(3,650,000)	(3,650,000)
Net Financing Sources (Uses)	(25,000)	50,000	50,000	-
NET CHANGE IN FUND BALANCE	(686,774)	(396,104)	4,299,020	4,695,124
Fund Balance - Beginning	13,850,175	13,850,175	13,850,175	-
Fund Balance - Ending	\$ 13,163,401	\$ 13,454,071	\$ 18,149,195	\$ 4,695,124

See accompanying notes to required supplementary information.

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability						
Service cost	\$ 188,734	\$ 250,186	\$ 207,552	\$ 146,035	\$ 147,828	\$ 143,872
Interest on total OPEB liability	60,682	70,739	99,136	74,312	72,970	64,846
Difference between expected and actual experience	15,438	(476,212)	15,863	749,256	-	-
Changes of assumptions	(240,955)	(23,847)	267,338	48,130	(39,358)	-
Benefits payments	<u>(192,710)</u>	<u>(218,590)</u>	<u>(218,590)</u>	<u>(140,502)</u>	<u>(149,999)</u>	<u>(128,003)</u>
Net change in total OPEB liability	(168,811)	(397,724)	371,299	877,231	31,441	80,715
Total OPEB liability - beginning	<u>2,803,606</u>	<u>3,201,330</u>	<u>2,830,031</u>	<u>1,952,800</u>	<u>1,921,359</u>	<u>1,840,644</u>
Total OPEB liability - ending	<u>\$ 2,634,795</u>	<u>\$ 2,803,606</u>	<u>\$ 3,201,330</u>	<u>\$ 2,830,031</u>	<u>\$ 1,952,800</u>	<u>\$ 1,921,359</u>
Covered-employee payroll	\$ 3,699,033	\$ 3,272,759	\$ 4,646,190	\$ 4,521,839	\$ 4,400,817	\$ 4,283,034
District's total OPEB liability as a percentage of covered-employee payroll	71.23%	85.66%	68.90%	62.59%	44.37%	44.86%

See accompanying notes to required supplementary information.

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.034%	0.035%	0.034%	0.033%	0.033%	0.033%	0.034%	0.035%	0.033%
District's proportionate share of the net pension liability	\$ 23,513,550	\$ 15,997,529	\$ 32,905,499	\$ 29,552,001	\$ 30,018,188	\$ 30,840,849	\$ 27,346,431	\$ 23,294,680	\$ 19,541,489
State's proportionate share of the net pension liability associated with the District	11,775,655	8,049,336	16,962,788	16,122,589	17,186,817	18,245,186	19,186,387	15,713,475	14,180,406
Total	<u>\$ 35,289,205</u>	<u>\$ 24,046,865</u>	<u>\$ 49,868,287</u>	<u>\$ 45,674,590</u>	<u>\$ 47,205,005</u>	<u>\$ 49,086,035</u>	<u>\$ 46,532,818</u>	<u>\$ 39,008,155</u>	<u>\$ 33,721,895</u>
District's covered payroll	\$ 19,466,749	\$ 19,131,610	\$ 18,447,544	\$ 17,636,259	\$ 17,433,091	\$ 17,712,981	\$ 16,951,407	\$ 16,629,167	\$ 14,894,388
District's proportionate share of the net pension liability as a percentage of its covered payroll	120.8%	83.6%	178.4%	167.6%	172.2%	174.1%	161.3%	140.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**RINCON VALLEY UNION SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.058%	0.063%	0.056%	0.054%	0.054%	0.055%	0.057%	0.056%	0.055%
District's proportionate share of the net pension liability	\$ 20,008,609	\$ 12,717,595	\$ 17,283,222	\$ 15,851,176	\$ 14,486,700	\$ 13,209,393	\$ 11,174,389	\$ 8,270,069	\$ 6,217,049
District's covered payroll	\$ 8,916,988	\$ 8,431,720	\$ 8,092,181	\$ 7,534,426	\$ 7,166,544	\$ 7,055,696	\$ 6,783,836	\$ 6,211,928	\$ 5,748,855
District's proportionate share of the net pension liability as a percentage of its covered payroll	224.4%	150.8%	213.6%	210.4%	202.1%	187.2%	164.7%	133.1%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 4,314,440	\$ 3,293,774	\$ 3,089,755	\$ 3,154,530	\$ 2,871,183	\$ 2,515,595	\$ 2,228,293	\$ 1,818,886	\$ 1,476,670
Contributions in relation to the contractually required contribution*	(4,314,440)	(3,293,774)	(3,089,755)	(3,154,530)	(2,871,183)	(2,515,595)	(2,228,293)	(1,818,886)	(1,476,670)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 22,560,502	\$ 19,466,749	\$ 19,131,610	\$ 18,447,544	\$ 17,636,259	\$ 17,433,091	\$ 17,712,981	\$ 16,951,407	\$ 16,629,167
Contributions as a percentage of covered payroll	19.12%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,703,806	\$ 2,042,882	\$ 1,745,366	\$ 1,595,859	\$ 1,360,868	\$ 1,113,036	\$ 979,895	\$ 803,681	\$ 731,206
Contributions in relation to the contractually required contribution*	(2,703,806)	(2,042,882)	(1,745,366)	(1,595,859)	(1,360,868)	(1,113,036)	(979,895)	(803,681)	(731,206)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,580,828	\$ 8,916,988	\$ 8,431,720	\$ 8,092,181	\$ 7,534,426	\$ 7,166,544	\$ 7,055,696	\$ 6,783,836	\$ 6,211,928
Contributions as a percentage of covered payroll	25.55%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed from 2.16% to 3.54% since the previous valuation.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

SUPPLEMENTARY INFORMATION

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 251,350
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	50,379
Title III, English Learner Student Program	84.365	14346	54,458
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	39,845
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	578,893
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	123,223
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	11,562
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	<u>18,172</u>
Subtotal Special Education Cluster			<u>731,850</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	56,345
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	621,167
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	28,621
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	301,625
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	69,225
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	100,922
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	227,917
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	<u>5,582</u>
Subtotal Education Stabilization Fund Discretionary Grants			<u>1,411,404</u>
Total U. S. Department of Education			<u>2,539,286</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	68,421
School Breakfast Program - Needy	10.553	13526	274,241
National School Lunch Program	10.555	13391	718,762
USDA Commodities	10.555	*	143,033
Supply Chain Assistance (SCA) Funds	10.555	15655	<u>77,913</u>
Subtotal Child Nutrition Cluster			<u>1,282,370</u>
Total U. S. Department of Agriculture			<u>1,282,370</u>
Total Federal Expenditures			<u>\$ 3,821,656</u>

* - Pass-Through Entity Identifying Number not available or not applicable

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023**

Rincon Valley Union School District

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	634.83	638.19
Extended Year Special Education	3.06	3.06
Special Education - Nonpublic Schools	2.57	2.77
Extended Year Special Education - Nonpublic Schools	0.22	0.22
Total TK/K through Third	640.68	644.24
Fourth through Sixth		
Regular ADA	471.79	474.01
Extended Year Special Education	1.51	1.51
Special Education - Nonpublic Schools	2.72	2.86
Extended Year Special Education - Nonpublic Schools	0.20	0.20
Total Fourth through Sixth	476.22	478.58
TOTAL SCHOOL DISTRICT	1,116.90	1,122.82

Binkley Elementary Charter

	Second Period Report	Annual Report
CHARTER SCHOOL		
TK/K through Third		
Regular ADA	184.85	186.50
Fourth through Sixth		
Regular ADA	137.45	137.66
TOTAL CHARTER SCHOOL	322.30	324.16
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	184.01	185.71
Classroom-based Fourth through Sixth		
Regular ADA	136.76	137.09
TOTAL CLASSROOM-BASED CHARTER SCHOOL	320.77	322.80

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA), continued
FOR THE YEAR ENDED JUNE 30, 2023**

Spring Creek Manzanita Elementary Charter

	Second Period Report	Annual Report
CHARTER SCHOOL		
TK/K through Third		
Regular ADA	205.26	207.50
Fourth through Sixth		
Regular ADA	160.82	161.93
TOTAL CHARTER SCHOOL	<u>366.08</u>	<u>369.43</u>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	204.54	206.66
Classroom-based Fourth through Sixth		
Regular ADA	159.60	160.17
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>364.14</u>	<u>366.83</u>

Village Elementary Charter

	Second Period Report	Annual Report
CHARTER SCHOOL		
TK/K through Third		
Regular ADA	191.42	192.26
Fourth through Sixth		
Regular ADA	159.47	160.91
TOTAL CHARTER SCHOOL	<u>350.89</u>	<u>353.17</u>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	190.78	191.66
Classroom-based Fourth through Sixth		
Regular ADA	158.72	160.17
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>349.50</u>	<u>351.83</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA), continued
FOR THE YEAR ENDED JUNE 30, 2023**

Whited Elementary Charter

	Second Period Report	Annual Report
CHARTER SCHOOL		
TK/K through Third		
Regular ADA	162.71	163.96
Fourth through Sixth		
Regular ADA	153.50	154.62
TOTAL CHARTER SCHOOL	<u>316.21</u>	<u>318.58</u>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based TK/K through Third		
Regular ADA	161.98	163.27
Classroom-based Fourth through Sixth		
Regular ADA	152.95	154.09
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>314.93</u>	<u>317.36</u>

Spring Lake Charter

	Second Period Report	Annual Report
CHARTER SCHOOL		
TK/K through Third		
Regular ADA	28.23	28.78
Fourth through Sixth		
Regular ADA	26.43	26.69
Seventh through Eighth		
Regular ADA	248.77	249.66
TOTAL CHARTER SCHOOL	<u>303.43</u>	<u>305.13</u>
CLASSROOM-BASED CHARTER SCHOOL		
Classroom-based Seventh through Eighth		
Regular ADA	243.51	243.31
TOTAL CLASSROOM-BASED CHARTER SCHOOL	<u>243.51</u>	<u>243.31</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

Rincon Valley Union School District

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Kindergarten	36,000	51,770	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	51,770	180	Complied
Grade 4	54,000	54,270	180	Complied
Grade 5	54,000	54,270	180	Complied
Grade 6	54,000	54,270	180	Complied

Binkley Elementary Charter

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Kindergarten	36,000	58,770	180	Complied
Grade 1	50,400	52,670	180	Complied
Grade 2	50,400	52,670	180	Complied
Grade 3	50,400	52,670	180	Complied
Grade 4	54,000	55,170	180	Complied
Grade 5	54,000	55,170	180	Complied
Grade 6	54,000	55,170	180	Complied

Spring Creek Manzanita Elementary Charter

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Kindergarten	36,000	63,495	180	Complied
Grade 1	50,400	52,395	180	Complied
Grade 2	50,400	52,395	180	Complied
Grade 3	50,400	52,395	180	Complied
Grade 4	54,000	54,270	180	Complied
Grade 5	54,000	54,270	180	Complied
Grade 6	54,000	54,270	180	Complied

**RINCON VALLEY UNION SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME, continued
 FOR THE YEAR ENDED JUNE 30, 2023**

Village Elementary Charter

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Kindergarten	36,000	57,978	180	Complied
Grade 1	50,400	52,503	180	Complied
Grade 2	50,400	52,503	180	Complied
Grade 3	50,400	52,503	180	Complied
Grade 4	54,000	55,278	180	Complied
Grade 5	54,000	55,278	180	Complied
Grade 6	54,000	55,278	180	Complied

Whited Elementary Charter

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Kindergarten	36,000	57,870	180	Complied
Grade 1	50,400	51,770	180	Complied
Grade 2	50,400	51,770	180	Complied
Grade 3	50,400	51,770	180	Complied
Grade 4	54,000	55,170	180	Complied
Grade 5	54,000	55,170	180	Complied
Grade 6	54,000	55,170	180	Complied

Spring Lake Charter

Grade Level	Minutes Requirement	2022-23		Status
		Actual Minutes	Number of Days	
Grade 7	54,000	55,205	180	Complied
Grade 8	54,000	55,205	180	Complied

**RINCON VALLEY UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis*				
Revenues And Other Financing Sources	\$ 58,405,897	\$ 61,960,126	\$ 45,401,216	\$ 44,926,595
Expenditures And Other Financing Uses	51,815,402	57,661,106	44,614,714	41,362,098
Net change in Fund Balance	<u>\$ 6,590,495</u>	<u>\$ 4,299,020</u>	<u>\$ 786,502</u>	<u>\$ 3,564,497</u>
Ending Fund Balance	<u>\$ 16,539,690</u>	<u>\$ 18,149,195</u>	<u>\$ 13,850,175</u>	<u>\$ 13,063,673</u>
Available Reserves*	<u>\$ 6,540,804</u>	<u>\$ 5,766,111</u>	<u>\$ 10,942,082</u>	<u>\$ 11,290,029</u>
Available Reserves As A Percentage Of Outgo	<u>12.62%</u>	<u>10.00%</u>	<u>24.53%</u>	<u>27.30%</u>
Long-term Liabilities	<u>\$ 94,439,578</u>	<u>\$ 96,729,417</u>	<u>\$ 84,005,992</u>	<u>\$ 107,371,125</u>
Average Daily Attendance At P-2**	<u>2,776</u>	<u>2,776</u>	<u>2,434</u>	<u>2,794</u>

The General Fund ending fund balance has increased by \$5,085,552 over the past two years. The fiscal year 2023-24 budget projects a further increase of \$6,590,495. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2023-24 fiscal year. Total long-term obligations have decreased by \$10,641,708 over the past two years.

Average daily attendance has decreased by 18 ADA over the past two years. No change in ADA is anticipated during the 2023-24 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**RINCON VALLEY UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

There are no differences between the annual financial and budget report and the audited financial statements.

**RINCON VALLEY UNION SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MEASURE B
 PARCEL TAX
 FOR THE YEAR ENDED JUNE 30, 2023**

REVENUES	
Parcel tax proceeds	\$ 1,365,594
Total Revenues	<u>1,365,594</u>
EXPENDITURES	
Salaries and benefits	1,348,327
Books and supplies	36,036
Services and other operating expenditures	5,263
Total Expenditures	<u>1,389,626</u>
NET CHANGE IN FUND BALANCE	(24,032)
Fund Balance - Beginning	<u>588,732</u>
Fund Balance - Ending	<u>\$ 564,700</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2023**

Charter #	Charter School	Status	Included in Audit Report
1258	Binkley Charter School	Active	Yes
1105	Spring Creek Manzanita Charter School	Active	Yes
1257	Village Charter School	Active	Yes
1259	Whited Charter School	Active	Yes
0525	Spring Lake Charter School	Active	Yes

**RINCON VALLEY UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Charter Schools Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS							
Cash and investments	\$ 1,418,967	\$ 2,087,776	\$ 1,571,853	\$ 239,855	\$ 1,495	\$ 2,868,110	\$ 8,188,056
Accounts receivable	359,369	-	384,608	-	-	-	743,977
Due from other funds	-	174,525	-	-	-	-	174,525
Stores inventory	-	-	4,359	-	-	-	4,359
Total Assets	\$ 1,778,336	\$ 2,262,301	\$ 1,960,820	\$ 239,855	\$ 1,495	\$ 2,868,110	\$ 9,110,917
LIABILITIES							
Accrued liabilities	\$ 148,475	\$ 258,427	\$ 7,359	\$ -	\$ -	\$ -	\$ 414,261
Due to other funds	480,500	258,654	57,491	-	-	-	796,645
Unearned revenue	138,134	510,841	-	-	-	-	648,975
Total Liabilities	767,109	1,027,922	64,850	-	-	-	1,859,881
FUND BALANCES							
Non-spendable	-	2,000	4,359	-	-	-	6,359
Restricted	1,011,227	1,232,379	1,891,611	239,855	1,495	2,868,110	7,244,677
Total Fund Balances	1,011,227	1,234,379	1,895,970	239,855	1,495	2,868,110	7,251,036
Total Liabilities and Fund Balances	\$ 1,778,336	\$ 2,262,301	\$ 1,960,820	\$ 239,855	\$ 1,495	\$ 2,868,110	\$ 9,110,917

See accompanying note to supplementary information.

**RINCON VALLEY UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Charter Schools Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES							
LCFF sources	\$ 2,942,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,942,345
Federal sources	-	-	1,282,371	-	-	-	1,282,371
Other state sources	771,191	-	1,840,684	-	-	22,075	2,633,950
Other local sources	(4,969)	1,304,519	186,661	450,303	122	3,570,285	5,506,921
Total Revenues	3,708,567	1,304,519	3,309,716	450,303	122	3,592,360	12,365,587
EXPENDITURES							
Current							
Instruction	2,747,695	44,942	-	-	-	-	2,792,637
Instruction-related services							
Instructional supervision and administration	22,866	-	-	-	-	-	22,866
Instructional library, media, and technology	23,908	-	-	-	-	-	23,908
School site administration	471,405	-	-	-	-	-	471,405
Pupil services							
Food services	-	-	2,396,203	-	-	-	2,396,203
All other pupil services	53,039	-	-	-	-	-	53,039
General administration							
All other general administration	1,580	108,654	57,491	-	-	-	167,725
Plant services	94,340	150,000	-	-	-	-	244,340
Community services	-	275,858	-	-	-	-	275,858
Debt service							
Principal	-	-	-	198,873	-	2,025,000	2,223,873
Interest and other	-	-	-	32,072	-	1,307,756	1,339,828
Total Expenditures	3,414,833	579,454	2,453,694	230,945	-	3,332,756	10,011,682
Excess (Deficiency) of Revenues Over Expenditures	293,734	725,065	856,022	219,358	122	259,604	2,353,905
Other Financing Sources (Uses)							
Transfers out	(50,000)	-	-	-	-	-	(50,000)
Net Financing Sources (Uses)	(50,000)	-	-	-	-	-	(50,000)
NET CHANGE IN FUND BALANCE	243,734	725,065	856,022	219,358	122	259,604	2,303,905
Fund Balance - Beginning	767,493	509,314	1,039,948	20,497	1,373	2,608,506	4,947,131
Fund Balance - Ending	\$ 1,011,227	\$ 1,234,379	\$ 1,895,970	\$ 239,855	\$ 1,495	\$ 2,868,110	\$ 7,251,036

See accompanying note to supplementary information.

**RINCON VALLEY UNION SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2023**

The Rincon Valley Union School District was established in 1948 and is located in Sonoma County. There were no changes in the boundaries of the District during the current year. The District is operating three elementary schools, four elementary conversion charter schools, a dependent seventh and eighth grade charter school, and a special education consortium.

GOVERNING BOARD

Member	Office	Term Expires
Janelle Taylor	President	2024
Jeff Gospe	Clerk	2026
Shelby Moeller	Member	2026
Mike Cook	Member	2024
Jolene Johnson	Member	2024

DISTRICT ADMINISTRATORS

Dr. Tracy Smith*
Superintendent

Mike Herfurth
*Assistant Superintendent
 Human Resources*

Cathey Myhers, M.ED.
*Assistant Superintendent
 Student Services*

Allen K. Watts
Chief Business Official

**Amy Jones assumed the role of Superintendent for the 2023-24 school year.*

**RINCON VALLEY UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

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 amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of 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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

Governing Board
Rincon Valley Union School District
Santa Rosa, 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 Rincon Valley Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rincon Valley Union School District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rincon Valley Union School 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 Rincon Valley Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Rincon Valley Union School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
December 11, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Rincon Valley Union School District
Santa Rosa, California

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Rincon Valley 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 Rincon Valley Union School District's major federal programs for the year ended June 30, 2023. Rincon Valley 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, Rincon Valley Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Rincon Valley 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rincon Valley 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rincon Valley Union School District's federal programs.

Auditor's Responsibilities for the Audit for 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 Rincon Valley 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 a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Rincon Valley 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 and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Rincon Valley Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rincon Valley 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 Rincon Valley 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 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.

Report on Internal Control Over Compliance (continued)

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.

Christy White, Inc.

San Diego, California
December 11, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Rincon Valley Union School District
Santa Rosa, California

Report on State Compliance***Opinion on State Compliance***

We have audited Rincon Valley Union School District's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Rincon Valley Union School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, Rincon Valley Union School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Rincon Valley 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. Our audit does not provide a legal determination of Rincon Valley 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rincon Valley Union School District's state programs.

Auditor’s Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rincon Valley 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 K-12 Audit Guide 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 Rincon Valley Union School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rincon Valley Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Rincon Valley 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Rincon Valley Union School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Rincon Valley Union School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
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
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study as the reported ADA was immaterial.

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 11, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**RINCON VALLEY UNION SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>84.027, 84.173</u>	<u>IDEA Special Education Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**RINCON VALLEY UNION SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2023.

**RINCON VALLEY UNION SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

**RINCON VALLEY UNION SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2023.

**RINCON VALLEY UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001: MATERIAL WEAKNESS – 30000

Criteria: Education Code Section 41010 requires local educational agencies (LEAs) to follow the definitions, instructions, and procedures in the California School Accounting Manual, including Procedure 425, which describes the procedures to be followed by LEAs to implement Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and External Investment Pools, which requires LEAs to report their cash in the county treasury at fair value. However, like all other GASB statements, GASB 31 states that it does not apply to nonmaterial items. As a result, LEAs are only required to record their cash maintained in the county treasury at fair value, if the difference between the reported cash balance and the fair value are material to the LEAs financial statements. Accordingly, LEAs should have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements.

Condition: The District did not adjust its cash in county treasury balances to reflect fair value, even though the differences between the reported cash balances and the fair value of the cash balances were material to the financial statements.

Questioned Costs: None.

Cause: The District does not currently have a system in place to monitor the fair value of the pooled investments in the county treasury, to ensure that fair value adjustments are recorded, if necessary, for the fair presentation of the financial statements.

Effect: The District did not comply with the requirements of GASB 31. The adjustments that were made to ensure that the financial statements are fairly stated are presented on page 73 of the 2021-22 audit report.

Recommendation: The District should establish appropriate procedures to monitor the fair value of the pooled investments in the county treasury. If fair value adjustments are required to ensure the financial statements are fairly presented, the District should follow the guidance in Procedure 425 of the California School Accounting Manual. Further, the District should also consider recording the adjustment on an annual basis even if the amounts are not material, since the required calculations and postings are relatively easy to perform.

District Response: The District will establish a procedure to monitor the fair value of the pool investments in the county treasury to ensure the adjusting entry is included at closing annually. The procedure will include steps on how to calculate the difference in value, per CSAM's Procedure 425.

Current Status: Implemented.

**RINCON VALLEY UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS – 40000

Criteria: Education Code Section 42238.02(b)(2) requires school districts and charter schools to annually submit their enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). In addition, Education Code Section 42238.02(b)(3)(B) states that the Controller shall include instructions necessary to enforce paragraph (2) in the audit required by Education Code Section 14502.1 and that the instructions shall include, but are not necessarily limited to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the school district’s English learner, foster youth, and free or reduced-price meal eligible pupil records.

Condition: During our preliminary testing of unduplicated pupil counts related to individuals who were identified as being eligible to receive free or reduced priced meals, we noted several instances where the District was unable to provide any documentation to support the eligibility determination reported in CALPADS. Upon further review, it was determined that each of the students in question were not included in the District’s child nutrition database listing of students who were eligible to receive free or reduced price meals. As a result, we worked with technology personnel to identify all students who were reported as being eligible for free or reduced price meals (FRPM) in CALPADS based solely on a properly completed Free and Reduced Price Meal eligibility application, or alternative household income data collection form that indicates the pupils were eligible for the FRPM designation. We then compared that list to the child nutrition database listing of students who qualified for free or reduced price meals, to identify those pupils who improperly included on the CALPADs listing. As a result, we identified 27 pupils that were improperly reported as free or reduced price eligible at district school sites and 69 pupils that were improperly reported as free or reduced price eligible at district charter school sites.

Questioned Costs: \$51,455. Questioned costs were computed using the “Unduplicated Pupil Count Audit Finding Calculator” provided by the California Department of Education, as follows:

Rincon Valley Union School District	\$ 16,084
Binkley Charter	\$ 6,765
Manzanita Charter	\$ 10,076
Spring Lake Charter	\$ 4,885
Village Charter	\$ 9,625
Whited Charter	\$ 4,020

A summary of questioned unduplicated pupil counts by school site is presented on the following page.

**RINCON VALLEY UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS – 40000, (continued)

Questioned Costs, continued:

	Total Enrollment	Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Total Unduplicated FRPM/EL Eligible Count
DISTRICT SCHOOLS				
<u>Certified Pupil Counts:</u>				
Austin Creek Elementary	341	36	28	58
Madrone Elementary	367	161	64	181
NPS School Group for Rincon	7	3	0	3
Rincon Valley Partnership	98	46	27	55
Sequoia Elementary	397	75	14	81
Subtotals	1,210	321	133	378
<u>Pupil Count Adjustments:</u>				
Austin Creek Elementary	0	(3)	0	(3)
Madrone Elementary	0	(13)	0	(13)
NPS School Group for Rincon	0	(1)	0	(1)
Rincon Valley Partnership	0	(2)	0	(2)
Sequoia Elementary	0	(8)	0	(8)
Subtotals	0	(27)	0	(27)
<u>Audit Determined Pupil Counts:</u>				
Austin Creek Elementary	341	33	28	55
Madrone Elementary	367	148	64	168
NPS School Group for Rincon	7	2	0	2
Rincon Valley Partnership	98	44	27	53
Sequoia Elementary	397	67	14	73
Totals	1,210	294	133	351
CHARTER SCHOOLS				
<u>Certified Pupil Counts:</u>				
Binkley Charter	329	147	57	162
Manzanita Charter	390	191	53	205
Spring Lake Charter	385	134	27	142
Village Charter	349	167	44	178
Whited Charter	337	162	77	181
Subtotals	1,790	801	258	868
<u>Pupil Count Adjustments:</u>				
Binkley Charter	0	(13)	0	(13)
Manzanita Charter	0	(21)	0	(21)
Spring Lake Charter	0	(9)	0	(9)
Village Charter	0	(18)	0	(18)
Whited Charter	0	(8)	0	(8)
Subtotals	0	(69)	0	(69)
<u>Audit Determined Pupil Counts:</u>				
Binkley Charter	329	134	57	149
Manzanita Charter	390	170	53	184
Spring Lake Charter	385	125	27	133
Village Charter	349	149	44	160
Whited Charter	337	154	77	173
Totals	1,790	732	258	799

**RINCON VALLEY UNION SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS – 40000, (continued)

Cause: We disallowed 100% of the pupils who reported as being eligible for free or reduced price meals (FRPM) in CALPADS based solely on a properly completed Free and Reduced Price Meal eligibility application, or alternative household income data collection, if the pupils were not included on the District's child nutrition database listing of students who were eligible to receive free or reduced price meals.

Effect: The District overstated the certified unduplicated local control funding formula pupil counts to the California Department of Education (CDE).

Recommendation: The District should establish appropriate procedures to ensure that the unduplicated pupil count information entered into CALPADS is properly supported in accordance with State guidelines. In addition, the District should establish a procedure to confirm that all pupils reported in CALPADS as being eligible to receive free or reduced price meals are also included in the District's child nutrition database listing of students who are eligible to receive free or reduced price meals. The District should also enter the pupil count adjustments reported on the previous page into the principal apportionment software to ensure that the District's LCFF funding is properly reduced.

District Response: Addressing the residual data import from the SIS implementation, a Food Service Committee was formed in April of 2022. The committee will perform periodic audits up until the Fall 1 deadline, this includes the data in Synergy (SIS), CALPADS and Mosaic (Food Service Program). The audit will address the eligible FRPM students and update the appropriate programs.

Current Status: Implemented.