

CABRILLO UNIFIED SCHOOL DISTRICT
COUNTY OF SAN MATEO
HALF MOON BAY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2023



Chavan & Associates, LLP

Certified Public Accountants
15105 Concord Circle, Ste. 130
Morgan Hill, CA 95037

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**CABRILLO UNIFIED SCHOOL DISTRICT
SAN MATEO COUNTY**

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SAN MATEO COUNTY**

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, California

Report on the Financial Statements

Opinion

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

District 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 GAGAS 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 GAGAS, 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 CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, and schedule of STRS proportionate share of net pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with



auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget report to the audited financial statements, as required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of average daily attendance, schedule of instructional time offered, the reconciliation of the Annual Financial and Budget report to the audited financial statement, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools, and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

C & A LLP

December 10, 2023
Morgan Hill, California

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Management's Discussion and Analysis

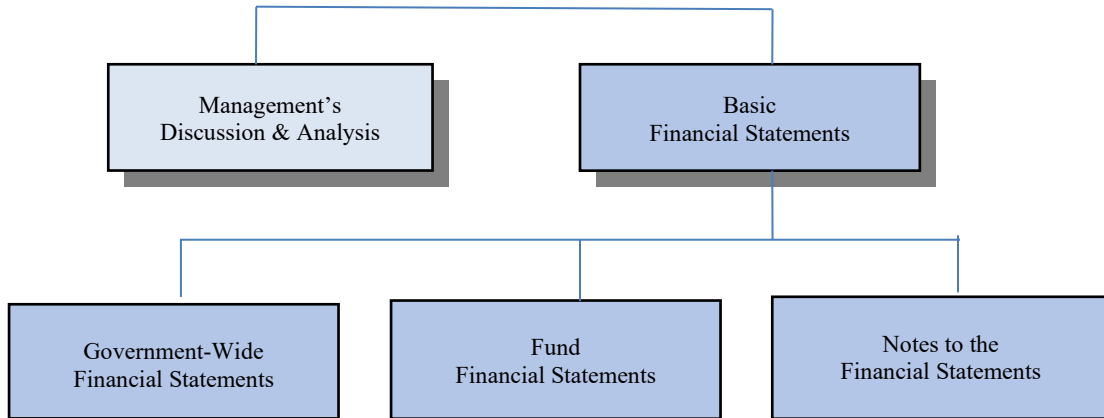
**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

INTRODUCTION

The Management’s Discussion and Analysis (MD&A) is a required section of the District’s annual financial report, as shown in the overview below. The purpose of the MD&A is to presents discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2023. This report will (1) focus on significant financial issues, (2) provide an overview of the District’s financial activity, (3) identify changes in the District’s financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District’s operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2023 were as follows:

- Total net position increased by \$13,899,306 from June 30, 2022 to June 30, 2023.
- General revenues accounted for \$44,285,252 which is 62% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for \$26,630,676 or 38% of total revenues of \$70,915,928.
- The District had \$57,016,622 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) increased by \$30,793,254, or 65%, from June 30, 2022 to June 30, 2023.
- Among major funds, the General Fund reported \$49,251,972 in revenues and \$48,625,171 in expenditures. The General Fund’s fund balance increased by \$456,801 from June 30, 2022 to June 30, 2023.

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District’s most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management’s Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District’s operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during the fiscal year 2022 - 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District’s property tax base, current

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. 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 future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The District is the trustee, or fiduciary, for an expendable trust fund. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's fund and government-wide financial statements because the District cannot use these assets to finance its operations.

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Total assets of governmental activities increased by \$30,431,662 and net capital assets increased by \$873,219 while long-term liabilities increased by \$33,909,705. Unrestricted net position of the District, which does not have constraints from grantors, legal requirements, or legislation, increased by \$4,688,216.

Table 1 provides a summary of the District's net position for the last two fiscal years:

Table 1 - Summary of Net Position						
	2023		2022		Change	Percent
Assets						
Current Assets	\$	82,327,665	\$	52,769,222	\$ 29,558,443	56.0%
Capital Assets		125,994,649		125,121,430	873,219	0.7%
Total Assets	\$	208,322,314	\$	177,890,652	\$ 30,431,662	17.1%
Deferred Outflows of Resources						
	\$	13,303,820	\$	8,818,341	\$ 4,485,479	50.9%
Liabilities						
Current and Other Liabilities	\$	6,315,671	\$	7,683,482	\$ (1,367,811)	-17.8%
Long-Term Liabilities		183,448,202		149,538,497	33,909,705	22.7%
Total Liabilities	\$	189,763,873	\$	157,221,979	\$ 32,541,894	20.7%
Deferred Inflows of Resources						
	\$	5,578,659	\$	17,102,718	\$ (11,524,059)	-67.4%
Net Position						
Net Investment in Capital Assets	\$	42,106,007	\$	45,065,367	\$ (2,959,360)	-6.6%
Restricted		18,001,918		5,831,468	12,170,450	208.7%
Unrestricted		(33,824,323)		(38,512,539)	4,688,216	12.2%
Total Net Position	\$	26,283,602	\$	12,384,296	\$ 13,899,306	112.2%

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table 2 shows the changes in net position as compared to the previous fiscal year:

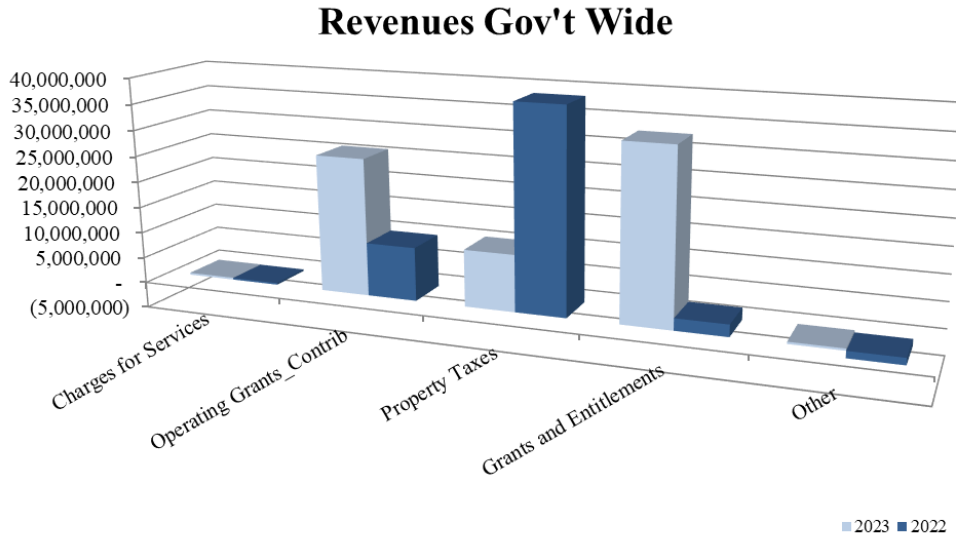
Table 2 - Change in Net Position				
	2023	2022	Change	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 374,326	\$ 319,311	\$ 55,015	17.2%
Operating Grants and Contributions	26,256,350	10,198,331	16,058,019	157.5%
General Revenues:				
Property Taxes	10,832,004	38,673,560	(27,841,556)	-72.0%
Grants and Entitlements - Unrestricted	33,048,788	2,301,362	30,747,426	1336.1%
Other	404,460	(1,322,460)	1,726,920	130.6%
Total Revenues	70,915,928	50,170,104	20,745,824	41.4%
Program Expenses				
Instruction	30,873,665	28,468,201	2,405,464	8.4%
Instruction-Related Services	7,681,954	6,798,635	883,319	13.0%
Pupil Services	4,768,136	4,662,342	105,794	2.3%
General Administration	3,584,763	3,260,815	323,948	9.9%
Plant Services	5,640,972	4,597,041	1,043,931	22.7%
Ancillary Services	1,356,279	1,076,376	279,903	26.0%
Community Services	44,179	46,809	(2,630)	-5.6%
Payments to Other Agencies	273,958	311,367	(37,409)	-12.0%
Interest and Fiscal Charges	2,792,716	7,041,455	(4,248,739)	-60.3%
Total Expenses	57,016,622	56,263,041	753,581	1.3%
Change in Net Position	\$ 13,899,306	\$ (6,092,937)	\$ 19,992,243	328.1%
Prior Period Adjustment - ELO Award Revision	-	(882,533)	882,533	100.0%
Change in Net Position Including Restatement	\$ 13,899,306	\$ (6,975,470)	\$ 20,874,776	299.3%

Property taxes comprised 15% of District revenues versus 77% in the prior year. Direct instruction costs comprised 54% of District expenses for fiscal year 2022-23 which was consistent with the prior year. Total revenues increased by 41.4% and total expenses increased by 1.3% as compared to the prior fiscal year.

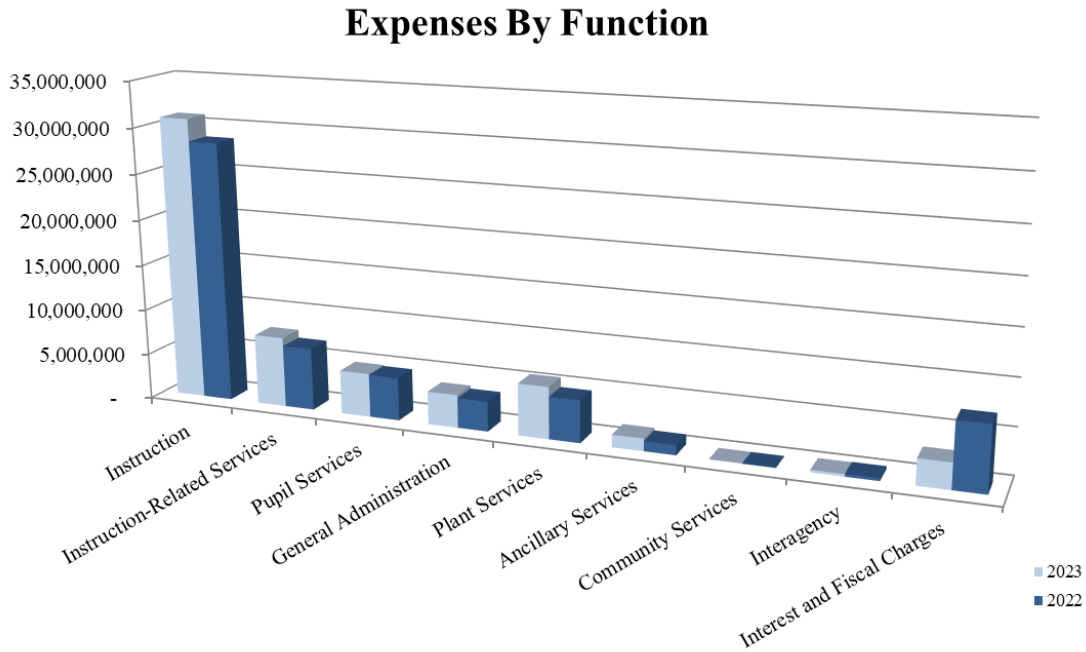
The dependence upon tax and local revenues is apparent, 81% of the District's activities are supported through taxes, grants and entitlements, and other general revenues. The community, as a whole, is the primary support for the District.

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a summary of government-wide revenues for the fiscal years ended June 30, 2022 and 2023:



The following is a summary of expenses by function for the fiscal years ended June 30, 2022 and 2023:



**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services				
Function	2023	2022	Change	Percent
Instruction	\$ 17,296,947	\$ 23,679,858	\$ (6,382,911)	-27.0%
Instruction-Related Services	5,593,547	4,593,326	1,000,221	21.8%
Pupil Services	(520,454)	3,229,739	(3,750,193)	-116.1%
General Administration	3,560,310	3,211,843	348,467	10.8%
Plant Services	5,270,444	4,022,772	1,247,672	31.0%
Ancillary Services	897,796	653,411	244,385	37.4%
Community Services	3,218	42,665	(39,447)	-92.5%
Payments to Other Agencies	(4,508,578)	(729,670)	(3,778,908)	-517.9%
Interest and Fiscal Charges	2,792,716	7,041,455	(4,248,739)	-60.3%
Total Net Cost of Services	\$ 30,385,946	\$ 45,745,399	\$(15,359,453)	-33.6%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-Related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services include the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services include school-sponsored activities during or after the school day that are not essential to the delivery of instructional services.

Community Services include activities concerned with providing services to community participants other than students.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

THE DISTRICT'S FUNDS

Table 4 provides a summary of the changes in the District's fund balances:

Table 4 - Change in Fund Balances			
Funds	2023	2022	Change
General Fund	\$ 5,574,675	\$ 5,117,874	\$ 456,801
Building Fund	52,566,358	35,618,937	16,947,421
Bond Interest & Redemption Fund	5,941,631	4,251,977	1,689,654
Nonmajor Funds	13,882,330	2,182,952	11,699,378
Total Governmental Fund Balances	\$ 77,964,994	\$ 47,171,740	\$ 30,793,254

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2022-23 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd Interim, which resulted in an increase in budgeted expenditures of \$4,823,869 from the original to final budget.

For the General Fund, the final budget basis revenue and other financing sources estimate was \$47,030,391. The original budgeted estimate was \$43,022,907.

CAPITAL ASSETS

Table 5 shows the changes in the District's capital assets, net of depreciation:

Table 5 - Summary of Capital Assets Net of Depreciation			
Capital Asset	2023	2022	Percentage Change
	Net Capital Asset	Net Capital Asset	
Land	\$ 1,456,448	\$ 1,456,448	0.0%
Work-in-Progress	22,703,355	20,105,044	12.9%
Site Improvements	11,399,568	10,118,179	12.7%
Buildings and Improvements	89,637,753	92,639,257	-3.2%
Furniture and Equipment	797,525	802,502	-0.6%
Totals	\$ 125,994,649	\$ 125,121,430	0.7%

**CABRILLO UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

LONG TERM LIABILITIES

Table 5 shows the changes in the District’s long-term liabilities:

Table 6 - Long-term Liabilities			
Type	2023	2022	Percentage Change
General obligation bonds	\$ 136,455,000	\$ 115,675,000	18.0%
Unamortized bond premiums - net	11,294,360	11,363,320	-0.6%
Net Pension Liability	35,128,564	21,876,530	60.6%
Compensated absences	570,278	623,647	-8.6%
Total Debt	\$ 183,448,202	\$ 149,538,497	22.7%

FACTORS BEARING ON THE DISTRICT’S FUTURE

The FY 2021-22 budget assumptions and Multi-Year Projections (MYP) indicated that the district would continue to be a Basic Aid district with reserves above the mandated 3%. Thus, the district settled negotiations with its bargaining units based on a projected 2021-22 with four percent (4%) tax increase. The bargaining units received a 5.29% salary increase and a one-time off-schedule \$2,000 payment. In the Spring of 2022 (P1), however, the district tax revenue was reported to be only 1.03%. Additionally, the 2022-23 COLA and augmentation of 13.6% across the state of California propelled the district back into LCFF funding mode. The reserves were quickly eroded and the district filed its 2022-23 First and Second Interim financial reports as *Qualified*. The San Mateo County Office of Education (SMCOE) required a Third 2022-23 Financial Report which was filed as *Negative*. SMCOE issued a Lack of Going Concern letter to the district’s governing Board requiring the development and implementation of a *Solvency and Fiscal Stabilization Plan* which was Board approved on November 9, 2023. The implementation of the *plan* includes identification and implementation of reductions and savings in 2023-24 and the out-years 2024-25 and 2025-26. The district will be right-sizing and implementing austerity measures to face the fiscal crisis. Additionally, the district will seek to increase its reserves in alignment with its Board Policy 3100.1.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact J Jesus Contreras, Chief Business Official, Cabrillo Unified School District, 498 Kelly Avenue, Half Moon Bay, CA 94019, (650) 712-7123.

Basic Financial Statements

CABRILLO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash in county treasury	\$ 77,632,296
Cash in revolving fund	25,000
Cash in bank	128,883
Accounts receivable	4,518,411
Inventories	23,075
Total current assets	82,327,665
Capital assets - net	125,994,649
Total Assets	\$ 208,322,314
 Deferred Outflows of Resources	
Deferred loss on early retirement of long-term debt	\$ 521,664
Pension adjustments	12,782,156
Total Deferred Outflows of Resources	\$ 13,303,820
 Liabilities	
Accounts payable	\$ 2,956,349
Unearned revenue	1,406,322
Accrued interest	1,953,000
Total current liabilities	6,315,671
Long-term liabilities:	
Due within one year	1,840,000
Due after one year	181,608,202
Total long-term liabilities	183,448,202
Total Liabilities	\$ 189,763,873
 Deferred Inflows of Resources	
Pension adjustments	\$ 5,578,659
 Net Position	
Net investment in capital assets	\$ 42,106,007
Restricted for:	
Capital projects	13,508,161
Educational programs	4,147,452
Adult education	162,815
Cafeteria programs	183,490
Total restricted net position	18,001,918
Unrestricted	(33,824,323)
Total Net Position	\$ 26,283,602

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

**CABRILLO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 30,873,665	\$ 148,232	\$ 13,428,486	\$ (17,296,947)
Instruction-related services:				
Supervision of instruction	2,437,117	1,795	861,725	(1,573,597)
Instruction library, media and technology	1,670,311	4,763	262,920	(1,402,628)
School site administration	3,574,526	5,419	951,785	(2,617,322)
Pupil services:				
Home-to-school transportation	684,922	9,224	478,565	(197,133)
Food services	1,104,029	85,302	1,134,351	115,624
All other pupil services	2,979,185	1,854	3,579,294	601,963
General administration:				
All other general administration	3,584,763	224	24,229	(3,560,310)
Plant services	5,640,972	5,069	365,459	(5,270,444)
Ancillary services	1,356,279	1,558	456,925	(897,796)
Community services	44,179	775	40,186	(3,218)
Payments to other agencies	273,958	110,111	4,672,425	4,508,578
Interest on long-term debt	2,792,716	-	-	(2,792,716)
Total governmental activities	<u>\$ 57,016,622</u>	<u>\$ 374,326</u>	<u>\$ 26,256,350</u>	<u>(30,385,946)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				2,328,402
Taxes levied for debt service				6,900,871
Taxes levied for other specific purpose				1,602,731
Federal and state aid non restricted to specific purposes				33,048,788
Interest and investment earnings				143,619
Miscellaneous				260,841
Total general revenues and special item				<u>44,285,252</u>
Change in net position				13,899,306
Net position beginning				<u>12,384,296</u>
Net position ending				<u>\$ 26,283,602</u>

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

**CABRILLO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 5,353,364	\$ 52,684,741	\$ 5,904,450	\$ 13,689,741	\$ 77,632,296
Cash in revolving fund	25,000	-	-	-	25,000
Cash in bank	128,883	-	-	-	128,883
Accounts receivable	3,575,746	361,882	37,181	543,602	4,518,411
Due from other funds	21,672	29,380	-	14,448	65,500
Prepaid items and stores inventories	14,301	-	-	8,774	23,075
Total Assets	\$ 9,118,966	\$ 53,076,003	\$ 5,941,631	\$ 14,256,565	\$ 82,393,165
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,350,628	\$ 508,444	\$ -	\$ 97,277	\$ 2,956,349
Due to other funds	43,828	1,201	-	20,471	65,500
Unearned revenue	1,149,835	-	-	256,487	1,406,322
Total Liabilities	3,544,291	509,645	-	374,235	4,428,171
Fund balances:					
Nonspendable:					
Revolving fund	25,000	-	-	-	25,000
Stores inventories	14,301	-	-	8,774	23,075
Restricted for:					
Educational programs	4,147,452	-	-	-	4,147,452
Debt service	-	-	5,941,631	-	5,941,631
Adult education	-	-	-	162,815	162,815
Cafeteria programs	-	-	-	183,490	183,490
Capital projects	-	52,566,358	-	13,508,161	66,074,519
Assigned for:					
Site repairs	-	-	-	237	237
Child development	-	-	-	18,853	18,853
Unassigned:					
Economic uncertainties	1,387,922	-	-	-	1,387,922
Total Fund Balances	5,574,675	52,566,358	5,941,631	13,882,330	77,964,994
Total Liabilities and Fund Balances	\$ 9,118,966	\$ 53,076,003	\$ 5,941,631	\$ 14,256,565	\$ 82,393,165

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

**CABRILLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total fund balances - governmental funds		\$ 77,964,994
Amounts reported 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 the governmental funds.		
Capital assets at cost	\$ 168,811,972	
Accumulated depreciation	<u>(42,817,323)</u>	125,994,649
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		
		(1,953,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		
		12,782,156
The difference from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		
		(5,578,659)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General obligation bonds	\$ 136,455,000	
Unamortized bond premium	11,294,360	
Deferred loss on defeasance on long-term debt	(521,664)	
Net pension liabilities	35,128,564	
Compensated absences (vacation)	<u>570,278</u>	<u>(182,926,538)</u>
Total net position - governmental activities		<u>\$ 26,283,602</u>

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

**CABRILLO UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	\$ 34,728,811	\$ -	\$ -	\$ -	\$ 34,728,811
Federal revenue	1,561,293	-	-	552,034	2,113,327
Other state	9,093,570	-	29,169	1,326,076	10,448,815
Other local	3,868,298	508,141	6,900,465	12,348,074	23,624,978
Total revenues	49,251,972	508,141	6,929,634	14,226,184	70,915,931
Expenditures:					
Current					
Instruction	27,454,295	-	-	259,781	27,714,076
Instruction-related services:					
Supervision of instruction	2,383,530	-	-	170,068	2,553,598
Instruction library, media and technology	1,675,662	-	-	-	1,675,662
School site administration	3,214,668	-	-	504,393	3,719,061
Pupil services:					
Home-to-school transportation	526,111	-	-	-	526,111
Food services	1,593	-	-	1,155,203	1,156,796
All other pupil services	3,121,574	-	-	-	3,121,574
General administration:					
All other general administration	3,695,925	-	-	12,764	3,708,689
Plant services	4,581,393	236,874	-	22,283	4,840,550
Facilities acquisition and construction	102,671	6,020,819	-	572,314	6,695,804
Ancillary Services	1,356,279	-	-	-	1,356,279
Community services	44,179	-	-	-	44,179
Payments to other agencies	273,958	-	-	-	273,958
Debt service:					
Principal	-	-	1,300,000	-	1,300,000
Interest and fees	193,333	303,027	5,115,324	-	5,611,684
Total expenditures	48,625,171	6,560,720	6,415,324	2,696,806	64,298,021
Excess (deficiency) of revenues over (under) expenditures	626,801	(6,052,579)	514,310	11,529,378	6,617,910
Other financing sources (uses):					
Transfers in	-	-	-	170,000	170,000
Transfers out	(170,000)	-	-	-	(170,000)
Bond proceeds	-	23,000,000	6,385,000	-	29,385,000
Bond defeasance	-	-	(7,381,402)	-	(7,381,402)
Bond premiums	-	-	2,171,746	-	2,171,746
Total other financing sources (uses)	(170,000)	23,000,000	1,175,344	170,000	24,175,344
Net changes in fund balances	456,801	16,947,421	1,689,654	11,699,378	30,793,254
Fund balances beginning	5,117,874	35,618,937	4,251,977	2,182,952	47,171,740
Fund balances ending	\$ 5,574,675	\$ 52,566,358	\$ 5,941,631	\$ 13,882,330	\$ 77,964,994

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

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

Total net change in fund balances - governmental funds \$ 30,793,254

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Capital asset additions from capital outlay	\$ 5,694,459	
Depreciation expense	<u>(4,821,240)</u>	873,219

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items are as follows:

Proceeds from bond issuance	\$ (23,000,000)	
Bond premiums	(1,040,245)	
Proceeds from refunding bonds	(6,385,000)	
Advance refunding of bond principal	7,305,000	
Advance refunding of bond premiums	598,066	
Loss on advance refunding	521,664	
Repayment of bond principal	<u>\$ 1,300,000</u>	(20,700,515)

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is: 511,139

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. 2,235,840

In the Statement of Activities, compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation used exceeded the amounts earned, resulting in a current year change in compensated absences in the amount of: 53,369

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 133,000

Changes in net position of governmental activities \$ 13,899,306

**CABRILLO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	School Scholarship Fund
Assets:	
Cash on hand and in banks	\$ 123,901
Total Assets	<u>\$ 123,901</u>
Net Position:	
Restricted	\$ 123,901
Total Net Position	<u>\$ 123,901</u>

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

**CABRILLO UNIFIED SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>School Scholarship Fund</u>
Additions	
Other Local	<u>\$ 143,235</u>
Deductions	
Scholarships	<u>124,072</u>
Changes in net position	19,163
Net position beginning	<u>104,738</u>
Net position ending	<u><u>\$ 123,901</u></u>

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

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Notes to the Basic Financial Statements

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District’s combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB.

Component Units:

The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2023, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to minimize the effect of interfund of activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as 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 of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 365 days after year-end.

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

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources from unavailable resources.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

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

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Other Than Capital Outlay and Special Reserve Fund for Postemployment Benefits.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following nonmajor special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
- The *Child Development Fund* is used to account for resources committed child development programs maintained by the District.
- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.
- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects fund:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").
- The *Special Reserve Fund for Capital Projects* exists primarily to account for funds set aside for Board designated construction projects.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Fiduciary Funds:

- *Private-Purpose Trust Funds* are used to account for assets held by the District as trustee. The District maintains one trust fund, the Scholarship fund, which is used to provide financial assistance to students of the District.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) with the General Fund because it does not meet the definition of a special revenue fund as defined by GASB 54.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

H. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

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

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The following summarizes the pension plan balances for the fiscal year:

	PERS	STRS	Total
Deferred outflows of resources	\$ 6,903,509	\$ 5,878,647	\$ 12,782,156
Deferred inflows of resources	\$ 539,864	\$ 5,038,795	\$ 5,578,659
Pension expense	\$ 2,778,816	\$ 2,281,942	\$ 5,060,758
Net pension liabilities	\$ 17,057,272	\$ 18,071,292	\$ 35,128,564

I. Assets, Liabilities, and Equity

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

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

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

c) Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets. The District’s central warehouse inventory is valued at cost and consists of expendable supplies held for consumption.

Prepaid expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expenditure in the Statement of Net Position.

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of \$15,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer and office equipment	5

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

e) Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

f) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

g) Fund Balance Reserves and Designations

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Chief Business Official.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

h) Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Child Development restrictions reflect the amounts to be expended for federal, state, or local revenues to operate child development programs.

Adult Education restrictions reflect the amounts to be expended for federal and state funded adult education programs.

Cafeteria Programs restrictions reflect the amounts to be expended for federal, state, or local revenues to operate cafeteria programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

i) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

j) Risk management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

k) Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

J. Implemented Accounting Pronouncements

GASB Statement No. 96, *Subscription-based Information Technology Arrangements.*

During the year, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB Statement No. 96 is an accounting pronouncement issued by the Governmental Accounting Standards Board (GASB) that provides guidance on how the costs and investments for subscription-based information technology arrangements (SBITAs) are accounted for and disclosed by governmental entities. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. As of June 30, 2023, the District did not have any material contracts that were required to be reported as SBITAs under GASB 96.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

**CABRILLO UNIFIED SCHOOL DISTRICT
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This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2023 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash in county treasury investment pool	\$ 79,909,723	\$ 77,632,296
Cash in revolving fund	25,000	25,000
Cash in banks	128,883	128,883
Total Government-Wide Cash and Investments	80,063,606	77,786,179
Fiduciary Funds:		
Cash in banks	123,901	123,901
Total Cash and Investments	\$ 80,187,507	\$ 77,910,080

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2023, the bank balance of the District's accounts with banks was \$268,409. As of June 30, 2023, the bank balances of the District's accounts were fully insured by FDIC.

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

Policies and Practices

The District is authorized under California Government Code Section 53635 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.

Limitations as they relate to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk are described below:

A. 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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately \$2.44 billion and an amortized book value of \$2.51 billion.

B. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least Aa1 by Moody's Investor Service.

C. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. 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

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

D. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

3. ACCOUNTS RECEIVABLE

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

Description	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total
Unrestricted	\$ 229,896	\$ -	\$ -	\$ -	\$ 229,896
Federal Government	1,196,116	-	-	230,467	1,426,583
State Government	1,613,107	-	-	198,194	1,811,301
Local and Other Resources	536,627	361,882	37,181	114,941	1,050,631
Total Accounts Receivable	<u>\$ 3,575,746</u>	<u>\$ 361,882</u>	<u>\$ 37,181</u>	<u>\$ 543,602</u>	<u>\$ 4,518,411</u>

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2023 were as follows:

Capital Assets	Balance July 01, 2022	Additions	Adjustments & Deletions	Balance June 30, 2023
Land - not depreciable	\$ 1,456,448	\$ -	\$ -	\$ 1,456,448
Work-in-progress - not depreciable	20,105,044	2,598,311	-	22,703,355
Site improvements	14,262,522	2,010,016	-	16,272,538
Buildings and improvements	124,980,049	963,537	-	125,943,586
Furniture and equipment	2,313,450	122,595	-	2,436,045
Total capital assets	163,117,513	5,694,459	-	168,811,972
Less accumulated depreciation for:				
Site improvements	4,144,343	728,627	-	4,872,970
Buildings and improvements	32,340,792	3,965,041	-	36,305,833
Furniture and equipment	1,510,948	127,572	-	1,638,520
Total accumulated depreciation	37,996,083	4,821,240	-	42,817,323
Total capital assets - net depreciation	<u>\$ 125,121,430</u>	<u>\$ 873,219</u>	<u>\$ -</u>	<u>\$ 125,994,649</u>

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 4,477,120
Instruction library, media and technology	71,083
School site administration	25,108
Home-to-school transportation	182,809
All other general administration	45,244
Plant services	19,876
Total depreciation expense	\$ 4,821,240

5. TAX AND REVENUE ANTICIPATIONS NOTES

The District issued \$2,045,000 in tax and revenue anticipation notes dated June 22, 2022. The notes matured on June 30, 2023 and yielded 4% interest. The notes were sold to supplement cash flow and were repaid from the General Fund.

6. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 170,000
Nonmajor Funds	170,000	-
Totals	\$ 170,000	\$ 170,000

Interfund Receivables/Payables (Due From/Due To)

Interfund receivables and payables consisted of the following as of June 30, 2023:

Fund	Due From	Due To
General Fund	\$ 21,672	\$ 43,828
Building Fund	29,380	1,201
Nonmajor Funds	14,448	20,471
Totals	\$ 65,500	\$ 65,500

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is the schedule of changes in long-term liabilities for the fiscal year ended June 30, 2023:

<u>Long Term Liabilities</u>	<u>Balance</u>			<u>Balance</u> June 30, 2023	<u>Due Within</u> <u>One Year</u>
	<u>July 01, 2022</u>	<u>Additions</u>	<u>Deductions</u>		
General Obligation Bonds	\$ 115,675,000	\$ 29,385,000	\$ 8,605,000	\$ 136,455,000	\$ 1,840,000
Unamortized Bond Premium	11,363,320	1,040,245	1,109,205	11,294,360	-
Net Pension Liabilities	21,876,530	21,592,531	8,340,497	35,128,564	-
Compensated Absences	623,647	174,316	227,685	570,278	-
Total Long-Term Liabilities	<u>\$ 149,538,497</u>	<u>\$ 52,192,092</u>	<u>\$ 18,282,387</u>	<u>\$ 183,448,202</u>	<u>\$ 1,840,000</u>

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund using local revenues. Pension liabilities and compensated absences are paid from the fund under which the employee works.

General Obligation Bonds Payable

On October 25, 2012, the District issued \$19,715,860 in Election 2012, Series A GO Bonds. This included principal of \$18,000,000, with a premium of \$1,715,860. The bonds mature on August 1, 2037. Total debt service for the bonds is \$27,843,608. Bond proceeds will be used for improvements and construction at the District's school sites. In August 2017, the District issued 2017 GO Refunding Bonds for the purpose of refunding certain maturities of the outstanding Election 2012 Series A GO Bonds. The remaining balance of \$7,305,000 was fully refunded by the 2023 General Obligation Refunding Bonds in FY23.

On January 14, 2015, the District issued \$21,067,416 in Election 2012, Series B GO Bonds. This included principal of \$20,000,000, with a premium of \$1,067,416. The bonds mature on August 1, 2044. Total debt service for the bonds is \$35,591,991. Bond proceeds will be used for improvements and construction at the District's school sites.

On January 18, 2017, the District issued \$20,571,771 in Election 2012, Series C GO Bonds. This included principal of \$20,000,000 with a premium of \$571,771. The bonds mature on August 1, 2046. Total debt service for the bonds is \$39,133,222. Bond proceeds will be used for improvements and construction at the District's school sites.

On August 31, 2017, the District issued \$4,610,000 in 2017 GO Refunding Bonds for the purpose of partially refunding its outstanding obligation under Election 2012, Series A GO Bonds. The proceeds of the 2017 GO Refunding Bonds were used to defease and redeem \$4,700,000 principal amount of the District's outstanding Election 2012, Series A GO Bonds. The amounts defeased have been removed from the government-wide financial statement of net position. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$269,940.

On September 25, 2018, the District issued \$35,000,000 in 2018 Series A General Obligation Bonds through Measure M for improvements and construction at District's school sites. The bonds were issued at a premium of \$2,509,804 and secured by property taxes. Issuance costs of \$313,500 were paid with bond proceeds on issuance. The net deposit into the Building Fund was \$34,830,000 and \$2,366,304 was deposited into the Bond Interest and Redemption Fund to meet the required debt service reserve.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

On June 3, 2020, the District issued \$40,000,000 in 2018 Series B General Obligation Bonds through Measure M for improvements and construction at District’s school sites. The bonds were issued at a premium of \$7,423,745 and secured by property taxes. Issuance costs of \$305,000 were paid with bond proceeds on issuance. The net deposit into the Building Fund was \$39,825,000 and \$7,293,745 was deposited into the Bond Interest and Redemption Fund to meet the required debt service reserve.

On April 19, 2023, the District issued \$23,000,000 in 2012 Series D General Obligation Bonds through Measure S for improvements and construction at District’s school sites. The bonds were issued at a premium of \$1,040,245 and secured by property taxes. Issuance costs of \$303,027 were paid with bond proceeds on issuance. The net deposit into the Building Fund was \$22,696,973 and \$1,040,245 was deposited into the Bond Interest and Redemption Fund to meet the required debt service reserve.

On April 19, 2023, the District issued \$6,385,000 in 2023 GO Refunding Bonds for the purpose of fully refunding its outstanding obligation under Election 2012, Series A GO Bonds. The proceeds of the 2023 GO Refunding Bonds were used to defease and redeem \$7,305,000 principal amount of the District’s outstanding Election 2012, Series A GO Bonds. The amounts defeased have been removed from the government-wide financial statement of net position. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$521,664.

The following summarizes the bonds outstanding as of June 30, 2023:

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 01, 2022	Issued	Redeemed	Outstanding June 30, 2023
2012A	10/25/12	8/1/37	2-5%	18,000,000	7,920,000	-	7,920,000	-
2012B	1/14/2015	8/1/44	2-5%	20,000,000	17,785,000	-	135,000	17,650,000
2012C	1/18/2017	8/1/46	3.38-5%	20,000,000	19,960,000	-	-	19,960,000
2017	8/31/2017	8/1/28	2-5%	4,610,000	4,505,000	-	20,000	4,485,000
2018A	9/25/2018	8/1/48	3.5-5%	35,000,000	31,485,000	-	530,000	30,955,000
2018B	6/3/2020	8/1/50	4%	40,000,000	34,020,000	-	-	34,020,000
2012D	4/19/2023	8/1/48	2.6-4.1%	23,000,000	-	23,000,000	-	23,000,000
2023	4/19/2023	8/1/37	2.4-3.1%	6,385,000	-	6,385,000	-	6,385,000
Total General Obligation Bonds				<u>\$166,995,000</u>	<u>\$ 115,675,000</u>	<u>\$29,385,000</u>	<u>\$ 8,605,000</u>	<u>\$136,455,000</u>

As of June 30, 2023, the annual debt service requirements of the general obligation bonds were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,840,000	\$ 5,226,568	\$ 7,066,568
2025	1,680,000	5,938,175	7,618,175
2026	1,195,000	5,865,725	7,060,725
2027	1,245,000	5,808,150	7,053,150
2028	1,415,000	5,743,750	7,158,750
2029-2033	10,090,000	27,545,300	37,635,300
2034-2038	18,425,000	24,719,859	43,144,859
2039-2043	32,260,000	19,650,603	51,910,603
2044-2048	45,025,000	11,169,550	56,194,550
2049-2053	23,280,000	1,752,500	25,032,500
Total	<u>\$ 136,455,000</u>	<u>\$ 113,420,180</u>	<u>\$ 249,875,180</u>

**CABRILLO UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

8. JOINT POWERS AGREEMENTS

The District participates in a joint powers agreement ("JPA") with the San Mateo County Schools Insurance Group ("SMCSIG"). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation of the JPA independent of any influence by the District beyond the District's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The following is a summary of coverage provided by SMCSIG JPA and its most recent financial statement information:

	SMCSIG June 30, 2022
Total Assets and Deferred Outflows	\$ 56,553,866
Total Liabilities and Deferred Inflows	27,642,378
Total Net Position	28,911,488
Total Revenues	46,979,490
Total Expenditures	41,585,666

9. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims involving the District are currently outstanding. However, management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Federal and State Allowances, Award, and Grants

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

10. CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's CalPERS Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.420%	7.420%
Required employer contribution rates	25.370%	25.370%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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 the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the year ended June 30, 2023, the District's contributions were as follows:

	CalPERS
Contributions - employer	\$ 2,210,596

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	\$ 17,057,272

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 employers, actuarially determined.

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

	CalPERS
Proportion - June 30, 2022	0.04375%
Proportion - June 30, 2023	0.04957%
Change - Increase/(Decrease)	0.00583%

For the year ended June 30, 2023, the District recognized pension expense of \$2,778,816 for the Plan.

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
Changes of Assumptions	\$ 1,261,800	\$ -
Differences between Expected and Actual Experience	77,089	424,407
Differences between Projected and Actual Investment Earnings	2,014,000	-
Differences between Employer's Contributions and Proportionate Share of Contributions	21,819	107,046
Change in Employer's Proportion	1,318,205	8,411
Pension Contributions Made Subsequent to Measurement Date	2,210,596	-
Total	\$ 6,903,509	\$ 539,864

The District reported \$2,210,596 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ 1,097,286
2025	1,042,389
2026	785,309
2027	1,228,066
2028	-
Thereafter	-
Total	\$ 4,153,050

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.9% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.9%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Return (1)(2)</u>
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

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

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

	<u>CalPERS</u>
1% Decrease	5.90%
Net Pension Liability \$	24,640,093
Current	6.90%
Net Pension Liability \$	17,057,272
1% Increase	7.90%
Net Pension Liability \$	10,790,349

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

11. CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required State contribution rates	10.828%	10.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023, the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 3,360,122
State Contributions	1,451,800
Total	\$ 4,811,922

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 18,071,292
State	9,050,103
Total	<u><u>\$ 27,121,395</u></u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 11.87 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

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

	<u>CalSTRS</u>
Proportion - June 30, 2022	0.02852%
Proportion - June 30, 2023	<u>0.02601%</u>
Change - Increase/(Decrease)	<u><u>-0.00252%</u></u>

For the year ended June 30, 2023, the District recognized pension expense of \$2,281,942 for the Plan which included an on-behalf amount of \$1,451,800 from the state.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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
Changes of Assumptions	\$ 896,205	\$ -
Differences between Expected and Actual Experience	14,824	1,354,970
Differences between Projected and Actual Investment Earnings	-	883,721
Differences between Employer's Contributions and Proportionate Share of Contributions	25,597	594,394
Change in Employer's Proportion	1,581,899	2,205,710
Pension Contributions Made Subsequent to Measurement Date	3,360,122	-
Total	\$ 5,878,647	\$ 5,038,795

The District reported \$3,360,122 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ (383,991)
2025	(1,196,452)
2026	(1,557,746)
2027	1,173,969
2028	(198,800)
Thereafter	(357,250)
Total	\$ (2,520,270)

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

- (1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB
- (2) Net of investment expense but gross of administrative expenses.
- (3) Based on 110% of the MP-2019 Ultimate Projection

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Global Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitive	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigation Strategies	10.00%	1.75%
Liquidity	2.00%	-0.35%
Total	100.00%	

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (a) Real return is net of assumed 2.75% inflation.
- (b) 20-year geometric average.

**CABRILLO UNIFIED SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>CalSTRS</u>
1% Decrease	6.10%
Net Pension Liability	\$ 30,691,756
Current	7.10%
Net Pension Liability	\$ 18,071,292
1% Increase	8.10%
Net Pension Liability	\$ 7,592,512

Pension Plan Fiduciary Net Position - Detailed information about each pension plan’s fiduciary net position is available in the separately issued STRS financial reports.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual (GAAP Basis)</u>	
Revenues:				
LCFF sources	\$ 34,372,250	\$ 34,342,270	\$ 34,728,811	\$ 386,541
Federal revenues	1,775,141	1,530,741	1,561,293	30,552
Other state	4,376,753	7,423,491	9,093,570	1,670,079
Other local	2,498,763	3,733,889	3,868,298	134,409
Total revenues	<u>43,022,907</u>	<u>47,030,391</u>	<u>49,251,972</u>	<u>2,221,581</u>
Expenditures:				
Certificated salaries	17,027,726	17,639,661	17,639,661	-
Classified salaries	7,133,958	8,225,235	8,225,235	-
Employee benefits	11,390,926	12,153,035	12,153,035	-
Books and supplies	2,503,509	3,098,538	3,098,538	-
Services and other operating expenditures	5,295,723	7,112,200	7,112,200	-
Capital outlay	121,012	122,544	122,544	-
Other outgo	328,448	273,958	273,958	-
Total expenditures	<u>43,801,302</u>	<u>48,625,171</u>	<u>48,625,171</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(778,395)</u>	<u>(1,594,780)</u>	<u>626,801</u>	<u>2,221,581</u>
Other financing sources (uses):				
Transfers out	<u>(350,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>
Change in fund balance	(1,128,395)	(1,764,780)	456,801	2,221,581
Fund balances beginning	<u>5,117,874</u>	<u>5,117,874</u>	<u>5,117,874</u>	<u>-</u>
Fund balances ending	<u>\$ 3,989,479</u>	<u>\$ 3,353,094</u>	<u>\$ 5,574,675</u>	<u>\$ 2,221,581</u>

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. Expenditures over budget were covered by fund balance. The basis of budgeting is the same as GAAP.

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 542,031	\$ 647,624	\$ 760,509	\$ 905,457	\$ 1,072,486	\$ 1,260,202	\$ 1,343,866	\$ 1,752,726	\$ 2,210,596
Contributions in Relation to Contractually Required Contributions	542,031	647,624	760,509	905,457	1,072,486	1,260,202	1,343,866	1,752,726	2,210,596
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,604,800	\$ 5,466,565	\$ 5,476,015	\$ 5,829,998	\$ 5,937,803	\$ 6,390,153	\$ 6,504,046	\$ 7,650,485	\$ 8,721,766
Contributions as a % of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.66%	22.91%	25.35%

Notes to Schedule:

Valuation Date: June 30, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.9 Years Remaining Amortization Period
Inflation Assumed at 2.3%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.
This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contributions	\$ 1,192,438	\$ 1,534,386	\$ 1,800,800	\$ 2,158,869	\$ 2,396,832	\$ 2,490,591	\$ 2,480,499	\$ 2,752,112	\$ 3,360,122
Contributions in Relation to Contractually Required Contributions	1,192,438	1,534,386	1,800,800	2,158,869	2,396,832	2,490,591	2,480,499	2,752,112	3,360,122
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 13,428,356	\$ 14,299,963	\$ 14,314,785	\$ 14,960,977	\$ 14,722,555	\$ 14,564,860	\$ 15,329,739	\$ 16,265,437	\$ 17,754,369
Contributions as a % of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.18%	16.92%	18.93%

Notes to Schedule:

Valuation Date: June 30, 2021
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District's required and actual contributions to CalSTRS during the year.

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CalPERS	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of Net Pension Liability	0.04170%	0.03972%	0.04121%	0.04294%	0.04408%	0.04252%	0.04322%	0.04375%	0.04957%
District's Proportionate Share of Net Pension Liability	\$ 4,733,965	\$ 5,855,010	\$ 8,139,553	\$ 10,250,911	\$ 11,753,116	\$ 12,392,136	\$ 13,261,225	\$ 8,895,501	\$ 17,057,272
District's Covered Payroll	\$ 4,379,400	\$ 4,604,800	\$ 5,466,565	\$ 5,476,015	\$ 5,829,998	\$ 5,937,803	\$ 6,390,153	\$ 6,492,106	\$ 7,650,485
District's Proportionate Share of NPL as a % of Covered Payroll	108.10%	127.15%	148.90%	187.20%	201.60%	208.70%	207.53%	137.02%	222.96%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

CalSTRS	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of Net Pension Liability	0.02800%	0.02490%	0.02559%	0.02700%	0.02700%	0.02700%	0.02600%	0.02852%	0.02601%
District's Proportionate Share of Net Pension Liability	\$ 16,362,360	\$ 16,763,831	\$ 20,695,361	\$ 24,969,330	\$ 24,814,890	\$ 24,385,320	\$ 25,196,340	\$ 12,981,029	\$ 18,071,292
State's Proportionate Share of Net Pension Liability Associated with the District	9,880,247	8,866,223	11,781,455	14,771,606	14,207,765	13,303,899	12,988,713	6,531,535	9,050,103
Total	\$ 26,242,607	\$ 25,630,054	\$ 32,476,816	\$ 39,740,936	\$ 39,022,655	\$ 37,689,219	\$ 38,185,053	\$ 19,512,564	\$ 27,121,395
District's Covered Payroll	\$ 12,630,436	\$ 13,428,356	\$ 14,299,963	\$ 14,314,785	\$ 14,960,977	\$ 14,722,555	\$ 14,564,860	\$ 15,359,127	\$ 16,265,437
District's Proportionate Share of NPL as a % of Covered Payroll	129.55%	124.84%	144.72%	174.43%	165.86%	165.63%	172.99%	84.52%	111.10%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District's portion of the net pension liability of CalSTRS in compliance with GASB 68.

**SUPPLEMENTARY
INFORMATION**

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***Nonmajor Governmental Funds
Combining Schedules***

**CABRILLO UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund For Capital Outlay Projects	
Assets							
Cash and investments	\$ 153,863	\$ 19,738	\$ 92,431	\$ 235	\$ 2,185,288	\$ 11,238,186	\$ 13,689,741
Accounts receivable	24,805	197,059	206,798	2	24,106	90,832	543,602
Prepaid items and inventory	-	-	8,774	-	-	-	8,774
Total Assets	\$ 178,668	\$ 231,245	\$ 308,003	\$ 237	\$ 2,209,394	\$ 11,329,018	\$ 14,256,565
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 13,424	\$ 23,996	\$ 29,606	\$ -	\$ -	\$ 30,251	\$ 97,277
Due to other funds	2,429	17,098	944	-	-	-	20,471
Total Liabilities	15,853	212,392	115,739	-	-	30,251	374,235
Fund Balances:							
Nonspendable stores inventories	-	-	8,774	-	-	-	8,774
Restricted for adult education	162,815	-	-	-	-	-	162,815
Restricted for cafeteria programs	-	-	183,490	-	-	-	183,490
Restricted for capital projects	-	-	-	-	2,209,394	11,298,767	13,508,161
Assigned for site repairs	-	-	-	237	-	-	237
Assigned for child development	-	18,853	-	-	-	-	18,853
Total Fund Balances	162,815	18,853	192,264	237	2,209,394	11,298,767	13,882,330
Total Liabilities and Fund Balances	\$ 178,668	\$ 231,245	\$ 308,003	\$ 237	\$ 2,209,394	\$ 11,329,018	\$ 14,256,565

**CABRILLO UNIFIED SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund For Capital Outlay Projects	
Revenues:							
Federal revenue	\$ 26,820	\$ -	\$ 525,214	\$ -	\$ -	\$ -	\$ 552,034
Other state	382,621	531,720	411,735	-	-	-	1,326,076
Other local	4,679	3,564	136,166	5	332,579	11,871,081	12,348,074
Total revenues	414,120	535,284	1,073,115	5	332,579	11,871,081	14,226,184
Expenditures:							
Current							
Instruction	112,877	146,904	-	-	-	-	259,781
Instruction-related services:							
Supervision of instruction	-	170,068	-	-	-	-	170,068
School site administration	309,276	195,117	-	-	-	-	504,393
Pupil services:							
Food services	-	8,404	1,146,799	-	-	-	1,155,203
General administration:							
All other general administration	-	-	-	-	12,764	-	12,764
Plant services	-	11,227	1,486	-	9,570	-	22,283
Facilities acquisition and construction	-	-	-	-	-	572,314	572,314
Total expenditures	422,153	531,720	1,148,285	-	22,334	572,314	2,696,806
Excess (deficiency) of revenues over (under) expenditures	(8,033)	3,564	(75,170)	5	310,245	11,298,767	11,529,378
Other financing sources (uses):							
Transfers in	-	-	170,000	-	-	-	170,000
Total other financing sources (uses)	-	-	170,000	-	-	-	170,000
Change in fund balances	(8,033)	3,564	94,830	5	310,245	11,298,767	11,699,378
Fund balances beginning	170,848	15,289	97,434	232	1,899,149	-	2,182,952
Fund balances ending	\$ 162,815	\$ 18,853	\$ 192,264	\$ 237	\$ 2,209,394	\$ 11,298,767	\$ 13,882,330

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**STATE AND FEDERAL
AWARD COMPLIANCE
SECTION**

**CABRILLO UNIFIED SCHOOL DISTRICT
ORGANIZATION (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Cabrillo Unified School District was established in 1965 and is located in San Mateo County. There were no changes in the boundaries of the District during the current fiscal year. The District has five schools providing kindergarten through twelfth grade education.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Sophia Layne	President	2024
Kimberly Hines	Vice President	2024
Carmen Daniel	Clerk	2026
Lizet Cortes	Member	2026
Mary Beth Alexander	Member	2026

Administration

Sean McPhetridge, Ed.D.
Superintendent

Jesus Contreras
Deputy Superintendent of Business Services

Bianca Forester
Director of Personnel and Pupil Services

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	655.08	657.93
Grades four through six	515.74	517.03
Grades seven and eight	355.74	355.95
Grades nine and twelve	976.37	975.25
Regular ADA Totals	2,502.93	2,506.16
Extended year special education:		
Grades TK/K through three	1.49	1.49
Grades four through six	0.88	0.88
Grades seven and eight	0.11	0.11
Grades nine and twelve	1.07	1.07
Special education - nonpublic and nonsectarian:		
Grades TK/K through three	0.89	0.90
Grades four through six	1.19	1.31
Grades nine and twelve	3.70	4.21
Extended year special education - nonpublic and nonsectarian:		
Grades TK/K through three	1.90	1.90
Grades four through six	0.55	0.55
Grades seven and eight	1.90	1.90
Grades nine and twelve	1.93	1.93
ADA Totals	2,518.54	2,522.41

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME OFFERED
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirements	2023 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	40,390	180	0	In compliance
Grade 1	50,400	50,900	180	0	In compliance
Grade 2	50,400	50,900	180	0	In compliance
Grade 3	50,400	50,900	180	0	In compliance
Grade 4	54,000	55,420	180	0	In compliance
Grade 5	54,000	55,420	180	0	In compliance
Grade 6	54,000	58,560	180	0	In compliance
Grade 7	54,000	58,560	180	0	In compliance
Grade 8	54,000	58,560	180	0	In compliance
Grade 9	64,800	66,210	180	0	In compliance
Grade 10	64,800	66,210	180	0	In compliance
Grade 11	64,800	66,210	180	0	In compliance
Grade 12	64,800	66,210	180	0	In compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	(Budget ¹) 2024	2023	2022	2021
<u>General Fund</u>				
Revenues and other financial sources	\$ 46,403,141	\$ 49,251,972	\$ 43,188,648	\$ 43,801,366
Expenditures	47,111,171	48,625,171	46,125,914	40,540,814
Other uses and transfers (out)	200,000	170,000	330,000	235,000
Total outgo	47,311,171	48,795,171	46,455,914	40,775,814
Change in fund balance	\$ (908,030)	\$ 456,801	\$ (3,267,266)	\$ 3,025,552
Beginning fund balance restatement:				
GASB 84	-	-	-	137,664
ELO award revision	-	-	(882,533)	-
Ending fund balance	\$ 4,666,645	\$ 5,574,675	\$ 5,117,874	\$ 9,267,673
Available reserves ²	\$ 95,444	\$ 1,387,922	\$ 1,387,922	\$ 6,691,359
Designated for economic uncertainty	\$ 95,444	\$ 1,387,922	\$ 1,387,922	\$ -
Unassigned fund balance	\$ -	\$ -	\$ -	\$ 6,691,359
Available reserves as a percentage of total outgo	0%	3%	3%	16%
Total long-term liabilities	\$ 181,608,202	\$ 183,448,202	\$ 149,538,497	\$ 168,934,399
Average daily attendance (ADA) at P-2	2,690	2,519	2,592	2,961

ADA has decreased by 442 since 2021. The district anticipates an increase of 171 ADA in 2023/24.

The general fund balance has decreased by \$3,692,998 since 2021. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district operated at a surplus in two of the past three years. Total long-term debt has increased by \$14,513,803 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2023/24.

² Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

PROGRAM NAME	Assistance Listing	Pass Through Number	Program Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	13391	\$ 253,978
School Breakfast Program	10.553	13391	109,923
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.553	15655	<u>10,521</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>374,422</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
<i>Special Education Cluster</i>			
Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	(1) 10115	15,223
Special Education: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	(1) 10119	50,403
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	(1) 13430	16,367
Special Ed: IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	84.173	(1) 10131	2,217
Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027	(1) 15197	30,948
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173	(1) 13431	123
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	(1) 13379	<u>676,273</u>
<i>Total Special Education Cluster</i>			<u>791,554</u>
<i>Title I, Part C</i>			
NCLB: Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	111,464
NCLB: Title I, Migrant Education Summer Program	84.011	10005	<u>25,455</u>
<i>Total Title I, Part C</i>			<u>136,919</u>
<i>Adult Education</i>			
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A	14508	15,405
Adult Education: Adult Secondary Education (Section 231)	84.002	13978	4,511
Adult Education: English Literacy & Civics Education	84.002	14750	<u>6,905</u>
<i>Total Adult Education</i>			<u>26,821</u>
NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	60,116
Department of Rehab: Workability II, Transition Partnership	84.126	10006	21,646
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	16,311
ESEA (ESSA): Title II, Part A, Teacher Quality Local Grants	84.367	14341	3,079
NCLB: Title III, English Learner Student Program	84.365	14346	117,365
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	<u>10,850</u>
<i>Education Stabilization Fund (ESF) Subprograms:</i>			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	30
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425C	10155	7,957
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425C	15618	221,330
Expanded Learning Opportunities (ELO) Grant GEER II	84.425D	15619	50,797
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425D	15621	<u>123,338</u>
<i>Total Education Stabilization Fund (ESF) Subprograms</i>			<u>403,452</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>1,588,113</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 1,962,535</u>

(1) Audited as major program

**CABRILLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (SACS)
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2023 Annual Financial and Budget Report (SACS) Fund Balances	\$ 5,391,881	\$ 52,566,358	\$ 5,941,631	\$ 14,065,124
Adjustments & Reclassifications:				
Special Reserve Fund for Other Than Capital Outlay:				
Cash with County Treasury	73,978	-	-	(73,978)
Accounts receivable	588	-	-	(588)
Student Activity Special Revenue Fund				
Cash with County Treasury	128,883	-	-	(128,883)
Accounts payable	(20,655)	-	-	20,655
June 30, 2023 Audited Financial Statements Fund Balances	\$ 5,574,675	\$ 52,566,358	\$ 5,941,631	\$ 13,882,330

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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 46206.

C. 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.

D. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

**CABRILLO UNIFIED SCHOOL DISTRICT
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. BASIS OF PRESENTATION - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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**OTHER INDEPENDENT
AUDITOR'S REPORTS**



**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***

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cabrillo Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2023.

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

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 matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

C & A LLP

December 10, 2023
Morgan Hill, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major federal programs

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 Cabrillo Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Cabrillo Unified School District's compliance with the requirements of each major federal programs.

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 Cabrillo Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cabrillo Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cabrillo Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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



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

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

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.

C & A LLP

December 10, 2023
Morgan Hill, California



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

The Honorable Board of Trustees
Cabrillo Unified School District
Half Moon Bay, California

Report of State Compliance

Opinion

We have audited the Cabrillo Unified School District (the District)'s compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2023.

In our opinion, Cabrillo Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2023.

Basis for Opinion on State Compliance Requirements

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. 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 Cabrillo Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Cabrillo Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Auditor’s Responsibilities for the Audit of State Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 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 *2022-23 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:

<u>2022-23 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	No
Instructional Time	Yes



2022-23 K-12 Audit Guide Procedures	Procedures Performed
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
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	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	N/A
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	N/A
Immunization	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities	Yes
Career Technical Education Incentive Grant	N/A
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

C & A LLP

December 10, 2023
Morgan Hill, California

**FINDINGS AND
RECOMMENDATIONS**

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses?	___ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u> x </u> None Reported
Non-compliance material to financial statements noted?	___ Yes <u> x </u> No

Federal Awards

Internal control over major programs:	
Material weaknesses?	___ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u> x </u> None Reported
Type of auditor's report issued on compliance over major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	___ Yes <u> x </u> No

Identification of Major Programs:

<u>Assistance Listing</u>	<u>Name of Federal Program</u>
84.027, 84.173	SPECIAL EDUCATION CLUSTER (IDEA)

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

State Awards

Internal control over state programs:	
Material weaknesses?	___ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u> x </u> None Reported
Type of auditor's report issued on compliance over state programs:	<u>Unmodified</u>

**CABRILLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

**CABRILLO UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None