Warner Unified School District

County of San Diego
Warner Springs, California

Audit Report

June 30, 2023

Wilkinson Hadley King & Co. LLP
CPAs and Advisors

Warner Unified School District
Table of Contents
June 30, 2023

Warner Unified School District
Table of Contents
June 30, 2023

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

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

Independent Auditor's Report

To the Board of Education
Warner Unified School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

218 West Douglas Avenue, El Cajon, CA 92020
Phone: 619-447-6700 | Fax: 619-447-6707 | whllp.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
March 15, 2024

WARNER UNIFIED SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Unaudited)

The discussion and analysis of Warner Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2021-22 to 2022-23 was $179,802 (6.07%).
- The general fund expenditures decreased by $39,816 (0.68%) over the previous year amount.
- General Fund revenue and other sources exceeded expenses and other uses by $280,377.
- The General Fund ended the fiscal year with 38% reserves in unrestricted and assigned fund balances.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Warner Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the district as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2022-2023?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the district's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the district's activities are reported in governmental funds. The District only has two funds, the General Fund and the Special Reserve Fund for Capital Outlay Projects. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The district as a Whole

The District's net position was \$3.6 million at June 30, 2023. Of this amount, unrestricted net position was \$(0.3) million, net investment in capital assets was \$2.9 million, and restricted net position was \$1.0 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$0.5 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 76% of total expenses. The administrative activities of the District accounted for 14% of total costs. The remaining 10% was spent on plant services and other expenses. (See Figure 2).

(Table 1)
Comparative Statement of Net Position

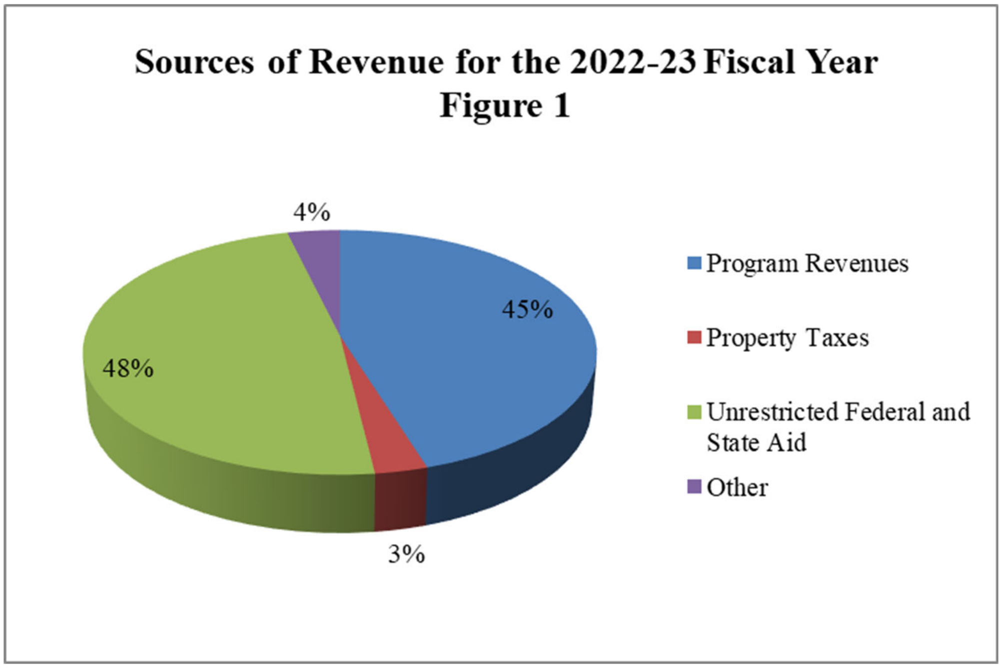
	Governmental Activities			
	6/30/2023	6/30/2022	Change	% Change
Assets				
Cash	$ 3,298,713	2,993,266	$ 305,447	10.20%
Accounts receivable	1,065,269	1,073,516	(8,247)	-0.77%
Inventory	21,217	18,668	2,549	13.65%
Capital assets, net	2,928,972	2,994,530	(65,558)	-2.19%
Total Assets	$ 7,314,171	$ 7,079,980	$ 234,191	3.31%
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	$ 1,338,974	$ 1,098,288	$ 240,686	21.91%
Deferred outflows of resources - OPEB	18,222	21,133	(2,911)	-13.77%
Total Deferred Outflows of Resources	$ 1,357,196	$ 1,119,421	$ 237,775	21.24%
Liabilities				
Accounts payable and other current liabilities	$ 896,628	$ 1,000,234	$ (103,606)	-10.36%
Unearned revenue	81,636	142,503	(60,867)	-42.71%
Long-term liabilities	3,637,957	2,468,191	1,169,766	47.39%
Total Liabilities	$ 4,616,221	$ 3,610,928	$ 1,005,293	27.84%
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	$ 320,655	$ 1,399,955	$ (1,079,300)	-77.10%
Deferred inflows of resources - OPEB	128,995	135,656	(6,661)	-4.91%
Total Deferred Inflows of Resources	$ 449,650	$ 1,535,611	$ (1,085,961)	-70.72%
Net Position				
Net investment in capital assets	$ 2,928,972	$ 2,848,929	$ 80,043	2.81%
Restricted	1,010,304	497,514	512,790	103.07%
Unrestricted	(333,780)	(293,581)	(40,199)	13.69%
Total Net Position	$ 3,605,496	$ 3,052,862	$ 552,634	18.10%

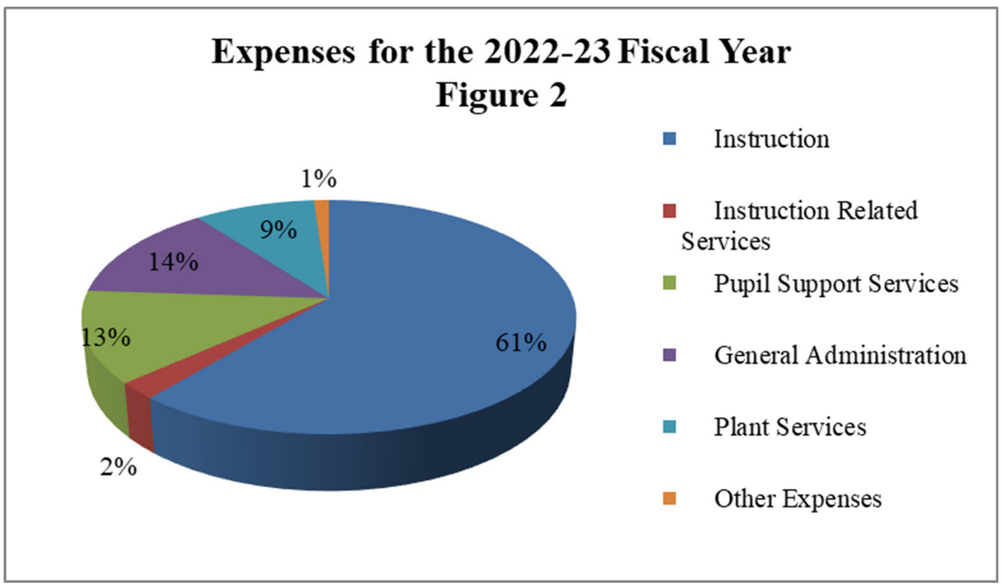
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities			
	Year Ended 6/30/2023	Year Ended 6/30/2022	Change	% Change
Revenues				
Program revenues				
Charges for services	$ 55,858	$ 216,208	$ (160,350)	100.00%
Operating grants and contributions	3,065,279	1,924,238	1,141,041	59.30%
General revenues				
Taxes levied for general purposes	201,333	169,220	32,113	18.98%
Federal and state aid not restricted	3,326,254	3,118,580	207,674	6.66%
Interest and investment earnings	47,524	(63,292)	110,816	-175.09%
Miscellaneous	212,582	372,996	(160,414)	-43.01%
Total Revenues	6,908,830	5,737,950	1,170,880	20.41%
Expenses				
Instruction	3,883,246	3,233,697	649,549	20.09%
Instruction Related Services	147,298	130,773	16,525	12.64%
Pupil Support Services	805,591	645,366	160,225	24.83%
General Administration	861,855	890,979	(29,124)	-3.27%
Plant Services	585,242	507,617	77,625	15.29%
Other Expenses	72,964	90,467	(17,503)	-19.35%
Total Expenses	6,356,196	5,498,899	857,297	15.59%
Increase (Decrease) in Net Position	552,634	239,051	313,583	131.18%
Net Position - Beginning Balance	3,052,862	2,813,811	239,051	8.50%
Net Position - Ending Balance	$ 3,605,496	$ 3,052,862	$ 552,634	18.10%

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was $6.4 million. The amount that our local taxpayers financed for these activities through property taxes was $0.2 million. Federal and State aid not restricted to specific purposes totaled $3.3 million. Operating grants and contributions revenue was $3.1 million. Operating grants and unrestricted federal and state aid and covered 100% of the expenses of the entire District (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's governmental funds reported a combined fund balance of $3.4 million, an increase of $0.5 million from the previous fiscal year's combined ending balance of $2.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of $0.3 million.

The District ended the year with an increase of $0.3 million to the general fund ending balance. The State recommends available reserves of 5% of total general fund expenditures and other financing uses of the general fund, or $75,000 whichever is greater.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
Land	$ 133,373	$ 50,870	$ 82,503.00	162.2%
Work in Progress	61,866	0	61,866	100.0%
Land Improvements	164,800	164,800	-	0.0%
Buildings & Improvements	4,935,153	4,935,153	-	0.0%
Equipment	1,761,119	1,761,119	-	0.0%
Less Accumulated Depreciation for				
Land Improvements	(164,800)	(159,800)	(5,000)	3.1%
Buildings & Improvements	(2,783,894)	(2,672,249)	(111,645)	4.2%
Equipment	(1,178,645)	(1,085,364)	(93,281)	8.6%
Total	$ 2,928,972	$ 2,994,529	$ (65,557)	-2.2%

Long-Term Debt

A comparative schedule of the District's Long-Term Debt is as follows:

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2023 and 2022

	2023	2022	Net $ Change	Net % Change
Leases Payable	$ 0	$ 145,601	$ (145,601)	-100.0%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The governor's 2023-24 Budget Act addresses a significant decline in revenues following two years of unprecedented General Fund growth, which resulted in a state shortfall of more than $30 billion. Despite the shortfall the governor provided a cost of living adjustment of 8.22% to the Local Control Funding Formula, funding for universal school meals, transitional kindergarten, community schools, and the expanded learning opportunities program for an overall increase in funding to schools for the 2023-24 fiscal year.

Despite increases in school funding, costs of salaries, pensions, and other employee benefits continue to rise. With declining enrollment, the District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong. The District has been planning for the coming financial cliff which comes with the expiration of COVID funds at the end of the 2023-24 school year. This coupled with economic factors and a potential recession will require the District to adjust staffing and other expenditures as we head into the coming years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact the Business Office, at Warner Unified School District, at 30951 Highway 79, Warner Springs, California 92086.

Basic Financial Statements

Warner Unified School District

Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash	$ 3,298,713
Accounts Receivable	1,065,269
Inventory	21,217
Capital Assets:	
Land	133,373
Land Improvements	164,800
Buildings & Improvements	4,935,153
Equipment	1,761,119
Work in Progress	61,866
Less Accumulated Depreciation	(4,127,339)
Total Assets	7,314,171
Deferred Outflows of Resources	1,357,196
Liabilities	
Accounts Payable and Other Current Liabilities	896,628
Unearned Revenue	81,636
Long-Term Liabilities:	
Due Within One Year	5,850
Due In More Than One Year	3,632,107
Total Liabilities	4,616,221
Deferred Inflows of Resources	449,650
Net Position	
Net Investment in Capital Assets	2,928,972
Restricted For:	
Capital Projects	9,260
Educational Programs	669,975
Other Purposes (Expendable)	299,552
Other Purposes (Nonexpendable)	31,517
Unrestricted	(333,780)
Total Net Position	$ 3,605,496

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

Warner Unified School District

Statement of Activities

For the Year Ended June 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 3,883,246	$ 37,897	$ 2,329,161	$ -	$ (1,516,188)
Instruction-Related Services:					
Instructional Supervision and Administration	20,928	-	29,845	-	8,917
Instructional Library, Media and Technology	33,256	-	-	-	(33,256)
School Site Administration	93,114	-	-	-	(93,114)
Pupil Services:					
Home-to-School Transportation	467,946	3,531	55,703	-	(408,712)
Food Services	277,095	-	303,741	-	26,646
All Other Pupil Services	60,550	-	-	-	(60,550)
General Administration:					
All Other General Administration	861,855	4,267	108,935	-	(748,653)
Plant Services	585,242	10,101	161,345	-	(413,796)
Ancillary Services	64,364	62	76,549	-	12,247
Community Services	3,860	-	-	-	(3,860)
Interest on Long-Term Debt	4,740	-	-	-	(4,740)
Total Governmental Activities	$ 6,356,196	$ 55,858	$ 3,065,279	$ -	(3,235,059)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 201,333
Federal and State Aid Not Restricted for Specific Purposes	3,326,254
Interest and Investment Earnings	47,524
Miscellaneous	212,582
Total General Revenues	3,787,693
Change in Net Position	552,634
Net Position - Beginning of Year	3,052,862
Net Position - Ending	$ 3,605,496

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

Warner Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and Cash Equivalents	$ 3,003,232	$ 29,352	$ 266,129	$ 3,298,713
Accounts Receivable	1,024,235	40,391	643	1,065,269
Due from Other Funds	292,613	227,439	747	520,799
Stores Inventories	-	21,217	-	21,217
Total Assets	$ 4,320,080	$ 318,399	$ 267,519	$ 4,905,998
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 891,509	$ 3,210	$ 1,909	$ 896,628
Due to Other Funds	224,612	158,440	137,747	520,799
Unearned Revenue	81,561	-	75	81,636
Total Liabilities	1,197,682	161,650	139,731	1,499,063
Fund Balance:				
Nonspendable	10,300	21,217	-	31,517
Restricted	715,467	135,532	127,788	978,787
Assigned	158,973	-	-	158,973
Unassigned	2,237,658	-	-	2,237,658
Total Fund Balance	3,122,398	156,749	127,788	3,406,935
Total Liabilities and Fund Balances	$ 4,320,080	$ 318,399	$ 267,519	$ 4,905,998

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

Warner Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balances, governmental funds:		$ 3,406,935
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: 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 relating to governmental activities, at historical cost	7,056,311	
Accumulated depreciation	(4,127,339)	
Net		2,928,972
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:		
Net pension liability	3,295,550	
Total OPEB liability	336,557	
Compensated absences	5,850	
Total		(3,637,957)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions	1,338,974	
Deferred inflows of resources relating to pensions	(320,655)	
Net		1,018,319

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

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

Deferred outflows of resources relating to OPEB	18,222	
Deferred inflows of resources relating to OPEB	(128,995)	
Net		(110,773)
Total net position, governmental activities:		$ 3,605,496

Warner Unified School District

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Revenues				
State Apportionment	$ 2,718,978	$ -	$ -	$ 2,718,978
Education Protection Account Funds	220,152	-	-	220,152
Property Taxes	201,333	-	-	201,333
Federal Revenue	1,132,604	116,815	-	1,249,419
Other State Revenue	1,093,568	180,825	225,659	1,500,052
Interest	60,615	1,219	1,754	63,588
FMV Adjustment	(10,512)	(368)	(5,184)	(16,064)
Other Local Revenue	752,215	-	76,147	828,362
Total Revenues	6,168,953	298,491	298,376	6,765,820
Expenditures				
Current Expenditures:				
Instruction	3,582,501	-	122,801	3,705,302
Instruction - Related Services	122,992	-	20,186	143,178
Pupil Services	456,555	265,920	-	722,475
Ancillary Services	5,905	-	58,459	64,364
General Administration	833,155	-	12,402	845,557
Plant Services	526,012	-	-	526,012
Capital Outlay	144,369	-	-	144,369
Debt Service:				
Principal	145,601	-	-	145,601
Interest	4,740	-	-	4,740
Total Expenditures	5,821,830	265,920	213,848	6,301,598
Excess (Deficiency) of Revenues Over (Under) Expenditures	347,123	32,571	84,528	464,222
Other Financing Sources (Uses):				
Transfers In	-	66,746	-	66,746
Transfers Out	(66,746)	-	-	(66,746)
Total Other Financing Sources (Uses)	(66,746)	66,746	-	-
Net Change in Fund Balance	280,377	99,317	84,528	464,222
Fund Balance, Beginning of Year	2,842,021	57,432	43,260	2,942,713
Fund Balance, End of Year	$ 3,122,398	$ 156,749	$ 127,788	$ 3,406,935

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

Warner Unified School District

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

For the Year Ended June 30, 2023

Total change in fund balances, governmental funds:		$ 464,222
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	144,369	
Depreciation expense	(209,927)	
Net		(65,558)
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:		145,601
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		7,982
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		42,689
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(42,302)
Change in net position of governmental activities:		$ 552,634

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Component Units

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

Based on the criteria in GASB Statements 14 as amended by Statements 39 and 61, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

3. Basis of Presentation

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

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

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

Non-Major Governmental Funds

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

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

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

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

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

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

4. Basis of Accounting – Measurement Focus

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

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

5. Encumbrances

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

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

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

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

d. Lease Assets & Lease Liabilities

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

e. Subscription Assets & Subscription Liabilities

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

f. Compensated Absences

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

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

g. Unearned Revenue

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

h. Interfund Activity

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

i. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

j. Minimum Fund Balance Policy

The District maintains a minimum reserve, within the general fund, of at least 4%. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

k. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for Other than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue fund under the provisions of GASB Statement No. 54. The fund has been combined with the general fund for reporting purposes.

l. Deferred Inflows and Deferred Outflows of Resources

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

m. Pensions

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

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

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

n. 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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

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

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

12. New Accounting Pronouncements

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

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

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

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

Violation	Action Taken
None Reported	Not Applicable

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

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

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

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

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 3,243,471	$ -	$ 3,243,471	$ -
Total investments by fair value level	$ 3,243,471	$ -	$ 3,243,471	$ -

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

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

D. Cash and Investments

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	$ 3,076,853	$ 30,124	$ 227,348	$ 3,334,325
Fair Market Value Adjustment	(83,921)	(822)	(6,111)	(90,854)
Cash in Bank	-	50	44,892	44,942
Revolving Cash	10,300	-	-	10,300
Total Cash and Cash Equivalents	$ 3,003,232	$ 29,352	$ 266,129	$ 3,298,713

1. Cash in County Treasury

   In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($3,334,325 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $3,243,471. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

   Cash balances on hand and in banks ($44,942 as of June 30, 2023) and in revolving fund ($10,300 as of June 30, 2023) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

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

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

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

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 3,243,471

b. Custodial Credit Risk

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

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

At June 30, 2023, the District's bank balances, including revolving cash, did not exceed FDIC insurance limitations and as such were not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of $3,243,471. The average weighted maturity for this pool was 438 days at June 30, 2023.

e. Foreign Currency Risk

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

5. Investment Accounting Policy

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

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

E. Accounts Receivable

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Federal Government:				
Special Education	$ 38,015	$ -	$ -	$ 38,015
CARES Act/ESSER	93,139	-	-	93,139
Title II	5,261	-	-	5,261
Title V	9,281	-	-	9,281
Indian Education	20,000	-	-	20,000
School Climate	23,500	-	-	23,500
Child Nutrition	-	11,572	-	11,572
State Government:				-
Lottery	11,369	-	-	11,369
Special Education	86,677	-	-	86,677
Project Workability I	11,186	-	-	11,186
Learning Recovery Support	25,164	-	-	25,164
Mental Health Services	633	-	-	633
Career Technical Education	6,760	-	-	6,760
Child Nutrition	-	27,910	-	27,910
Strong Workforce	69,000	-	-	69,000
Other State Programs	-	-	-	-
Local Sources				-
Interest	62	909	-	971
After School Learning	28,382	-	-	28,382
Charter School Oversight	224,513	-	-	224,513
Emergency Water Grant	91,191	-	-	91,191
21st Century Learning Center	46,566	-	-	46,566
ROP SDCOE	100,000	-	-	100,000
Local Agreement	133,536	-	-	133,536
Other Local Sources	-	-	643	643
Total Accounts Receivable	$ 1,024,235	$ 40,391	$ 643	$ 1,065,269

F. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 50,870	$ 82,503	$ -	$ 133,373
Work in progress	-	61,866	-	61,866
Total capital assets not being depreciated	50,870	144,369	-	195,239
Capital assets being depreciated:				
Land improvements	164,800	-	-	164,800
Buildings and improvements	4,935,153	-	-	4,935,153
Equipment	1,761,119	-	-	1,761,119
Total capital assets being depreciated	6,861,072	-	-	6,861,072
Less accumulated depreciation for:				
Land improvements	(159,800)	(5,000)	-	(164,800)
Buildings and improvements	(2,672,249)	(111,645)	-	(2,783,894)
Equipment	(1,085,364)	(93,281)	-	(1,178,645)
Total accumulated depreciation	(3,917,413)	(209,926)	-	(4,127,339)
Total capital assets being depreciated, net	2,943,659	(209,926)	-	2,733,733
Governmental activities capital assets, net	$ 2,994,529	$ (65,557)	$ -	$ 2,928,972

Depreciation was charged to functions as follows:

Instruction	$ 80,948
Pupil Services	70,817
Community Services	3,860
General Administration	3,219
Plant Services	51,082
	$ 209,926

G. Interfund Balances & Activities

1. Due to and From Other Funds

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

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Cafeteria Fund	$ 101,000	Temporary borrowing
General Fund	Cafeteria Fund	57,440	Correct expenses
General Fund	Nonmajor Govt. Funds	91,161	Correct revenue
General Fund	Nonmajor Govt. Funds	18,012	Correct expenses
General Fund	Nonmajor Govt. Funds	25,000	Temporary Borrowing
Cafeteria Fund	General Fund	134,654	Correct revenue
Cafeteria Fund	General Fund	66,746	Program contributions
Cafeteria Fund	General Fund	23,212	Correct expenses
Cafeteria Fund	Nonmajor Govt. Funds	2,827	Correct expenses
Nonmajor Govt. Funds	Nonmajor Govt. Funds	747	Correct expenses
	Total	$ 520,799	

2. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Purpose
Cafeteria Fund	General Fund	$ 66,746	Program contributions
	Total	$ 66,746	

H. Accounts Payable

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Vendors payable	$ 342,829	$ 1,214	$ 40	$ 344,083
Payroll and related benefits	46,781	1,996	1,869	50,646
Charter school transfers	501,899	-	-	501,899
Total accounts payable	$ 891,509	$ 3,210	$ 1,909	$ 896,628

I. Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total
Federal Programs			
ESSA School Improvement	$ 44,588	$ -	$ 44,588
ELO-G ESSER II	2,906	-	2,906
State Programs			
Universal Pre-Kindergarten	34,067	75	34,142
Total unearned revenue	$ 81,561	$ 75	$ 81,636

J. Fund Balance Classifications of the Governmental Funds

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

	General Fund	Cafeteria Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance				
Revolving Cash	$ 10,300	$ -	$ -	$ 10,300
Stores	-	21,217	-	21,217
Total Nonspendable Fund Balance	10,300	21,217	-	31,517
Restricted Fund Balance				
Capital Projects	-	-	9,260	9,260
Educational Programs	669,975	-	73,546	743,521
Ongoing & Major Maintenance	6,082	-	-	6,082
Student Activity Funds	-	-	44,982	44,982
Child Nutrition	-	135,532	-	135,532
Other Restrictions	39,410	-	-	39,410
Total Restricted Fund Balance	715,467	135,532	127,788	978,787
Assigned Fund Balance				
Educational Programs	158,973	-	-	158,973
Total Assigned Fund Balance	158,973	-	-	158,973
Unassigned Fund Balance				
For Economic Uncertanties	235,543	-	-	235,543
Other Unassigned	2,002,115	-	-	2,002,115
Total Unassigned Fund Balance	2,237,658	-	-	2,237,658
Total Fund Balance	$ 3,122,398	$ 156,749	$ 127,788	$ 3,406,935

K. Short Term Debt Activity

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

L. Long Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Financing Leases Payable	$ 145,601	$ -	$ 145,601	$ -	$ -
Net Pension Liability*	2,018,253	1,277,297	-	3,295,550	-
Total OPEB Liability*	290,503	46,054		336,557	-
Compensated Absences*	13,834	-	7,984	5,850	5,850
Total Governmental Activities	$ 2,468,191	$ 1,323,351	$ 153,585	$ 3,637,957	$ 5,850

- Payments for financing leases payable are made from the general fund.
- Payments for pension contributions, OPEB contributions, and compensated absences are made from the general fund, child development fund, and cafeteria fund.

2. Financing Leases Payable

March 17, 2022, the District entered into a lease agreement with Wells Fargo to finance the purchase of a school bus for $185,279. The financing lease required an initial lease payment in 2022 followed by four annual lease payments of $40,588 beginning August 2023 inclusive of interest at 4.50%. The District paid all payments on the lease during the 2022-23 fiscal year ending with no amounts due in future periods.

3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $5,850. This amount is included as part of long-term liabilities in the government-wide financial statements.

4. Net Pension Liability

The District's beginning net pension liability was $2,018,253 and increased by $1,277,297 during the year ended June 30, 2023 for an ending net pension liability of $3,295,550. See Note M for additional information regarding the net pension liability.

5. Total OPEB Liability

The District's beginning total OPEB liability was $290,503 and increased by $46,054 during the year ended June 30, 2023 for an ending total OPEB liability of $336,557. See Note N for additional information regarding the total OPEB liability.

M. Pension Plans

1. General Information about the Pension Plans

   a. Plan Descriptions

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

   b. Benefits Paid

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

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

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

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

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

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

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

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

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	$ 125,940	$ 84,709
2022	10.828%	138,046	21,237
2023	10.828%	275,263	418,273

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

d. Contributions Recognized

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

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 296,304	$ 246,166	$ 542,470
Contributions - State On Behalf Payments	275,263	-	275,263
Total Governmental Funds	$ 571,567	$ 246,166	$ 817,733

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 220,198	$ 194,221	$ 414,419
Contributions - State On Behalf Payments	138,046	-	138,046
Total Government-Wide	$ 358,244	$ 194,221	$ 552,465

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 1,416,814	$ 1,878,736	$ 3,295,550

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2022	0.002048%	0.001327%	0.003375%	0.005342%
Proportion June 30, 2023	0.002039%	0.001243%	0.003282%	0.005460%
Change in Proportion	-0.000009%	-0.000084%	-0.000093%	0.000118%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	$ 418,273	$ -	$ 418,273
Employer Contributions	296,304	246,166	542,470
Change In:			
Net Pension Liability	484,826	792,471	1,277,297
Deferred Outflows of Resources	48,187	(714,327)	(666,140)
Deferred Inflows of Resources	(651,012)	(2,834)	(653,846)
Total Pension Expense - Governmental	$ 596,578	$ 321,476	$ 918,054

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Contributions Subsequent to Measurement	$ 296,304	$ 246,166	$ 542,470
Experience Differences	764	6,976	7,740
Changes in Assumptions	42,890	138,978	181,868
Changes in Proportionate Share	130,796	254,021	384,817
Earnings Differences	-	222,079	222,079
Total Deferred Outflows of Resources	$ 470,754	$ 868,220	$ 1,338,974

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Experience Differences	$ 103,888	$ 46,708	$ 150,596
Changes in Proportionate Share	3,277	89,765	93,042
Earnings Differences	77,017	-	77,017
Total Deferred Inflows of Resources	$ 184,182	$ 136,473	$ 320,655

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

Governmental Activities					
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2024	$ 389,693	$ 442,238	$ (77,739)	$ (61,255)	$ 692,937
2025	40,873	151,843	(81,572)	(61,253)	49,891
2026	37,442	134,079	(106,723)	(13,965)	50,833
2027	2,746	140,060	101,454	-	244,260
2028	-	-	(14,728)	-	(14,728)
Thereafter	-	-	(4,874)	-	(4,874)
Total	$ 470,754	$ 868,220	$ (184,182)	$ (136,473)	$ 1,018,319

c. Actuarial Assumptions

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

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

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

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

(3) Varies by entry age and service.

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

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

d. Discount Rate

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

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

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

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

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

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

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

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

CalSTRS

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

*20 year average

CalPERS

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

*20 year average

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	$ 2,406,285	$ 2,713,929
Current Discount Rate	7.10%	6.90%
Net Pension Liability	$ 1,416,814	$ 1,878,736
1% Increase	8.10%	7.90%
Net Pension Liability	$ 595,266	$ 1,188,479

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022					
(Previously Reported)	$ 12,008,272	$ 10,472,403	$ 1,535,869	$ 603,881	$ 931,988
Changes for the year					
Change in proportionate share	(330,895)	(288,573)	(42,322)	(38,226)	(4,096)
Service cost	251,894	-	251,894	95,400	156,494
Interest	826,933	-	826,933	313,186	513,747
Experience differences	(54,908)	-	(54,908)	(20,795)	(34,113)
Change in assumptions	-	-	-	-	-
Change in benefits	2,297	-	2,297	870	1,427
Contributions:					
Employer	-	214,031	(214,031)	(81,060)	(132,971)
Employee	-	133,496	(133,496)	(50,559)	(82,937)
State on behalf	-	140,468	(140,468)	(53,200)	(87,268)
Net investment income	-	(242,549)	242,549	91,861	150,688
Other income	-	4,273	(4,273)	(1,618)	(2,655)
Benefit payments(1)	(575,225)	(575,225)	-	-	-
Administrative expenses	-	(6,272)	6,272	2,376	3,896
Borrowing costs	-	(4,030)	4,030	1,526	2,504
Other expenses	-	(175)	175	65	110
Net changes	120,096	(624,556)	744,652	259,826	484,826
Balance at June 30, 2023	$ 12,128,368	$ 9,847,847	$ 2,280,521	$ 863,707	$ 1,416,814

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022			
(Previously Reported)	$ 5,708,327	$ 4,622,062	$ 1,086,265
Changes for the year			
Change in proportionate share	126,092	102,097	23,995
Service cost	135,699	-	135,699
Interest	405,996	-	405,996
Experience differences	(60,518)	-	(60,518)
Change in assumptions	186,901	-	186,901
Change in benefits	-	-	-
Contributions:			
Employer	-	194,218	(194,218)
Employee	-	60,292	(60,292)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	(351,976)	351,976
Benefit payments(1)	(289,312)	(289,312)	-
Administrative expenses	-	(2,932)	2,932
Other expenses	-	-	-
Net changes	504,858	(287,613)	792,471
Balance at June 30, 2023	$ 6,213,185	$ 4,334,449	$ 1,878,736

(1) – Includes refunds of employee contributions

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

N. Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

The District's defined benefit OPEB plan (the Plan), provides OPEB for all permanent fulltime employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors.

Eligibility

The District provides retiree medical benefits (including prescription drug), dental and vision benefits to eligible retirees to age 65. Eligibility for retiree health coverage requires retirement under STRS or PERS on or after age 56 with at least 20 years of District service. The District's financial obligation is to pay 100% of the cost of coverage for retiree only coverage. The retiree may elect coverage for eligible spouses and dependents but is responsible for the cost of coverage based on the active group rates. Spouse and dependent coverage (except COBRA continuation) ceases upon the death of the retiree or when the retiree reaches age 65. Some employees may have contracts requiring additional District contributions.

Medical Benefits

The District participates in the California Schools VEBA for its medical and dental coverage. The VEBA is considered a community-rated plan. Premium rates may vary by plans selected, coverage tier and Medicare eligibility. All premiums are determined by the pool with the District's active and retired employees pooled together. The premiums that are charged for retiree medical and prescription drug coverage under age 65 are the same as the premiums charged for active coverage. Thus, the District is also providing a "rate subsidy" to the retirees by charging them a blended rate for coverage rather than a retiree only rate.

The District currently offers a UHC HMO and a Kaiser HMO for medical coverage and a Delta Dental Plan. The District participates in the San Diego County Office of Education Fringe Benefit Consortiums for its vision coverage. The following table summarizes the premiums for the health plans in which the retirees are enrolled. All premiums are payable tenthly and are effective for the calendar year.

	Single	**Two Party**	**Family**
UHC HMO	$917.00	$1,814.00	$2,543.00
Kaiser HMO	$828.00	$1,635.00	$2,305.00
Delta Dental	$102.55	$156.02	$251.99
VSP Vision	$14.90	$31.19	$47.08

Employees Covered by Benefit Terms

At measurement date, June 30, 2023, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	40
	40

Contributions

The District makes contributions to the Plan on a pay-as-you-go basis at 100% of the premium for certificated employees and a pro-rated premium for classified employees as noted above. For the fiscal year ended June 30, 2023 there were no premium payments since there were no members receiving benefits. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

2. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Funding Policy	Pay-as-you-go
Discount Rate	4.13% per annum
Inflation	2.80% per annum
Payroll Growth	2.80% per annum
Mortality Rates	General: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020. Teachers: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020. Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020.
Retirement Rates	Ranges from 7.5% to 100% based on age with 100% retiring by age 70.
Retirement Eligibility Age	Age 55
Participant Rates	100% participation expected
Medical Trend Rates	6.75% decreasing to 4.50%

Discount Rate

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale). For the current valuation, the discount rate was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

	Bond Buyer GO 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year high Grade Rate Index	Fidelity 20-Year GO Municipal Bond Index	Bond Index Range	Actual Discount Rate
Yield as of June 30, 2022	3.54%	4.09%	3.69%	3.54% - 4.09%	**4.09%**
Yield as of June 30, 2023	3.65%	4.13%	3.86%	3.65% - 4.13%	**4.13%**

Actuarial Cost Method

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Changes in the Total OPEB Liability

	Total OPEB Liability
Service cost	$ 42,967
Interest	13,639
Experience (Gains)/Losses	(9,379)
Changes of assumptions	(1,173)
Change in Total OPEB Liability	46,054
Total OPEB Liability - Beginning	290,503
Total OPEB Liability - Ending	$ 336,557

Sensitivity of the total OPEB liability to changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (3.13%)	Valuation Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	$ 366,782	$ 336,557	$ 308,210

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Trend Rates	1% Increase
	5.75% Decreasing to 3.50%	6.75% Decreasing to 4.50%	7.75% Decreasing to 5.50%
Total OPEB Liability	$ 288,596	$ 336,557	$ 394,641

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

For the year ended June 30, 2023, the District recognized OPEB expense of $39,375. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	$ -	$ 106,990
Changes of assumptions	18,222	22,005
Total	$ 18,222	$ 128,995

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	Net Effect on OPEB Expense
2024	$ 2,909	$ (17,213)	$ (14,304)
2025	2,909	(17,213)	(14,304)
2026	2,909	(17,213)	(14,304)
2027	2,909	(17,213)	(14,304)
2028	2,908	(17,009)	(14,101)
Thereafter	3,678	(43,134)	(39,456)
Total	$ 18,222	$ (128,995)	$ (110,773)

O. Participation in Joint Powers Authorities

The District is a member of two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management JPA and the Fringe Benefits Consortium for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

P. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

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

3. Construction Commitments

   As of June 30, 2023, the District did not have any construction commitments with respect to unfinished capital projects.

R. Deferred Outflows of Resources

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

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related				
CalSTRS	$ 518,941	$ -	$ 48,187	$ 470,754
CalPERS	153,893	714,327	-	868,220
OPEB related	21,131	-	2,909	18,222
Total Deferred Outflows of Resources	$ 693,965	$ 714,327	$ 51,096	$ 1,357,196

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2024	$ 831,931	$ 2,909	$ 834,840
2025	192,716	2,909	195,625
2026	171,521	2,909	174,430
2027	142,806	2,909	145,715
2028	-	2,908	2,908
Thereafter	-	3,678	3,678
Total	$ 1,338,974	$ 18,222	$ 1,357,196

S. Deferred Inflows of Resources

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

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension related				
CalSTRS	$ 835,194	$ -	$ 651,012	$ 184,182
CalPERS	139,307	-	2,834	136,473
OPEB related	135,656	10,552	17,213	128,995
Total Deferred Inflows of Resources	$ 1,110,157	$ 10,552	$ 671,059	$ 449,650

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2024	$ 138,994	$ 17,213	$ 156,207
2025	142,825	17,213	160,038
2026	120,688	17,213	137,901
2027	(101,454)	17,213	(84,241)
2028	14,728	17,009	31,737
Thereafter	4,874	43,134	48,008
Total	$ 320,655	$ 128,995	$ 449,650

T. Upcoming Accounting Guidance

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

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

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

U. Subsequent Event

On January 24, 2024 the District entered into a financing lease agreement with Wells Fargo for $400,516 for the purchase of two electric busses. The lease calls for annual payments of $69,367 inclusive of interest at a rate of 6.94% for a period of seven years.

Required Supplementary Information

Warner Unified School District

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

	Budgeted Amounts			Variance to Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
LCFF Sources				
State Apportionment	$ 2,168,557	$ 2,279,663	$ 2,718,978	$ 439,315
Education Protection Account	654,411	724,590	220,152	(504,438)
Property Taxes	112,891	176,186	201,332	25,146
Federal Revenue	962,970	1,036,403	1,132,604	96,201
Other State Revenue	444,124	697,281	1,093,568	396,287
Interest Income	8,500	28,500	57,711	29,211
FMV Adjustment	-	-	(10,014)	(10,014)
Other Local Revenue	470,859	516,863	782,813	265,950
Total Revenues	4,822,312	5,459,486	6,197,144	737,658
Expenditures				
Current Expenditures:				
Certificated Salaries	1,691,677	1,704,982	1,816,387	(111,405)
Classified Salaries	862,476	887,701	985,242	(97,541)
Employee Benefits	1,276,627	1,341,420	1,359,030	(17,610)
Books and Supplies	305,364	397,553	356,349	41,204
Services and Other Operating	944,406	1,069,138	1,022,514	46,624
Transfers of Indirect Costs	-	-	(12,402)	12,402
Capital Outlay	165,000	276,587	144,369	132,218
Debt Service				
Principal	-	-	145,601	(145,601)
Interest	-	-	4,740	(4,740)
Total Expenditures	5,245,550	5,677,381	5,821,830	(144,449)
Excess (Deficiency) of Revenues Over Expenditures	(423,238)	(217,895)	375,314	593,209
Other Financing Sources (Uses)				
Transfers Out	(200,303)	(137,006)	(66,746)	70,260
Net Financing Sources (Uses)	(200,303)	(137,006)	(66,746)	70,260
Net Change in Fund Balance	(623,541)	(354,901)	308,568	663,469
Fund Balance - Beginning of Year	2,685,454	2,685,454	2,685,454	-
Fund Balance - End of Year	$ 2,061,913	$ 2,330,553	$ 2,994,022	$ 663,469

Warner Unified School District

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

	Budgeted Amounts			Variance to Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Federal Revenue	$ 120,000	$ 145,000	$ 116,815	$ (28,185)
Other State Revenue	-	-	180,825	180,825
Interest Income	25	25	1,219	1,194
FMV Adjustment	-	-	(368)	(368)
Other Local Revenue	50	50	-	(50)
Total Revenues	120,075	145,075	298,491	153,416
Expenditures				
Current Expenditures:				
Classified Salaries	85,926	78,705	69,953	8,752
Employee Benefits	56,472	57,305	44,659	12,646
Books and Supplies	115,525	153,673	151,308	2,365
Services and Other Operating	3,675	3,675	-	3,675
Total Expenditures	261,598	293,358	265,920	27,438
Excess (Deficiency) of Revenues Over Expenditures	(141,523)	(148,283)	32,571	180,854
Other Financing Sources (Uses)				
Transfers In	141,548	118,006	66,746	(51,260)
Net Financing Sources (Uses)	141,548	118,006	66,746	(51,260)
Net Change in Fund Balance	25	(30,277)	99,317	129,594
Fund Balance - Beginning of Year	57,432	57,432	57,432	-
Fund Balance - End of Year	$ 57,457	$ 27,155	$ 156,749	$ 129,594

Warner Unified School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.002039%	0.00205%	0.00187%	0.00185%	0.00174%	0.00160%	0.00201%	0.00260%	0.00238%	N/A
District's proportionate share of the net pension liability (asset)	$ 1,416,814	$ 931,988	$ 1,811,230	$ 1,670,875	$ 1,601,020	$ 1,475,985	$ 1,628,352	$ 1,748,426	$ 1,390,012	N/A
State's proportionate share of the net pension liability (asset) associated with the District	863,707	691,255	1,948,078	1,921,958	1,844,056	1,802,440	1,683,138	1,357,250	1,034,916	N/A
Total	$ 2,280,521	$ 1,623,243	$ 3,759,308	$ 3,592,833	$ 3,445,076	$ 3,278,425	$ 3,311,490	$ 3,105,676	$ 2,424,928	N/A
District's covered payroll**	$ 1,301,407	$ 1,203,554	$ 1,150,784	$ 994,122	$ 925,211	$ 843,839	$ 1,000,261	$ 1,200,138	$ 1,054,000	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.87%	77.44%	157.39%	168.08%	173.04%	174.91%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A

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

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

Warner Unified School District

Schedule of the District's Contributions - CalSTRS
Last Ten Fiscal Years*

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 296,304	$ 224,097	$ 194,374	$ 196,784	$ 161,843	$ 133,508	$ 106,155	$ 107,328	$ 106,572	N/A
Contributions in relation to the contractually required contribution	(296,304)	(224,097)	(194,374)	(196,784)	(161,843)	(133,508)	(106,155)	(107,328)	(106,572)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 1,551,330	$ 1,324,450	$ 1,203,554	$ 1,150,784	$ 994,122	$ 925,211	$ 843,839	$ 1,000,261	$ 1,200,138	N/A
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A

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

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

Warner Unified School District

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0055%	0.0053%	0.0043%	0.0050%	0.0044%	0.0044%	0.0040%	0.0052%	0.0051%	N/A
District's proportionate share of the net pension liability (asset)	$ 1,878,736	$ 1,086,265	$ 1,304,951	$ 1,463,916	$ 1,167,579	$ 1,055,887	$ 798,783	$ 766,253	$ 584,300	N/A
District's covered payroll**	$ 847,756	$ 767,000	$ 618,158	$ 702,984	$ 583,890	$ 568,066	$ 489,770	$ 578,099	$ 541,173	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.61%	141.63%	211.10%	208.24%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A

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

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

Warner Unified School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 246,166	$ 213,549	$ 158,769	$ 121,907	$ 126,973	$ 90,684	$ 78,893	$ 58,023	$ 68,048	N/A
Contributions in relation to the contractually required contribution	(246,166)	(213,549)	(158,769)	(121,907)	(126,973)	(90,684)	(78,893)	(58,023)	(68,048)	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A
District's covered payroll**	$ 970,304	$ 932,121	$ 767,000	$ 618,158	$ 702,984	$ 583,890	$ 568,066	$ 489,770	$ 578,099	N/A
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A

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

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

Warner Unified School District

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	$ 42,967	$ 44,922	$ 40,020	$ 39,804	$ 36,299	$ 35,735	N/A	N/A	N/A	N/A
Interest	13,639	7,877	8,240	11,271	11,388	10,343	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Experience differences	(1,173)	(52,491)	(3,937)	(87,639)	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	(9,379)	(24,584)	9,050	12,167	8,689	(2,040)	N/A	N/A	N/A	N/A
Other	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Benefit payments	-	-	(16,604)	(30,954)	(24,165)	(22,690)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	46,054	(24,276)	36,769	(55,351)	32,211	21,348	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	290,503	314,779	278,010	333,361	301,150	279,802	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 336,557	$ 290,503	$ 314,779	$ 278,010	$ 333,361	$ 301,150	N/A	N/A	N/A	N/A
Covered payroll	2,801,629	2,274,399	1,496,111	1,452,535	1,699,000	1,699,000	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	12.01%	12.77%	21.04%	19.14%	19.62%	17.73%	N/A	N/A	N/A	N/A

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

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) was included with the General Fund as the fund did not meet the definition of a special revenue fund under GASB Statement No. 54. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below is a table reconciling between the General Fund as reported in the Basic Financial Statements and the General Fund as reported in the Budgetary Comparison Schedule.

General Fund - Basic Financial Statements Ending Fund Balance	$ 3,122,398
Fund 17 Fund Balance	(128,376)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 2,994,022
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 280,377
Fund 17 Net Change in Fund Balance	28,191
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 308,568

Excess of Expenditures Over Appropriations

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

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Certificated Salaries	$ 111,405	The District underestimated the costs of certificated employees.
Classified Salaries	97,541	The District underestimated the costs of classified employees.
Employee Benefits	17,610	The District underestimated the costs of employee benefits.
Debt Service	150,341	The District did not budget for debt service associated with financing leases.

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

Schedule of District's Proportionate Share – CalSTRS

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

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

Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

Schedule of District's Proportionate Share – CalPERS

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

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

Schedule of District's Contributions – CalPERS

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

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

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

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

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

1) Benefit Changes: There were no changes to benefit terms.

2) Changes in Assumptions: Discount rates have been updated annually along with information from experience studies.

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

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

Year	Discount Rate
2018	3.50%
2019	3.15%
2020	2.66%
2021	2.19%
2022	4.09%
2023	4.13%

Combining Statements as Supplementary Information

Warner Unified School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds		Capital Projects Fund	
	Associated Student Body Fund	Child Development Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	$ 44,982	$ 211,940	$ 9,207	$ 266,129
Accounts Receivable	-	590	53	643
Due from Other Funds	-	747	-	747
Total Assets	$ 44,982	$ 213,277	$ 9,260	$ 267,519
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ -	$ 1,909	$ -	$ 1,909
Due to Other Funds	-	137,747	-	137,747
Unearned Revenue	-	75	-	75
Total Liabilities	-	139,731	-	139,731
Fund Balance:				
Restricted	44,982	73,546	9,260	127,788
Total Fund Balance	44,982	73,546	9,260	127,788
Total Liabilities and Fund Balances	$ 44,982	$ 213,277	$ 9,260	$ 267,519

Warner Unified School District

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

	Special Revenue Funds		Capital Projects Fund	
	Associated Student Body Fund	Child Development Fund	Capital Facilities Fund	Total Nonmajor Governmental Funds
Revenues				
Other State Revenue	$ -	$ 225,659	$ -	$ 225,659
Interest Income	-	1,536	218	1,754
FMV Adjustment	-	(5,155)	(29)	(5,184)
Other Local Revenue	76,147	-	-	76,147
Total Revenues	76,147	222,040	189	298,376
Expenditures				
Current Expenditures:				
Instruction	-	122,801	-	122,801
Instruction - Related Services	-	20,186	-	20,186
Ancillary Services	58,459	-	-	58,459
General Administration	-	12,402	-	12,402
Total Expenditures	58,459	155,389	-	213,848
Net Change in Fund Balance	17,688	66,651	189	84,528
Fund Balance, Beginning of Year	27,294	6,895	9,071	43,260
Fund Balance, End of Year	$ 44,982	$ 73,546	$ 9,260	$ 127,788

Other Supplementary Information

Warner Unified School District

Local Education Agency Organization Structure
June 30, 2023

The Warner Unified School District was established in 1995. The District boundaries include approximately 432 square miles in Northeast San Diego County. There were no changes in the boundaries of the District during the current year. The District currently operates one elementary school, one middle school, and one high school.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Melissa Krogh	President	Four Year Term Expires December 2024
Melody Sees	Vice President	Four Year Term Expires December 2024
Jeannean Rombal	Clerk	Four Year Term Expires December 2026
Todd Hipper	Member	Four Year Term Expires December 2026
Gene Doxey	Member	Four Year Term Expires December 2024

ADMINISTRATION

Andrea Sissons
Superintendent/
Chief Business Officer

	Second Period Report		Annual Report	
	Original 9EBC516E	Revised	Original 42D94811	Revised
TK/K-3				
Regular ADA	50.01	N/A	50.13	N/A
Total TK/K-3	50.01	N/A	50.13	N/A
Grades 4-6				
Regular ADA	45.55	N/A	44.92	N/A
Special Education-Nonpublic	0.94	N/A	0.95	N/A
Total Grades 4-6	46.49	N/A	45.87	N/A
Grades 7-8				
Regular ADA	29.86	N/A	29.76	N/A
Total Grades 7-8	29.86	N/A	29.76	N/A
Grades 9-12				
Regular ADA	47.46	N/A	46.02	N/A
Total Grades 9-12	47.46	N/A	46.02	N/A
Total ADA	173.82	N/A	171.78	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

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

Warner Unified School District
Schedule of Instructional Time
Year Ended June 30, 2023

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	51,740	2,600	54,340	172	8	180	Complied
Kindergarten	36,000	51,740	2,600	54,340	172	8	180	Complied
1st Grade	50,400	51,740	2,600	54,340	172	8	180	Complied
2nd Grade	50,400	51,740	2,600	54,340	172	8	180	Complied
3rd Grade	50,400	51,740	2,600	54,340	172	8	180	Complied
4th Grade	54,000	55,020	2,760	57,780	172	8	180	Complied
5th Grade	54,000	55,020	2,760	57,780	172	8	180	Complied
6th Grade	54,000	55,020	2,760	57,780	172	8	180	Complied
7th Grade	54,000	62,220	3,080	65,300	172	8	180	Complied
8th Grade	54,000	62,220	3,080	65,300	172	8	180	Complied
9th Grade	64,800	62,220	3,080	65,300	172	8	180	Complied
10th Grade	64,800	62,220	3,080	65,300	172	8	180	Complied
11th Grade	64,800	62,220	3,080	65,300	172	8	180	Complied
12th Grade	64,800	62,220	3,080	65,300	172	8	180	Complied

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

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

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

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

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

Warner Unified School District

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

General Fund	Budget 2024 (See Note 1)	2023	2022	2021
Revenues and Other Financing Sources	$ 5,423,041	$ 6,197,144	$ 5,723,690	$ 4,804,918
Expenditures and Other Financing Uses	6,013,400	5,888,576	6,000,918	4,283,074
Net Change in Fund Balance	(590,359)	308,568	(277,228)	521,844
Ending Fund Balance	$ 2,403,663	$ 2,994,022	$ 2,685,454	$ 2,962,682
Available Reserves (See Note 2)	$ 1,718,608	$ 2,237,658	$ 2,335,161	$ 2,345,110
Available Reserves as a Percentage of Total Outgo	28.58%	38.00%	38.91%	54.75%
Long Term Debt	$ -	$ -	$ 145,601	$ -
Average Daily Attendance at P2	181	174	149	180

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

The general fund balance has increased by $31,340 (1%) over the past two years. The fiscal year 2023-24 budget projects a decrease of $590,359 (20%). For a district of this size, the State recommends available reserves of 5% of total general fund expenditures and other financing uses (total outgo), or $75,000, whichever is greater.

Long-term debt has not changed over the past two years.

Average daily attendance (ADA) has decreased by 6 as compared to ADA funded in 2020-21. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 ADA reported.

Notes:

1. Budget 2024 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No 54, the District's Special Reserve Fund for Other Than Capital Outlay (Fund 17) was included with the general fund for reporting purposes. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

Warner Unified School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

	General Fund (Fund 01)	Associated Student Body Fund (Fund 08)	Child Development Fund (Fund 12)	Cafeteria Fund (Fund 13)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)	Capital Facilities Fund (Fund 25)
June 30, 2023, annual financial and budget report fund balances	$ 3,166,892	$ 62,546	$ 85,432	$ 158,392	$ 167,885	$ 9,776
Adjustments and reclassifications:						
Increasing (decreasing) the fund balance:						
Overstatement of Cash	(158,932)	(17,564)	(11,886)	(1,643)	(8,912)	(516)
Overstatement of Accounts Receivable	(44,535)	-	-	-	-	-
GASB 54 Fund Presentation	158,973	-	-	-	(158,973)	-
Net adjustments and reclassifications	(44,494)	(17,564)	(11,886)	(1,643)	(167,885)	(516)
June 30, 2023, audited financial statement fund balances	$ 3,122,398	$ 44,982	$ 73,546	$ 156,749	$ -	$ 9,260

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

Warner Unified School District
Schedule of Charter Schools
Year Ended June 30, 2023

The Warner Unified School District charters the following charter schools:

Charter Schools	Charter Number	Included in Audit?
All Tribes Charter School	1057	No
All Tribes Elementary Charter School	1262	No
California Pacific Charter School - San Diego	1758	No
San Diego Mission Academy	2020	No
Sage Oak Charter School	2051	No
Pathways Academy Charter	2052	No
Excel Academy Charter	2053	No

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

Warner Unified School District

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

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	$ -	$ 27,374
National School Lunch Program	10.555	13523	-	76,553
National School Lunch Program - Noncash Commodities	10.555	13392	-	12,887
Total Child Nutrition Cluster			-	116,814
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	38,015
IDEA Mental Health	84.027	15197	-	3,638
IDEA Preschool Grants	84.173	13430	-	2,630
Total Special Education (IDEA) Cluster			-	44,283
OTHER PROGRAMS:				
U.S. Department of Agriculture				
Direct Program				
Forest Reserve Funds	10.665	N/A	-	36,891
U.S. Department of Education				
Direct Program				
Impact Aid	84.041	N/A	-	302,923
Passed through San Diego County Office of Education				
School Climate Transformation Grant	84.326M	Unknown	-	47,000
21st Century - ASSETS	84.287	14535	-	52,224
Passed through California Department of Education				
Title I	84.010	14329	-	104,513
Indian Education	84.060	10011	-	23,336
Rural and Low Income Schools	84.358	14356	-	11,992
Title II Supporting Effective Instruction	84.367	14341	-	11,912
Title IV Student Support & Academic Enrichment	84.424	15396	-	20,827
ESSER II State Reserve	84.425	15618	-	24,615
GEER II	84.425	15919	-	6,316
ESSER III State Reserve Learning Loss	84.425	15621	-	14,499
ESSER II	84.425D	15547	-	3,091
ESSER III	84.425D	15559	-	339,330
ESSER III - Learning Loss	84.425U	10155	-	81,774
Total Other Programs			-	1,081,243
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 1,242,340

See accompanying notes to schedule of expenditures of federal awards.

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 9.42% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The District charged indirect costs to the following programs and due to budgetary constraints did not charge indirect costs to any other programs.

Program	AL #	Indirect Cost Rate
Title I	84.010	9.29%

Schoolwide Program

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

Program	AL #	Amount Expended
Title I	84.010	$ 104,513

Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

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

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	$ 1,249,419
Less: Amounts representing Medi-Cal	(7,079)
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	$ 1,242,340

Other Independent Auditors' Reports

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

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

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

To the Board of Education
Warner Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warner Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses; however, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of non-compliance that are required to be reported in accordance with *Government Auditing Standards*.

Warner Unified School District's Response to Findings

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

Purpose of this Report

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
March 15, 2024

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

To the Board of Education
Warner Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
March 15, 2024

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

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

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

To the Board of Education
Warner Unified School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

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

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

Basis for Opinion on Each Applicable State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

218 West Douglas Avenue, El Cajon, CA 92020
Phone: 619-447-6700 | Fax: 619-447-6707 | whllp.com

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

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

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

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

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

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

We did not perform procedures for Independent Study because the ADA was below the level which required testing.

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

We did not perform the procedures for Expanded Learning Opportunities Grant (ELO-G) because there were no expenditures during the current fiscal year in the program.

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

Report on Internal Control over State Compliance

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

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

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

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

Wilkinson Hadley King & Co. LLP

El Cajon, California
March 15, 2024

Auditor’s Results, Findings & Recommendations

Warner Unified School District

Schedule of Auditor's Results

Year Ended June 30, 2023

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	X Yes	____ No
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Compliance supplement utilized for single audit	May 2023	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	____ Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.041	Federal Impact Aid

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

STATE PROGRAMS

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

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

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

A. Financial Statement Findings

Finding Number:	2023-001
Repeat Finding:	No
Program Name:	Year End Close
Questioned Costs:	None
Type of Finding:	Internal Control (30000)

Criteria or Specific Requirement

Verify that the District has internal controls that are properly designed and implemented over year end close that are sufficient to detect, correct, and/or deter misstatements whether due to error or fraud and to safeguard assets of the District.

Condition

In our review of cash in county treasury fair market value adjustments we noted that the district posted the entry backwards resulting in an overstatement of cash. In addition, we noted overstatement of accounts receivable. Audit adjustments were required to bring the balances to the correct amounts.

Cause

The District did not reconcile final balances for fair market value adjustments and accounts receivable to ensure proper recording at year end.

Effect
There were material misstatements in the financial statements that were not detected and corrected by the District prior to closing the books and which required audit adjusting journal entries to correct.

Context
Proper review of year end closing entries, including cash and accounts receivable reconciliations, are key internal controls that allow the District, in the normal course of performing their duties, to detect and correct misstatements whether due to error or fraud.

Recommendation
Establish procedures to review and reconcile year end closing entries to ensure accounts are reported correctly.

Views of Responsible Officials
See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

None

Warner Unified School District
P.O. Box 8, 30951 Highway 79, Warner Springs, CA 92086
Phone (760) 782-3517 - FAX (760) 782-9117

March 15, 2024

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Andrea Sissons

Andrea Sissons
Chief Business Official

Financial Statement Findings

Finding Number:	2023-001
Program Name:	Year End Close
Contact Person:	Andrea Sissons
Anticipated Completion Date:	June 30, 2024
Planned Corrective Action:	The District will implement an internal year end closing checklist to ensure these types of entries are input correctly. I've reached out to see what similar districts are doing in practice. Additionally, due to the single person responsible for closing books, the district will ask SDCOE Business Consultant to double check entries recorded for accuracy prior to final closing.

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2022-001 **Associated Student Body Accounts** <u>Condition</u> In our review of ASB expenditures and deposits we noted that ten out of twelve expenditures tested did not have documentation of approval and two out of twelve expenditures tested did not have supporting documentation. In addition, eighteen out of twenty-eight deposits tested did not have cash count forms that showed dual counts of cash collected. It appears one person counts cash. <u>Recommendation</u> Establish procedures consistent with the requirements of Education Code §48933 to obtain and document approval for ASB expenditures prior to purchases. In addition, establish cash handling procedures to ensure dual counts of cash.	Implemented	
Finding 2022-002 **Attendance Reporting** <u>Condition</u> In our review of the annual report of attendance we noted that the District utilized the supporting documentation for the P2 report of attendance instead of the supporting documentation for the Annual Report of Attendance. <u>Recommendation</u> Establish a review process over attendance reports to ensure that the data being reported to the California Department of Education is accurate and based on the correct supporting data.	Implemented	

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2022-003 **Independent Study** Condition In our review of the independent study agreements maintained on file for students participating in the independent study program, we noted that two required elements were missing from the independent study agreements. Recommendation Update independent study agreements to include all elements required in Education Code §51747. Establish procedures to ensure careful review of compliance to items that are apportionment significant in implementation years.	N/A – The Independent Study Program operated in the 2021-22 fiscal year did not continue into the 2022-23 fiscal year. ADA reported for independent study was for a short-term program and fell below the level which required testing.	