Financial Statements
June 30, 2023

Salinas Union High School District

Independent Auditor's Report

To the Governing Board
Salinas Union High School District
Salinas, California

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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.

Eide Bailly LLP

Fresno, California
February 2, 2024

Dan Burns
Superintendent
dan.burns@salinasuhsd.org

Eugene Christmas III, Ed.D.
Assistant Superintendent
Student Services
eugene.christmas@salinasuhsd.org

Hector Galicia, Ed.D.
Assistant Superintendent
Human Resources
hector.galicia@salinasuhsd.org

Ernesto V. Garcia
Assistant Superintendent
Instructional Services
ernesto.garcia@salinasuhsd.org

Ana V. Aguillon
Manager of
Business Services/CBO
ana.aguillon@salinasuhsd.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Salinas Union High School District's (2022-2023) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, and comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Salinas Union High School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets and right-to-use leased assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fund Financial Statements* include statements for governmental activities.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Salinas Union High School District.

431 West Alisal St.
Salinas, CA 93901
Ph: (831) 796-7000
Fx: (831) 796-7005
www.salinasuhsd.org

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of seventh through grade twelve students, a continuation high school, an independent study program, an adult education school, a community day school, a regional occupational program, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

REPORTING THE DISTRICT AS A WHOLE

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds 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 general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $137.5 million for the fiscal year ended June 30, 2023, and $87.1 million for the fiscal year ended June 30, 2022, an increase of $50.3 million. Of this amount, $100.7 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 310,021,667	$ 214,394,574
Capital assets and right-to-use leased assets	310,077,104	271,334,143
Total assets	620,098,771	485,728,717
Deferred Outflows of Resources	66,912,269	56,258,050
Liabilities		
Current liabilities	46,700,177	41,931,085
Long-term liabilities	473,255,735	317,770,727
Total liabilities	519,955,912	359,701,812
Deferred Inflows of Resources	29,593,171	95,135,895
Net Position		
Net investment in capital assets	161,071,933	155,776,395
Restricted	100,653,635	62,543,699
Unrestricted (deficit)	(124,263,611)	(131,171,034)
Total net position	$ 137,461,957	$ 87,149,060

The $137.5 million in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by $6.9 million.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	$ 5,579,171	$ 4,804,756
Operating grants and contributions	90,840,034	49,702,820
Capital grants and contributions	(115,775)	(740,333)
General revenues		
Federal and State aid not restricted	199,762,925	162,219,119
Property taxes	56,491,634	51,020,969
Other general revenues	19,434,605	16,779,001
Total revenues	371,992,594	283,786,332
Expenses		
Instruction-related	209,575,075	165,814,426
Pupil services	45,554,046	39,615,241
Administration	12,766,734	11,003,895
Plant services	34,870,837	23,565,443
All other services	18,913,005	14,331,494
Total expenses	321,679,697	254,330,499
Change in net position	$ 50,312,897	$ 29,455,833

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $321.7 million, as compared to $254.3 million in the prior year. The amount that our taxpayers financed for these activities through local taxes was $56.5 million because the cost was paid by those who benefited from the programs $5.6 million or by other governments and organizations who subsidized certain programs with grants and contributions $90.8 million. We paid for the remaining "public benefit" portion of our governmental activities with $199.8 million in unrestricted Federal and State funds and $19.4 million in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, including instruction-related activities, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related	$ 209,575,075	$ 165,814,426	$ (139,778,523)	$ (133,813,856)
Pupil services	45,554,046	39,615,241	(30,596,537)	(27,417,730)
Administration	12,766,734	11,003,895	(10,676,172)	(9,253,315)
Plant services	34,870,837	23,565,443	(31,378,527)	(20,481,845)
All other services	18,913,005	14,331,494	(12,946,508)	(9,596,510)
Total	$ 321,679,697	$ 254,330,499	$ (225,376,267)	$ (200,563,256)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $263.3 million while the prior year reported $172.5 million, which is an increase of $90.9 million (Table 4).

Table 4

	Balances and Activity			
Governmental Funds	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 90,397,546	$ 356,651,788	$ 326,435,084	$ 120,614,250
Student Activities	1,631,433	3,785,804	3,623,097	1,794,140
Adult Education	32,790	3,610,980	3,585,070	58,700
Cafeteria	6,501,235	9,785,622	8,352,077	7,934,780
Deferred Maintenance	724,276	586,213	943,191	367,298
Building	33,767,074	70,739,542	20,512,170	83,994,446
Capital Facilities	2,384,893	295,757	318,665	2,361,985
County School Facilities	32,881,307	769,536	-	33,650,843
Special Reserve for Capital Outlay Projects	97,489	53,873	2,229	149,133
Bond Interest and Redemption	4,045,446	15,889,534	7,539,065	12,395,915
Total	$ 172,463,489	$ 462,168,649	$ 371,310,648	$ 263,321,490

The General Fund is the District's principal operating fund. The fund balance in the General Fund increased from $90.4 million to $120.6 million due primarily from federal and state grant funding and certificates of participation proceeds. The Building Fund increased from $33.8 million to $84.0 due to the issuance of Measure W bonds. The County School Facilities Fund increased $0.8 million due to an in increase in investment fair market value. The non-major governmental funds increased by about $9.6 million in total, primarily due to Measure W bond revenues in the Bond Interest and Redemption Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 27, 2023. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

The District projected an increase in fund balance of approximately $15.5 million. Although revenues and transfers in were $5.5 million less than expected, expenditures and transfers out were $20.2 million less than expected, resulting in an increase to the fund of $30.2 million.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had $271.3 million in a broad range of capital assets and right-to-use leased assets (net of depreciation and amortization expenses), including land, buildings, and furniture and equipment. At June 30, 2023, the District's net capital assets were $310.1 million. This amount represents a net increase (including additions, deductions, and depreciation) of $38.7 million from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	$ 105,476,404	$ 64,607,305
Buildings and improvements	193,798,890	196,697,400
Equipment	9,952,115	8,973,945
Right-to-use leased assets	849,695	1,055,493
Total	$ 310,077,104	$ 271,334,143

This year's major additions included the completion of the Workforce Housing project, the Wellness Centers at La Paz Middle School and El Sausal Middle School. The district-wide HVAC replacement project is near completion. The bond funded projects consist of two-story buildings at Alisal High School, North Salinas High School, Salinas High School, and a Performing Arts Building at Everett Alvarez High School; plans are currently pending approval from the Division of the State Architect.

We present more detailed information about our capital assets and right-to-use leased assets in the Notes to Financial Statements.

Long-Term Liabilities

At the end of this year, the District had $473.3 million in liabilities outstanding versus $317.8 million last year, a increase of $155.5 million. The long-term liabilities of the District include the following:

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	$ 201,894,197	$ 131,706,050
Certificates of participation	10,200,000	-
Unamortized premiums	14,575,527	9,517,176
Financed purchase - solar	15,808,581	16,540,485
Leases	887,434	1,103,088
Compensated absences	2,789,593	2,387,829
Net OPEB liability	43,392,938	40,372,336
Aggregate net pension liability	183,707,465	116,143,763
Total	$ 473,255,735	$ 317,770,727

The decrease was mainly attributable to a reduction in the District's Net OPEB liability and aggregate net pension liability. The District's Moody's bond rating as of the most recent bond issuance was "Aa2".

FOR THE FUTURE

The State of California financially supports schools through the Local Control Funding Formula (LCFF). The LCFF uses a three-tier calculation involving base grants plus supplemental grants and concentration grants. Supplemental and Concentration grants are unique to each district as they are based on unduplicated count of English Learners, Foster Youth, and meet income requirements to receive a free or reduced-price meal (FRPM). The District's unduplicated pupil percentage is 91.71%. The 2023-2024 increase for the District is 6.75%; net increase per ADA is $1,020.87. Funding for public education changes annually based on fluctuations in State revenue.

Based upon our most recent demographic report, District enrollment is expected to decline in the next six years. However, with the continued increased costs of housing and development in our County, long term projections are difficult to assess.

Significant revenue and expenditure revisions to the 2022-2023 budgets were made. This is primarily due to LCFF revenue adjustments, salary and benefit increases, facility projects, and carryover of funds from 2021-2022 at the time of budget adoption.

The significant salary and benefit expenditure revisions that were made to the 2022-2023 budget were due to the bargaining settlement reached during 2022-2023: 11% ongoing salary increase.

The District will continue to closely monitor its current and long-term fiscal needs in order to remain fiscally solvent and to ensure a healthy reserve level is maintained. All of these factors were considered in preparing the District's budget for the 2023-2024 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Ana Aguillon, Manager of Business Services/CBO at (831) 796-7018 or Graciela Hidalgo, Manager of Fiscal Services at (831) 796-7016.

	Governmental Activities
Assets	
Deposits and investments	$ 288,903,570
Receivables	21,000,983
Prepaid expense	70,403
Stores inventories	46,711
Capital assets not depreciated	105,476,404
Capital assets, net of accumulated depreciation	203,751,005
Right-to-use leased assets, net of accumulated amortization	849,695
Total assets	620,098,771
Deferred Outflows of Resources	
Deferred charge on refunding	261,002
Deferred outflows of resources related to OPEB	3,823,986
Deferred outflows of resources related to pensions	62,827,281
Total deferred outflows of resources	66,912,269
Liabilities	
Overdrafts	1,231,939
Accounts payable	36,600,515
Unearned revenue	8,867,723
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	10,482,421
Long-term liabilities other than OPEB and pensions due in more than one year	235,672,911
Total other postemployment benefits liability (OPEB)	43,392,938
Aggregate net pension liabilities	183,707,465
Total liabilities	519,955,912
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	9,695,224
Deferred inflows of resources related to pensions	19,897,947
Total deferred inflows of resources	29,593,171
Net Position	
Net investment in capital assets	161,071,933
Restricted for	
Debt service	12,395,915
Capital projects	36,012,828
Educational programs	42,562,683
Student activities	1,794,140
Child nutrition	7,888,069
Unrestricted (deficit)	(124,263,611)
Total net position	$ 137,461,957

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 168,647,238	$ 67,238	$ 56,617,821	$ (115,775)	$ (112,077,954)
Instruction-related activities					
Supervision of instruction	22,276,701	12,828	10,061,171	-	(12,202,702)
Instructional library, media, and technology	1,520,292	-	154,192	-	(1,366,100)
School site administration	17,130,844	7,429	2,991,648	-	(14,131,767)
Pupil services					
Home-to-school transportation	9,785,066	-	125,600	-	(9,659,466)
Food services	8,912,496	1,593,728	8,252,229	-	933,461
All other pupil services	26,856,484	14,513	4,971,439	-	(21,870,532)
Administration					
Data processing	3,466,124	-	(16,027)	-	(3,482,151)
All other administration	9,300,610	51,469	2,055,120	-	(7,194,021)
Plant services	34,870,837	89,255	3,403,055	-	(31,378,527)
Ancillary services	4,903,628	3,735,105	50,005	-	(1,118,518)
Community services	141,341	-	-	-	(141,341)
Interest on long-term liabilities	8,791,925	-	-	-	(8,791,925)
Other outgo	5,076,111	7,606	2,173,781	-	(2,894,724)
Total governmental activities	$ 321,679,697	$ 5,579,171	$ 90,840,034	$ (115,775)	(225,376,267)
General Revenues and Subventions					
Property taxes, levied for general purposes					45,784,476
Property taxes, levied for debt service					10,707,158
Federal and State aid not restricted to specific purposes					199,762,925
Interest and investment earnings					3,174,150
Interagency revenues					27,527
Special and extraordinary					4,696,095
Miscellaneous revenues and unspent, unallocated grant revenues					11,536,833
Subtotal, general revenues and subventions					275,689,164
Change in Net Position					50,312,897
Net Position - Beginning					87,149,060
Net Position - Ending					$ 137,461,957

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 148,076,502	$ 84,002,473	$ 33,407,803	$ 23,416,792	$ 288,903,570
Receivables	17,070,013	449,068	243,040	3,238,862	21,000,983
Due from other funds	339,101	-	-	1,235,366	1,574,467
Prepaid expenditures	70,403	-	-	-	70,403
Stores inventories	-	-	-	46,711	46,711
Total assets	$ 165,556,019	$ 84,451,541	$ 33,650,843	$ 27,937,731	$ 311,596,134
Liabilities and Fund Balances					
Liabilities					
Overdrafts	$ -	$ -	$ -	$ 1,231,939	$ 1,231,939
Accounts payable	34,899,808	457,095	-	1,243,612	36,600,515
Due to other funds	1,235,366	-	-	339,101	1,574,467
Unearned revenue	8,806,595	-	-	61,128	8,867,723
Total liabilities	44,941,769	457,095	-	2,875,780	48,274,644
Fund Balances					
Nonspendable	92,003	-	-	46,711	138,714
Restricted	42,503,983	83,994,446	33,650,843	24,498,809	184,648,081
Committed	-	-	-	367,298	367,298
Assigned	43,779,382	-	-	149,133	43,928,515
Unassigned	34,238,882	-	-	-	34,238,882
Total fund balances	120,614,250	83,994,446	33,650,843	25,061,951	263,321,490
Total liabilities and fund balances	$ 165,556,019	$ 84,451,541	$ 33,650,843	$ 27,937,731	$ 311,596,134

Total Fund Balance - Governmental Funds		$ 263,321,490
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 510,929,238	
Accumulated depreciation is	(201,701,829)	
Net capital assets		309,227,409
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	2,081,400	
Accumulated amortization is	(1,231,705)	
Net right-to-use leased assets		849,695
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	261,002	
Other postemployment benefits (OPEB)	3,823,986	
Net pension liability	62,827,281	
Total deferred outflows of resources		66,912,269
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(9,695,224)	
Net pension liability	(19,897,947)	
Total deferred inflows of resources		(29,593,171)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(183,707,465)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(43,392,938)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds including unamortized premiums	(206,050,402)	
Certificates of participation	(10,514,202)	
Leases	(887,434)	
Financed purchase - solar	(15,808,581)	
Compensated absences	(2,789,593)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(10,105,120)	
Total long-term liabilities		(246,155,332)
Total net position - governmental activities		$ 137,461,957

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 235,918,535	$ -	$ -	$ 1,796,483	$ 237,715,018
Federal sources	34,400,546	-	-	6,555,931	40,956,477
Other State sources	58,228,991	-	-	3,824,495	62,053,486
Other local sources	17,181,824	739,542	769,536	16,475,417	35,166,319
Total revenues	345,729,896	739,542	769,536	28,652,326	375,891,300
Expenditures					
Current					
Instruction	170,691,649	-	-	1,840,654	172,532,303
Instruction-related activities					
Supervision of instruction	22,177,405	-	-	546,334	22,723,739
Instructional library, media, and technology	1,567,943	-	-	-	1,567,943
School site administration	16,773,044	-	-	507,676	17,280,720
Pupil services					
Home-to-school transportation	8,517,752	-	-	-	8,517,752
Food services	402,624	-	-	7,826,513	8,229,137
All other pupil services	27,587,170	-	-	274,460	27,861,630
Administration					
Data processing	3,538,067	-	-	-	3,538,067
All other administration	8,626,878	-	-	281,669	8,908,547
Plant services	30,272,451	73,680	-	810,690	31,156,821
Ancillary services	2,153,490	-	-	3,623,097	5,776,587
Community services	141,335	-	-	-	141,335
Other outgo	5,076,111	-	-	-	5,076,111
Facility acquisition and construction	27,194,964	20,385,076	-	1,113,236	48,693,276
Debt service					
Principal	731,904	-	-	665,000	1,396,904
Interest and other	982,297	53,414	-	6,874,065	7,909,776
Total expenditures	326,435,084	20,512,170	-	24,363,394	371,310,648
Excess (Deficiency) of Revenues Over Expenditures	19,294,812	(19,772,628)	769,536	4,288,932	4,580,652
Other Financing Sources					
Proceeds from bond issuance	-	70,000,000	-	-	70,000,000
Premium on bond issuance	-	-	-	5,355,457	5,355,457
Proceeds from COPs	10,200,000	-	-	-	10,200,000
Premium on COP issuance	314,202			-	314,202
Proceeds from leases	407,690	-	-	-	407,690
Net Financing Sources (Uses)	10,921,892	70,000,000	-	5,355,457	86,277,349
Net Change in Fund Balances	30,216,704	50,227,372	769,536	9,644,389	90,858,001
Fund Balance - Beginning	90,397,546	33,767,074	32,881,307	15,417,562	172,463,489
Fund Balance - Ending	$ 120,614,250	$ 83,994,446	$ 33,650,843	$ 25,061,951	$ 263,321,490

Total Net Change in Fund Balances - Governmental Funds		$ 90,858,001
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation and amortization in the period.		
Capital outlays	$ 51,246,617	
Depreciation and amortization expense	(12,503,656)	
Net expense adjustment		38,742,961
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(853,147)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(407,690)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(401,764)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		8,700,872
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(3,059,231)

Proceeds received from general obligation bonds and certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.	(80,200,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(5,669,659)
Premium amortization	611,308
Deferred charge on refunding amortization	(29,002)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	665,000
Financed purchases	731,904
Leases	623,344
Change in net position of governmental activities	$ 50,312,897

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Salinas Union High School District (the District) was established in 1868 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades 7 - 12 as mandated by the State and/or Federal agencies. The District currently operates four middle schools and four high schools as well as one continuation high school, one alternative school of choice, one adult school, one community day school, and a regional occupational program, for a total of thirteen schools.

A reporting entity is comprised of the primary government 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, boards, and agencies that are not legally separate from the District. For Salinas Union High School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are comprised of governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Outlay Fund, and Fund 20, Special Reserve Postemployment Benefits Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of $18,161,999.

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

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Non-Major Governmental Funds

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, locally controlled scholarships not maintained in a legal trust, and other student body activities.

  For financial reporting purposes, the District has consolidated the Student Activities Fund (SACS Fund 08) and the Foundation Private-Purpose Trust Fund (SACS Fund 73) while keeping the funds and related activities separate for internal reporting purposes. The Student Activities Fund will reflect an increase in fund balance of $218,051 from this consolidation.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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. Principal and interest on long-term liabilities, 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 statements.

Investments

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

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when incurred.

As of June 30, 2023, the General Fund had a prepaid expenditure balance of $70,403.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District’s financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

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

However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the Statement of Net Position. Debt premiums are amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, debt premiums are recognized in the period the debt is issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between expected and actual experience, changes of assumptions, and other pension and OPEB related changes.

Pensions

For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or manager of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $100,653,635 of restricted net position.

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.

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 288,903,570
Less overdraft	(1,231,939)
Total deposits and investments	$ 287,671,631

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 1,696,054
Cash in revolving	21,600
Investments	285,953,977
Total deposits and investments	$ 287,671,631

The Adult Education Fund ended the fiscal year with a deficit cash in county balance of $1,231,939.

Policies and Practices

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

Investment in County Treasury - 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* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $285,953,977 in the Monterey County Treasury Investment Pool that has an average weighted maturity of 339 days.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (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 agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, $1,493,612 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2023, consist of intergovernmental grants, entitlements, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 9,793,208	$ -	$ -	$ 3,052,262	$ 12,845,470
State Government					
LCFF apportionment	3,493	-	-	-	3,493
Other State	5,380,369	-	147,562	166,085	5,694,016
Local sources	1,892,943	449,068	95,478	20,515	2,458,004
Total	$ 17,070,013	$ 449,068	$ 243,040	$ 3,238,862	$ 21,000,983

Note 4 - Capital Assets and Right-to-Use Leased Assets

Capital assets and right-to-use leased assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 33,659,214	$ -	$ -	$ 33,659,214
Construction in progress	30,948,091	46,850,474	(5,981,375)	71,817,190
Total capital assets not being depreciated	64,607,305	46,850,474	(5,981,375)	105,476,404
Capital assets being depreciated				
Land improvements	41,914,155	226,090	-	42,140,245
Buildings and improvements	331,228,811	7,051,985	-	338,280,796
Furniture and equipment	22,340,040	2,691,753	-	25,031,793
Total capital assets being depreciated	395,483,006	9,969,828	-	405,452,834
Total capital assets	460,090,311	56,820,302	(5,981,375)	510,929,238
Accumulated depreciation				
Land improvements	(34,925,332)	(775,178)	-	(35,700,510)
Buildings and improvements	(141,520,234)	(9,401,407)	-	(150,921,641)
Furniture and equipment	(13,366,095)	(1,713,583)	-	(15,079,678)
Total accumulated depreciation	(189,811,661)	(11,890,168)	-	(201,701,829)
Net depreciable capital assets	205,671,345	(1,920,340)	-	203,751,005
Right-to-use leased assets being amortized				
Buildings and improvements	737,514	407,690	(163,892)	981,312
Furniture and equipment	1,100,088	-	-	1,100,088
Total right-to-use leased assets being amortized	1,837,602	407,690	(163,892)	2,081,400
Accumulated amortization				
Buildings and improvements	(284,561)	(395,901)	163,892	(516,570)
Furniture and equipment	(497,548)	(217,587)	-	(715,135)
Total accumulated amortization	(782,109)	(613,488)	163,892	(1,231,705)
Net right-to-use leased assets	1,055,493	(205,798)	-	849,695
Governmental activities capital assets and right-to-use leased assets, net	$ 271,334,143	$ 44,724,336	$ (5,981,375)	$ 310,077,104

Depreciation and amortization expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 5,350,576
School site administration	475,607
Home-to-school transportation	2,140,230
Food services	951,213
Data processing	594,508
All other administration	339,042
Plant services	2,652,480
Total depreciation and amortization expenses - governmental activities	$ 12,503,656

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Fund		
General	$ 339,101	$ 1,235,366
Non-Major Governmental Funds		
Adult Education	1,235,366	145,061
Cafeteria	-	194,040
Total	$ 1,574,467	$ 1,574,467

The General Fund owes the Adult Non-Major Governmental Fund for operating assistance.	$ 1,223,365
The General Fund owes the Adult Non-Major Governmental Fund for negative interest.	12,001
The Adult Non-Major Governmental Fund owes the General Fund for indirect costs.	145,061
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	194,040
Total	$ 1,574,467

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 22,677,268	$ 457,095	$ 912,643	$ 24,047,006
LCFF apportionment	3,322,047	-	-	3,322,047
Salaries and benefits	8,900,493	-	330,969	9,231,462
Total	$ 34,899,808	$ 457,095	$ 1,243,612	$ 36,600,515

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 1,255,493	$ -	$ 1,255,493
State categorical aid	3,343,083	-	3,343,083
Other local	4,208,019	61,128	4,269,147
Total	$ 8,806,595	$ 61,128	$ 8,867,723

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 131,706,050	$ 70,853,147	$ (665,000)	$ 201,894,197	$ 8,670,000
Certificates of participation	-	10,200,000	-	10,200,000	55,000
Unamortized debt premiums	9,517,176	5,669,659	(611,308)	14,575,527	-
Financed purchase agreement	16,540,485	-	(731,904)	15,808,581	1,124,706
Leases	1,103,088	407,690	(623,344)	887,434	632,715
Compensated absences	2,387,829	401,764	-	2,789,593	-
Total	$ 161,254,628	$ 87,532,260	$ (2,631,556)	$ 246,155,332	$ 10,482,421

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund with local tax revenue. The General Fund will pay the lease payments to the Public Property Financing Corporation of California to fund the Certificates of Participation. The unamortized premium is being amortized over the life of the related debt. Payments on the financed purchase agreements will be made by the General Fund utilizing energy savings generated by the project. The leases are paid by the fund using the right-to-use asset. Payments on the compensated absences are made from the fund for which the related employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
Capital Appreciation								
3/26/03	10/1/2027	5.50-5.60	$ 4,453,928	$ 4,453,928	$ -	$ -	$ -	$ 4,453,928
	Accreted Interest			8,652,781	-	747,267	-	9,400,048
11/3/2015	8/1/2035	4.25-4.58	1,750,149	1,750,149	-	-	-	1,750,149
	Accreted Interest			599,192	-	105,880	-	705,072
Current Interest								
2/16/2017	2/1/2031	3.00-5.00	40,085,000	8,295,000	-	-	(665,000)	7,630,000
11/3/2015	8/1/2049	2.00-5.00	43,245,000	27,165,000	-	-	-	27,165,000
3/17/2020	8/1/2049	3.00-4.00	83,000,000	80,790,000	-	-	-	80,790,000
8/11/2022	8/1/2047	4.00-5.00	70,000,000	-	70,000,000	-	-	70,000,000
Total				$ 131,706,050	$ 70,000,000	$ 853,147	$ (665,000)	$ 201,894,197

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	$ 949,886	$ 1,935,114	$ 2,885,000	$ -	$ 2,885,000
2025	913,176	1,915,962	2,829,138	160,862	2,990,000
2026	884,737	1,884,050	2,768,787	326,213	3,095,000
2027	863,939	1,850,437	2,714,376	495,624	3,210,000
2028	842,189	1,814,486	2,656,675	668,325	3,325,000
2029-2033	798,424	313,544	1,111,968	463,032	1,575,000
2034-2036	951,725	391,528	1,343,253	861,747	2,205,000
Total	$ 6,204,076	$ 10,105,121	$ 16,309,197	$ 2,975,803	$ 19,285,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 5,785,000	$ 7,739,650	$ 13,524,650
2025	5,130,000	7,466,775	12,596,775
2026	1,270,000	7,319,275	8,589,275
2027	1,530,000	7,259,900	8,789,900
2028	1,830,000	7,189,400	9,019,400
2029-2033	10,520,000	34,777,372	45,297,372
2034-2038	24,510,000	31,565,825	56,075,825
2039-2043	46,135,000	23,728,200	69,863,200
2044-2048	72,650,000	11,602,000	84,252,000
2049-2050	16,225,000	744,200	16,969,200
Total	$ 185,585,000	$ 139,392,597	$ 324,977,597

Certificates of Participation

In December 2022, the Salinas Union High School District entered into an agreement to lease certain property from the Public Property Financing Corporation of California who, in essence, issued the certificates of participation in the amount of $10,200,000 with an interest rate of five percent. The lease payments will be used by the Corporation to pay the principal and interest payments of the Certificates. The proceeds were used by the District to finance the acquisition and construction of District facilities, including workforce housing.

Year Ending June 30,	Principal	Interest	Total
2024	$ 55,000	$ 461,181	$ 516,181
2025	75,000	458,431	533,431
2026	95,000	454,681	549,681
2027	120,000	449,931	569,931
2028	140,000	443,931	583,931
2029-2033	1,105,000	2,088,655	3,193,655
2034-2038	1,975,000	1,730,906	3,705,906
2039-2043	3,115,000	1,182,670	4,297,670
2044-2047	3,520,000	399,220	3,919,220
Total	$ 10,200,000	$ 7,669,606	$ 17,869,606

Financed Purchase Agreement

The District has entered into an agreement to finance the purchase of solar parking structures. Such an agreement is, in substance, a purchase and is reported as a financed purchase. The District's liability on the lease agreement is summarized below:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 1,124,706	$ 447,383	$ 1,572,089
2025	1,156,536	415,553	1,572,089
2026	1,189,266	382,823	1,572,089
2027	1,222,922	349,167	1,572,089
2028	1,257,530	314,559	1,572,089
2029-2033	6,842,050	1,018,395	7,860,445
2034-2035	3,015,571	128,609	3,144,180
Total	$ 15,808,581	$ 3,056,489	$ 18,865,070

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

Lease	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Modular buildings	$ 469,130	$ 407,690	$ (400,876)	$ 475,944
Copiers	633,958	-	(222,468)	411,490
Total	$ 1,103,088	$ 407,690	$ (623,344)	$ 887,434

Modular Buildings

The District entered into agreements to lease modular buildings for three years. Under the terms of the leases, the District binder paid total monthly payments of $170,440, which amounted to total principal and interest costs of $1,345,856. The annual interest rate charged on the lease is 5.0%. At June 30, 2023, the District has recognized a right-to-use asset of $981,312 and a lease liability of $475,944 related to this agreement. During the fiscal year, the District recorded $395,901 in amortization expense and $18,349 in interest expense for the right-to-use the modular buildings. As of June 2023, the lease agreement for the North Salinas High School Relocatables expired. The final amortization for this lease was $54,620.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 398,854	$ 17,824	$ 416,678
2025	77,090	1,409	78,499
Total	$ 475,944	$ 19,233	$ 495,177

Copiers

The District entered into agreements to lease copiers for five years. Under the terms of the leases, the District binder paid total monthly payments of $20,760, which amounted to total principal and interest costs of $1,252,486. The annual interest rate charged on the leases is 5.0%. At June 30, 2023, the District has recognized a right-to-use asset of $1,100,088 and a lease liability of $411,190 related to this agreement. During the fiscal year, the District recorded $217,587 in amortization expense and $26,648 in interest expense for the right-to-use the copiers. The District also pays for each additional copy in excess of the contracted amount, which is not included in the measurement of the lease liability as they are variable in nature.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 233,861	$ 15,259	$ 249,120
2025	167,625	3,961	171,586
2026	10,004	180	10,184
Total	$ 411,490	$ 19,400	$ 430,890

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $2,789,593.

Note 9 - Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 42,589,721	$ 3,823,986	$ 9,695,224	$ 4,475,684
Medicare Premium Payment (MPP) Program	803,217	-	-	(192,344)
Total	$ 43,392,938	$ 3,823,986	$ 9,695,224	$ 4,283,340

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	63
Active employees	1,335
Total	1,398

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Salinas Valley Federation of Teachers (SVFT), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, SVFT, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District contributed $1,248,455 including implicit rate subsidy of $521,812.

Total OPEB Liability of the District

The District's total OPEB liability of $42,589,721 was measured as of June 30, 2023, by applying certain roll-forward procedures to the actuarial valuation completed as of June 30, 2022.

Actuarial Assumptions

The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 39,376,775
Service cost	3,465,269
Interest	1,433,606
Changes of assumptions or other inputs	(461,820)
Benefit payments	(1,224,109)
Net change in total OPEB liability	3,212,946
Balance, June 30, 2023	$ 42,589,721

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The discount rate was changed from 3.54% to 3.65%, since the previous measurement.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 46,692,284
Current discount rate (3.65%)	42,589,721
1% increase (4.65%)	38,860,442

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.0%)	$ 36,338,043
Current healthcare cost trend rate (4.0%)	42,589,721
1% increase (5.0%)	50,220,789

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30,2023, the District recognized OPEB expense of $4,475,684. 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
Differences between expected and actual experience	$ -	$ 4,685,401
Changes of assumptions	3,823,986	5,009,823
Total	$ 3,823,986	$ 9,695,224

The deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 281,558	$ 704,749
2025	281,558	704,749
2026	281,558	704,749
2027	281,558	704,749
2028	281,558	704,749
Thereafter	2,416,196	6,171,479
Total	$ 3,823,986	$ 9,695,224

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $803,217 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.2438% and 0.2496%, resulting in a net decrease in the proportionate share of 0.0058%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(192,344).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 875,661
Current discount rate (3.54%)	803,217
1% increase (4.54%)	740,490

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 736,981
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	803,217
1% increase (5.50% Part A and 6.40% Part B)	878,299

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 21,600	$ -	$ -	$ -	$ 21,600
Stores inventories	-	-	-	46,711	46,711
Prepaid expenditures	70,403	-	-	-	70,403
Total nonspendable	92,003	-	-	46,711	138,714
Restricted					
Legally restricted programs	42,503,983	-	-	58,700	42,562,683
Student activities	-	-	-	1,577,314	1,577,314
Scholarships	-	-	-	216,826	216,826
Food service	-	-	-	7,888,069	7,888,069
Capital projects	-	83,994,446	33,650,843	2,361,985	120,007,274
Debt service	-	-	-	12,395,915	12,395,915
Total restricted	42,503,983	83,994,446	33,650,843	24,498,809	184,648,081
Committed					
Deferred maintenance program	-	-	-	367,298	367,298
Assigned					
Supplemental/concentration carryover	21,806,723	-	-	-	21,806,723
Board one percent reserve	3,260,274	-	-	-	3,260,274
Postemployment benefits	12,204,720	-	-	-	12,204,720
Capital projects	6,507,665	-	-	149,133	6,656,798
Total assigned	43,779,382	-	-	149,133	43,928,515
Unassigned					
Reserve for economic uncertainties	9,780,822	-	-	-	9,780,822
Remaining unassigned	24,458,060	-	-	-	24,458,060
Total unassigned	34,238,882	-	-	-	34,238,882
Total	$ 120,614,250	$ 83,994,446	$ 33,650,843	$ 25,061,951	$ 263,321,490

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with the Monterey and San Benito Counties Liability/Property JPA for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the Monterey Educational Risk Management Authority (MERMA), an insurance purchasing pool. The intent of the MERMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the MERMA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in MERMA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of MERMA.

Employee Medical Benefits

The District has contracted with the Monterey County Schools Insurance Group to provide employee health benefits for management, confidential, and supervisory groups. Health benefits for classified employees are provided through participation in California's Valued Trust, and for certificated employees through participation in the Monterey Bay Public Employees Trust. The District pays a monthly contribution to each entity, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow.

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 112,893,875	$ 35,969,762	$ 17,538,638	$ 12,483,279
CalPERS	70,813,590	26,857,519	2,359,309	9,943,900
Total	$ 183,707,465	$ 62,827,281	$ 19,897,947	$ 22,427,179

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $21,394,995.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 112,893,875
State's proportionate share of the net pension liability	56,536,811
Total	$ 169,430,686

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.1625% and 0.1660%, resulting in a net decrease in the proportionate share of 0.0035%.

For the year ended June 30, 2023, the District recognized pension expense of $12,483,279. In addition, the District recognized pension expense and revenue of $4,559,656 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 21,394,995	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,883,445	3,553,225
Differences between projected and actual earnings on pension plan investments	-	5,520,729
Differences between expected and actual experience in the measurement of the total pension liability	92,608	8,464,684
Changes of assumptions	5,598,714	-
Total	$ 35,969,762	$ 17,538,638

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (4,055,385)
2025	(4,393,323)
2026	(6,599,664)
2027	9,527,643
Total	$ (5,520,729)

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 5,920,404
2025	88,644
2026	(108,784)
2027	(663,902)
2028	(1,778,547)
Thereafter	(900,957)
Total	$ 2,556,858

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 191,735,671
Current discount rate (7.10%)	112,893,875
1% increase (8.10%)	47,431,479

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $9,733,056.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $70,813,590. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.2058% and 0.1996%, resulting in a net increase in the proportionate share of 0.0062%.

For the year ended June 30, 2023, the District recognized pension expense of $9,943,900. 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	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,733,056	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,204,882	597,376
Differences between projected and actual earnings on pension plan investments	8,361,159	-
Differences between expected and actual experience in the measurement of the total pension liability	320,035	1,761,933
Changes of assumptions	5,238,387	-
Total	$ 26,857,519	$ 2,359,309

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 1,394,375
2025	1,236,715
2026	631,729
2027	5,098,340
Total	$ 8,361,159

The deferred outflows of resources and deferred inflows of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,306,247
2025	2,520,398
2026	1,589,643
2027	(12,293)
Total	$ 6,403,995

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 102,293,816
Current discount rate (6.90%)	70,813,590
1% increase (7.90%)	44,796,340

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $9,069,670 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

Note 13 - Commitments and Contingencies

Grants

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

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Ag Welding Classroom Modernization	$ 77,176	September 2023
Ag Mechanics	6,928	December 2023
Courtyard Kiosk Renovation	12,750	February 2024
CTE Classroom Modernization	71,493	September 2023
DCHMS	5,221,206	June 2025
Engie	7,881,375	December 2023
Greenhouse	150,062	October 2023
PAC	37,800	October 2023
Phase II	11,152,706	December 2023
Scoreboard	8,500	December 2023
SEC - Wellness Center	11,985	September 2024
Softball Scoreboard Trenching	17,615	October 2023
Temporary Relocatables Cayuga	417,286	December 2023
Eight Temporary Relocatables	1,064,134	June 2024
Ten Temporary Relocatables	727,151	April 2024
Ten Temporary Relocatables	1,017,676	June 2024
Two-story Building	27,400	September 2025
Two-story Building	31,450	September 2025
Wellness Center	1,432,532	December 2023
Wellness Center	1,509,339	December 2023
Wellness Center	8,742	April 2024
Total	$ 30,885,306	

Note 14 - Participation in Joint Powers Authorities

The District is a member of the Monterey County Schools Insurance Group (MCSIG), Monterey Educational Risk Management Authority (MERMA), and Monterey and San Benito Counties Liability/Property (MSBCLP) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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 generally available from the respective entities.

Required Supplementary Information
June 30, 2023

Salinas Union High School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$213,923,945	$235,108,555	$235,918,535	$ 809,980
Federal sources	50,527,880	44,507,235	34,400,546	(10,106,689)
Other State sources	21,425,193	48,810,359	58,228,991	9,418,632
Other local sources	16,436,447	20,223,859	17,181,824	(3,042,035)
Total revenues [1]	302,313,465	348,650,008	345,729,896	(2,920,112)
Expenditures				
Current				
Certificated salaries	114,604,549	118,741,864	115,002,602	3,739,262
Classified salaries	38,532,384	37,984,495	37,195,367	789,128
Employee benefits	76,889,716	70,836,019	68,988,689	1,847,330
Books and supplies	17,414,390	31,755,288	27,479,145	4,276,143
Services and operating expenditures	36,148,968	46,196,602	39,603,144	6,593,458
Other outgo	4,604,454	5,072,637	4,863,935	208,702
Capital outlay	33,031,786	34,640,579	31,588,001	3,052,578
Debt service				
Debt service - principal	731,904	731,904	731,904	-
Debt service - interest and other	468,096	674,347	982,297	(307,950)
Total expenditures [1]	322,426,247	346,633,735	326,435,084	20,198,651
Excess (Deficiency) of Revenues Over Expenditures	(20,112,782)	2,016,273	19,294,812	17,278,539
Other Financing Sources				
Transfers in	2,001,124	2,966,480	-	(2,966,480)
Proceeds from COPs and premium	-	10,514,202	10,514,202	-
Proceeds from leases	-	407,690	407,690	-
Net financing sources (uses)	2,001,124	13,888,372	10,607,690	(3,280,682)
Net Change in Fund Balances	(18,111,658)	15,904,645	29,902,502	13,997,857
Fund Balance - Beginning	90,397,546	90,397,546	90,397,546	-
Fund Balance - Ending	$ 72,285,888	$106,302,191	$120,300,048	$ 13,997,857

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 3,465,269	$ 3,656,935	$ 3,535,606
Interest	1,433,606	995,463	939,307
Difference between expected and actual experience	-	(3,663,527)	-
Changes of assumptions	(461,820)	(5,245,657)	159,994
Benefit payments	(1,224,109)	(1,248,455)	(1,361,750)
Net change in total OPEB liability	3,212,946	(5,505,241)	3,273,157
Total OPEB Liability - Beginning	39,376,775	44,882,016	41,608,859
Total OPEB Liability - Ending	$ 42,589,721	$ 39,376,775	$ 44,882,016
Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,462,322	$ 4,127,855	$ 4,017,377
Interest	1,283,963	1,114,108	1,063,235
Difference between expected and actual experience	(1,920,038)	-	-
Changes of assumptions	4,015,373	812,848	-
Benefit payments	(1,372,538)	(1,365,545)	(1,313,024)
Net change in total OPEB liability	6,469,082	4,689,266	3,767,588
Total OPEB Liability - Beginning	35,139,777	30,450,511	26,682,923
Total OPEB Liability - Ending	$ 41,608,859	$ 35,139,777	$ 30,450,511
Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2023	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2438%	0.2496%	0.2871%	0.2737%	0.2645%	0.2632%
Proportionate share of the net OPEB liability	$ 803,217	$ 995,561	$ 1,216,496	$ 1,019,422	$ 1,012,258	$ 1,107,319
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, ten years of information will be presented.

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1625%	0.1660%	0.1647%	0.1547%	0.1473%
Proportionate share of the net pension liability	$ 112,893,875	$ 75,565,746	$ 159,649,395	$ 139,759,562	$ 135,414,139
State's proportionate share of the net pension liability	56,536,811	38,021,752	82,299,282	76,248,171	77,530,928
Total	$ 169,430,686	$ 113,587,498	$ 241,948,677	$ 216,007,733	$ 212,945,067
Covered payroll	$ 102,035,290	$ 94,234,229	$ 89,781,836	$ 88,058,127	$ 82,400,748
Proportionate share of the net pension liability as a percentage of its covered payroll	110.64%	80.19%	177.82%	158.71%	164.34%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.2058%	0.1996%	0.1869%	0.1890%	0.1886%
Proportionate share of the net pension liability	$ 70,813,590	$ 40,578,017	$ 57,344,287	$ 55,078,889	$ 50,284,772
Covered payroll	$ 31,615,378	$ 29,076,802	$ 26,950,028	$ 26,481,957	$ 24,920,115
Proportionate share of the net pension liability as a percentage of its covered payroll	223.98%	139.55%	212.78%	207.99%	201.78%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

Note: In the future, as data becomes available, ten years of information will be presented.

See Notes to Required Supplementary Information

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.1454%	0.1353%	0.1340%	0.1289%
Proportionate share of the net pension liability	$ 134,449,398	$ 109,469,030	$ 90,245,333	$ 75,329,929
State's proportionate share of the net pension liability	79,539,128	62,318,766	47,729,833	45,487,463
Total	$ 213,988,526	$ 171,787,796	$ 137,975,166	$ 120,817,392
Covered payroll	$ 75,270,803	$ 71,874,511	$ 64,640,450	$ 57,415,952
Proportionate share of the net pension liability as a percentage of its covered payroll	178.62%	152.31%	139.61%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.1810%	0.1753%	0.1727%	0.1604%
Proportionate share of the net pension liability	$ 43,200,109	$ 34,612,494	$ 25,453,861	$ 18,213,483
Covered payroll	$ 23,423,488	$ 21,679,885	$ 18,951,890	$ 16,841,863
Proportionate share of the net pension liability as a percentage of its covered payroll	184.43%	159.65%	134.31%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data becomes available, ten years of information will be presented.

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 21,394,995	$ 17,264,371	$ 15,218,828	$ 15,352,694	$ 14,335,863
Less contributions in relation to the contractually required contribution	21,394,995	17,264,371	15,218,828	15,352,694	14,335,863
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 112,015,681	$ 102,035,290	$ 94,234,229	$ 89,781,836	$ 88,058,127
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 9,733,056	$ 7,243,083	$ 6,018,898	$ 5,314,815	$ 4,783,171
Less contributions in relation to the contractually required contribution	9,733,056	7,243,083	6,018,898	5,314,815	4,783,171
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 38,364,430	$ 31,615,378	$ 29,076,802	$ 26,950,028	$ 26,481,957
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

Note: In the future, as data becomes available, ten years of information will be presented.

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 11,890,428	$ 9,469,067	$ 7,712,135	$ 5,740,072
Less contributions in relation to the contractually required contribution	11,890,428	9,469,067	7,712,135	5,740,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 82,400,748	$ 75,270,803	$ 71,874,511	$ 64,640,450
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 3,870,343	$ 3,253,054	$ 2,568,416	$ 2,230,827
Less contributions in relation to the contractually required contribution	3,870,343	3,253,054	2,568,416	2,230,827
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 24,920,115	$ 23,423,488	$ 21,679,885	$ 18,951,890
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

Note: In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate was changed from 3.54% to 3.65% since the previous measurement.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* **-** The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* **-** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions -* There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Salinas Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense			
Naval Junior ROTC	[1]	[2]	$ 87,122
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Basic Education, ESL	84.002A	14508	306,920
English Literacy and Civics	84.002A	14109	36,845
Adult Secondary Education	84.002	13978	150,870
Subtotal			494,635
Title I, Part A, Basic	84.010	14329	5,507,940
Title I, Part A, ESSA School Improvement (CSI)	84.010	15438	338,264
Subtotal			5,846,204
Title I, Part C, Migrant Education - Regular	84.011	14326	1,901,125
Title I, Part C, Migrant Education - Summer	84.011	10005	150,299
Subtotal			2,051,424
Special Education Cluster			
Special Education, ARP Local Assistance	84.027	15638	558,103
Special Education, ARP Preschool	84.027	10169	4,196
Special Education, Basic Local Assistance	84.027	13379	3,138,165
Special Education, Private School	84.027	10115	26,377
Subtotal Special Education Cluster			3,726,841
Title III, English Language Acquisition - IEP	84.365	15146	50,465
Title III, English Language Acquisition - LEP	84.365	14346	584,134
Subtotal			634,599
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	6,615,813
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	10,346,308
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund, Learning Loss	84.425U	10155	2,736,491
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	632,684
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER III, State Reserve, Emgerency Needs	84.425U	15620	90,074
COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	82,991
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W	15566	21,920
Subtotal			20,526,281

[1] Federal Financial Assistance Listing/Federal CFDA Number not available
[2] Pass-Through Entity Identifying Number not available

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title II, Part A, Supporting Effective Instruction	84.367	14341	544,733
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	434,786
Department of Rehabilitation: Workability II	84.126	10006	195,003
Technology Secondary IIC, Section 131	84.048	14894	353,552
Total U.S. Department of Education			34,808,058
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch	10.555	13391	3,612,462
Food Distribution - Commodities	10.555	13391	455,888
Meals Supplements - Snack	10.555	13391	236,254
Supply Chain Assistance (SCA) Funds	10.555	15655	894,277
Subtotal			5,198,881
Basic Breakfast	10.553	13525	74,609
Especially Needy Breakfast	10.553	13526	757,063
Subtotal			831,672
Summer Food Program	10.559	13004	30,744
Subtotal Child Nutrition Cluster			6,061,297
Total U.S. Department of Agriculture			6,061,297
Total Federal Financial Assistance			$ 40,956,477

[1] Federal Financial Assistance Listing/Federal CFDA Number not available
[2] Pass-Through Entity Identifying Number not available

Organization

The Salinas Union High School District was established in 1868. The District, a political subdivision of the State of California, is located in Monterey County. The District currently operates four middle schools and five high schools as well as one continuation high school, one alternative school of choice, one adult school, one community day school, and a regional occupational program, for a total of fourteen schools. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Carlos Rubio	President	2026
Tracy Filice	Vice President	2026
Nathalia Carrillo	Member	2026
Patty Padilla-Salsberg	Member	2024
Jorge Rojas	Member Clerk	2024
Monica Lujan	Member	2024

Administration

Dan Burns	Superintendent
Dr. Eugene Christmas III	Assistant Superintendent, Student Services
Ernesto Garcia	Assistant Superintendent, Instructional Services
Dr. Hector Galicia	Assistant Superintendent, Human Resources
Ana Aguillon	Manager of Business Services/CBO

	Second Period Report	Annual Report
Regular ADA		
Seventh and eighth	4,041.06	4,051.57
Ninth through twelfth	10,994.94	10,952.51
Total regular ADA	15,036.00	15,004.08
Extended Year Special Education		
Seventh and eighth	-	1.67
Ninth through twelfth	-	7.63
Total extended year special education	-	9.30
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.23	0.23
Ninth through twelfth	6.14	6.33
Total special education, nonpublic, nonsectarian schools	6.37	6.56
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.89	1.52
Community Day School		
Seventh and eighth	4.20	4.99
Ninth through twelfth	8.01	7.97
Total community day school	12.21	12.96
Total ADA	15,055.47	15,034.42

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Grades 7 - 8	54,000							
Grade 7		59,598	1,416	61,014	176	4	180	Complied
Grade 8		59,598	1,416	61,014	176	4	180	Complied
Grades 9 - 12	64,800							
Grade 9		63,894	1,496	65,390	176	4	180	Complied
Grade 10		63,894	1,496	65,390	176	4	180	Complied
Grade 11		63,894	1,496	65,390	176	4	180	Complied
Grade 12		63,894	1,496	65,390	176	4	180	Complied

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Building Fund	County School Facilities Fund
Fund Balance			
Balance, June 30, 2023, Unaudited Actuals	$ 114,663,313	$ 83,087,966	$ 32,765,531
Inecrease in			
Cash in county treasury (fair value)	2,831,191	830,369	789,834
Receivables	-	76,111	95,478
Decrease in			
Receivables	(2,348,851)	-	-
Accounts payable	5,468,597	-	-
Balance, June 30, 2023, Audited Financial Statements	$ 120,614,250	$ 83,994,446	$ 33,650,843

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund [3]				
Revenues	$ 320,707,551	$ 345,254,156	$ 271,772,426	$ 250,030,657
Other sources	2,546,131	14,355,223	1,389,997	350,867
Total Revenues and Other Sources	323,253,682	359,609,379	273,162,423	250,381,524
Expenditures	347,088,605	326,027,394	256,074,176	229,492,418
Increase/(Decrease) in Fund Balance	(23,834,923)	33,581,985	17,088,247	20,889,106
Ending Fund Balance	$ 78,066,942	$ 101,901,865	$ 68,319,880	$ 51,231,633
Available Reserves [2]	$ 34,901,893	$ 34,238,882	$ 32,534,705	$ 41,891,166
Available Reserves as a Percentage of Total Outgo	10.06%	10.50%	12.71%	18.25%
Long-Term Liabilities [4]	Not Available	$ 473,255,735	$ 317,770,727	$ 426,215,389
Average Daily Attendance at P-2	15,261	15,055	14,888	15,260

The General Fund balance has increased by $50,670,232 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $23,834,923 (23.4%). For a district this size, the State recommends available reserves of at least 3.0% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses each of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by $47,040,346 over the past two years mostly due to the issuance of a new bond measure and a lease agreement related to certificates of participation.

Average daily attendance has decreased by 205 over the past two years. An increase of 206 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Outlay Fund and the Special Reserve Postemployment Benefits Fund as required by GASB Statement No. 54.
[4] Long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statement No. 87.

	Student Activities Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	$ 1,796,238	$ 836	$ 5,504,562	$ 1,217,769	$ 2,353,005	$ 148,467	$ 12,395,915	$ 23,416,792
Receivables	1,002	346,949	2,871,398	3,727	15,120	666	-	3,238,862
Due from other funds	-	1,235,366	-	-	-	-	-	1,235,366
Stores inventories	-	-	46,711	-	-	-	-	46,711
Total assets	$ 1,797,240	$ 1,583,151	$ 8,422,671	$ 1,221,496	$ 2,368,125	$ 149,133	$ 12,395,915	$ 27,937,731
Liabilities and Fund Balances								
Liabilities								
Overdrafts	$ -	$ 1,231,939	$ -	$ -	$ -	$ -	$ -	$ 1,231,939
Accounts payable	3,100	86,323	293,851	854,198	6,140	-	-	1,243,612
Due to other funds	-	145,061	194,040	-	-	-	-	339,101
Unearned revenue	-	61,128	-	-	-	-	-	61,128
Total liabilities	3,100	1,524,451	487,891	854,198	6,140	-	-	2,875,780
Fund Balances								
Nonspendable	-	-	46,711	-	-	-	-	46,711
Restricted	1,794,140	58,700	7,888,069	-	2,361,985	-	12,395,915	24,498,809
Committed	-	-	-	367,298	-	-	-	367,298
Assigned	-	-	-	-	-	149,133	-	149,133
Total fund balances	1,794,140	58,700	7,934,780	367,298	2,361,985	149,133	12,395,915	25,061,951
Total liabilities and fund balances	$ 1,797,240	$ 1,583,151	$ 8,422,671	$ 1,221,496	$ 2,368,125	$ 149,133	$ 12,395,915	$ 27,937,731

	Student Activities Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Local Control Funding Formula	$ -	$ 1,196,483	$ -	$ 600,000	$ -	$ -	$ -	$ 1,796,483
Federal sources	-	494,635	6,061,296	-	-	-	-	6,555,931
Other State sources	-	1,747,815	2,021,290	-	-	-	55,390	3,824,495
Other local sources	3,785,804	172,047	1,703,036	(13,787)	295,757	53,873	10,478,687	16,475,417
Total revenues	3,785,804	3,610,980	9,785,622	586,213	295,757	53,873	10,534,077	28,652,326
Expenditures								
Current								
Instruction	-	1,840,654	-	-	-	-	-	1,840,654
Instruction-related activities								
Supervision of instruction	-	546,334	-	-	-	-	-	546,334
School site administration	-	507,676	-	-	-	-	-	507,676
Pupil services								
Food services	-	-	7,826,513	-	-	-	-	7,826,513
All other pupil services	-	274,460	-	-	-	-	-	274,460
Administration								
All other administration	-	118,179	193,740	-	(30,250)	-	-	281,669
Plant services	-	297,767	331,824	59,057	119,813	2,229	-	810,690
Ancillary services	3,623,097	-	-	-	-	-	-	3,623,097
Facility acquisition and construction	-	-	-	884,134	229,102	-	-	1,113,236
Debt service								
Principal	-	-	-	-	-	-	665,000	665,000
Interest and other	-	-	-	-	-	-	6,874,065	6,874,065
Total expenditures	3,623,097	3,585,070	8,352,077	943,191	318,665	2,229	7,539,065	24,363,394

	Student Activities Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	162,707	25,910	1,433,545	(356,978)	(22,908)	51,644	2,995,012	4,288,932
Other Financing Sources								
Premium on bond issuance	-	-	-	-	-	-	5,355,457	5,355,457
Net Change in Fund Balances	162,707	25,910	1,433,545	(356,978)	(22,908)	51,644	8,350,469	9,644,389
Fund Balance - Beginning	1,631,433	32,790	6,501,235	724,276	2,384,893	97,489	4,045,446	15,417,562
Fund Balance - Ending	$ 1,794,140	$ 58,700	$ 7,934,780	$ 367,298	$ 2,361,985	$ 149,133	$ 12,395,915	$ 25,061,951

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Salinas Union High School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Salinas Union High School District, it is not intended to and does not present the net position, changes in net position or fund balances of Salinas Union High School District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling $455,888 in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

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

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2023

Salinas Union High School District

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 Governing Board
Salinas Union High School District
Salinas, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salinas Union High 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 February 2, 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 and therefore, material weaknesses or significant deficiencies 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 material weaknesses.

Report on Compliance and Other Matters

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

Salinas Union High School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Salinas Union High School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Salinas Union High School District[Entity] '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.

Eide Bailly LLP

Fresno, California
February 2, 2024

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

To the Governing Board
Salinas Union High School District
Salinas, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

We are required to be independent of the 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 GAAS, *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 GAAS, *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.

Eide Bailly LLP

Fresno, California
February 2, 2024

Independent Auditor's Report on State Compliance

To the Governing Board
Salinas Union High School District
Salinas, California

Report on Compliance

Opinion on State Compliance

We have audited Salinas Union High School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No (see below)
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	No (see below)
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No (see below)
Transitional Kindergarten	No (see below)
Charter Schools	
Attendance	No (see below)
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	No (see below)
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

We did not perform procedures for Independent Study because the program is not offered by the District besides for Course Based Independent Study.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

The District does not provide classes for grades K-3; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District did not report ADA for transitional kindergarten; therefore, we did not perform procedures related to Transitional Kindergarten.

Additionally, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fresno, California
February 2, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Salinas Union High School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Title I, Part A, Basic	84.010
Title I, Part A, ESSA School Improvement (CSI)	84.010
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund, Learning Loss	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER III, State Reserve, Emgergency Needs	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425W

Federal Awards

Dollar threshold used to distinguish between type A and type B programs	$ 1,228,694
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Internal Control

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our engagement, we identified material misstatements of the fair market value measurement of the District Cash in County and accounts receivable accounts. These errors resulted in the District not preparing the financial statements in accordance with Generally Accepted Accounting Principles.

Questioned Costs

There are no questioned costs related to this finding.

Context

The first condition was identified as a result of our audit of the fair market value measurement across all funds. Districts are required to report investments (including cash in county) at the fair market value as of June 30, 2023.

The second condition was identified as a result of our audit of interest revenue.

Effect

The conditions resulted in the incorrect reporting of various accounts as of June 30, 2023. Specifically, the following misstatements were noted:

Major Funds
The General Fund (including consolidated funds in accordance with GASB 54) - increase of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $2,831,191.

The Building Fund – increase of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $830,369. There was also an increase in accounts receivable of $76,111.

The County School Facilities Fund – increase of the Net Increase (Decrease) in the Fair Value of Investments revenue account of $789,834. There was also an increase in accounts receivable of $95,478.

Governmental Activities
The Governmental Activities (the total of the misstatements discussed above) had a combined reduction of the ending net position of $4,622,983.

Cause

A few factors contributed to the oversight. The fair market value adjustments are only performed once per year and can either increase the revenue or decrease the revenue and cash in county balance at year end. The District staff did not include the fair value adjustment to cash in county treasury balances (Object 9111) in the fair market value calculations. The fourth quarter interests are not usually received until after the books are closed. An estimate is prepared by the county office of education and accrued as a receivable. However, the actual interests received for the Building and County School Facilities Fund were materially more than estimated.

Repeat Finding (Yes or No)

No.

Recommendation

We recommend management evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Corrective Action Plan and Views of Responsible Officials

The District agrees that having a review of internal control system is an important part of the District's overall internal control process. The District will review and revise processes to monitor and implement necessary controls.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.