Financial Statements
June 30, 2022

Sierra Sands Unified School District

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Independent Auditor's Report

To the Governing Board
Sierra Sands Unified School District
Ridgecrest, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Correction of an Error

As discussed in Note 15 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2021, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
April 10, 2023

SIERRA SANDS Unified School District
113 W. Felspar, Ridgecrest, CA 93555 | Phone: 760-499-1600 | ssusd.org
Dave Ostash, Ed.D., Superintendent

This section of Sierra Sands Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ending June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

The *Fund Financial Statements* include statements for governmental activities as follows:

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

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

The Primary unit of the government is the Sierra Sands Unified School District.

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from the general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position on June 30, 2022 was $89,721,037 compared to $89,046,794 (as restated) on June 30, 2021.

- The District's government-wide revenues in 2021-2022 were $79,425,343 compared to $102,656,541 (as restated) in 2020-2021.

- The District's total expenses in 2021-2022 were $78,751,100 compared to $81,520,496 in 2020-2021.

- The general fund reported a balance on June 30, 2022 of $28,130,086 compared to an ending balance of $27,572,062 (as restated) on June 30, 2021.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $89,721,037 for the fiscal year ended June 30, 2022. Of this amount, $(42,340,251) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as restated
Assets		
Current and other assets	$ 60,070,480	$ 63,379,098
Capital assets	139,237,061	143,149,112
Total assets	199,307,541	206,528,210
Deferred outflows of resources	13,875,285	17,812,377
Liabilities		
Current liabilities	9,991,764	12,290,244
Long-term liabilities	81,521,965	113,517,105
Total liabilities	91,513,729	125,807,349
Deferred inflows of resources	31,948,060	9,486,444
Net Position		
Net investment in capital assets	115,273,067	116,342,600
Restricted	16,788,221	14,474,047
Unrestricted (deficit)	(42,340,251)	(41,769,853)
Total net position	$ 89,721,037	$ 89,046,794

The $(42,340,251) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations on a "full-accrual" basis. Unrestricted net position (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by 1.4% as shown above.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2022	2021* as restated
Revenues		
Program revenues		
Charges for services and sales	$ 1,200,279	$ 737,869
Operating grants and contributions	21,071,309	28,163,044
Capital grants and contributions	-	14,492,388
General revenues		
Federal and State aid not restricted	46,421,785	46,147,607
Property taxes	10,190,937	10,105,389
Other general revenues	541,033	3,010,244
Total revenues	79,425,343	102,656,541
Expenses		
Instruction-related	49,852,135	54,511,742
Pupil services	11,278,971	10,427,025
Administration	5,182,155	5,960,266
Plant services	9,797,948	8,021,584
All other services	2,639,891	2,599,879
Total expenses	78,751,100	81,520,496
Change in net position	$ 674,243	$ 21,136,045

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $78,751,100. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $10,190,937 because the cost was paid by those who benefited from the programs ($1,200,279) or by other governments and organizations who subsidized certain programs with grants and contributions ($21,071,309). We paid for the remaining "public benefit" portion of our governmental activities with $46,962,818 in State unrestricted funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021 *	2022	2021 *
Instruction-related	$ 49,852,135	$ 54,511,742	$ (36,336,394)	$ (18,969,831)
Pupil services	11,278,971	10,427,025	(5,655,674)	(4,818,209)
Administration	5,182,155	5,960,266	(3,680,210)	(3,431,194)
Plant services	9,797,948	8,021,584	(9,252,584)	(7,534,735)
All other services	2,639,891	2,599,879	(1,554,650)	(1,799,598)
Total	$ 78,751,100	$ 81,520,496	$ (56,479,512)	$ (36,553,567)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Over the course of the last two years, the District has experienced the retirement of 28 instruction-related staff members. This reduction in the costs associated with salaries and benefits is the result.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $50,194,763, which is a decrease of $1,028,217 or 2.0% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 27,572,062	$ 75,333,257	$ 74,775,233	$ 28,130,086
Student Activity	503,820	347,888	329,866	521,842
Child Development	354,999	622,736	609,450	368,285
Cafeteria	41,856	2,845,900	2,669,217	218,539
Building	909	(28)	-	881
Capital Facilities	1,290,121	746,655	392,633	1,644,143
County School Facilities	3,672,344	(117,741)	1,100,000	2,454,603
Special Reserve Fund for Capital Outlay Projects	12,483,621	1,242,279	2,805,236	10,920,664
Capital Project Component Unit	1,960,538	538,449	-	2,498,987
Bond Interest and Redemption	1,919,015	1,904,492	1,810,549	2,012,958
Debt Service Fund for Blended Component Units	1,423,695	2,361,405	2,361,325	1,423,775
Total	$ 51,222,980	$ 85,825,292	$ 86,853,509	$ 50,194,763

The primary reasons for these changes are:

The change in the Cafeteria fund balance reflects the increased reimbursement for Universal Meals.

Changes in Capital Facilities Fund are due to increased revenue from city and county building permit issuances.

County School Facilities changes reflect the annual debt service payment due for the Qualified School Construction Bond.

Other Funds changes in balances are related to the appropriate use of these funds.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 65).

While the District's original budget for the general fund anticipated that the district would deficit spend (expenditures would exceed revenues by $1,144,858, including transfers out), the revised budget reflected that revenues would exceed expenditures (including transfers out) by $12,122,825. The actual results for the year show revenues exceeded expenditures by $558,024.

- Actual revenues were $8,038,977 less than final budget, due mostly to the allocations of State and Federal relief funds that were fully budgeted, although a portion will not be recognized until next year when spent, less the posting for STRS on behalf payments that are reflected in the actual revenues but were not included in budgeted amounts.

- Actual expenditures were $9,194,317 less than the final budget, with a large portion of the difference being attributed to unexpended fully budgeted State and Federal Stimulus funds.

- The district budgeted to transfer $13,000,000 from the general fund to other funds. Actual transfers of $1,474,491 were made. The district is still developing its future strategic plan which will likely include additional transfers for future needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

At June 30, 2022, the District had $139,237,061 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization), including land, buildings and improvements, furniture, and equipment, and right-to-use leased assets. This amount represents a net decrease (including additions, deductions, depreciation and amortization) of $3,912,051 or 2.7%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land	$ 174,529	$ 174,529
Buildings and improvements	135,853,579	140,721,733
Furniture and equipment	2,830,738	1,744,463
Right-to-use leased assets	378,215	508,387
Total	$ 139,237,061	$ 143,149,112

Long-Term Liabilities

At the end of this year, the District had $81,521,965 in long-term liabilities versus $113,517,105 last year, a decrease of $31,995,140 or 28.2%. There were no significant additions to long-term liabilities in the current year. See Notes 8, 9, and 12 for additional details. All long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	$ 23,716,538	$ 24,428,479
Certificates of participation	7,550,000	8,650,000
Lease revenue bonds	2,080,293	2,283,289
Leases	379,624	508,387
Compensated absences	204,463	146,198
Net OPEB liability	14,738,594	15,673,566
Aggregate net pension liability	32,852,453	61,827,186
Total	$ 81,521,965	$ 113,517,105

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 year, the governing board and management followed the approved budget guidelines and used the following criteria:

The key assumptions in our revenue forecast are:

- Future increases in funding are based on COLA only.
- The budget is driven by the Local Control Accountability Plan (LCAP). Future budget considerations will include increased demand on resources in terms of new and improved services to students to close the achievement gap.
- Employer contributions to STRS and PERS will continue to significantly increase in the following years.
- Ongoing funding must be allocated to support continuing expenditures in the areas of technology in support of Common Core implementation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Pamela Smith, Assistant Superintendent, Business and Support Services, at Sierra Sands Unified School District, 113 West Felspar, Ridgecrest, California, 93555, or e-mail at psmith@ssusd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 50,923,494
Receivables	6,329,624
Internal balances	2,681,681
Stores inventories	135,681
Capital assets not depreciated	174,529
Capital assets, net of accumulated depreciation	138,684,317
Right-to-use leased assets, net of accumulated amortization	378,215
Total assets	199,307,541
Deferred Outflows of Resources	
Deferred charge on refunding	218,826
Deferred outflows of resources related to OPEB	1,245,179
Deferred outflows of resources related to pensions	12,411,280
Total deferred outflows of resources	13,875,285
Liabilities	
Accounts payable	6,467,152
Interest payable	116,047
Internal balances	2,681,681
Unearned revenue	726,884
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,264,074
Long-term liabilities other than OPEB and pensions due in more than one year	30,666,844
Net other postemployment benefits (OPEB) liability	14,738,594
Aggregate net pension liability	32,852,453
Total liabilities	91,513,729
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,726,035
Deferred inflows of resources related to pensions	23,222,025
Total deferred inflows of resources	31,948,060
Net Position	
Net investment in capital assets	115,273,067
Restricted for	
Debt service	3,320,686
Capital projects	4,098,746
Educational programs	6,041,969
Other activities	3,326,820
Unrestricted (deficit)	(42,340,251)
Total net position	$ 89,721,037

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 42,696,575	$ 2,451	$ 11,810,431	$ (30,883,693)
Instruction-related activities				
Supervision of instruction	1,932,457	387	1,553,396	(378,674)
Instructional library, media, and technology	741,322	-	15,969	(725,353)
School site administration	4,481,781	-	133,107	(4,348,674)
Pupil services				
Home-to-school transportation	3,496,121	-	135,671	(3,360,450)
Food services	2,784,805	141,081	2,721,851	78,127
All other pupil services	4,998,045	-	2,624,694	(2,373,351)
Administration				
Data processing	908,483	-	951,940	43,457
All other administration	4,273,672	20,155	529,850	(3,723,667)
Plant services	9,797,948	320,726	224,638	(9,252,584)
Ancillary services	862,889	-	348,051	(514,838)
Community services	3,046	-	3,364	318
Enterprise services	13,282	-	-	(13,282)
Interest on long-term liabilities	1,760,674	-	-	(1,760,674)
Other outgo	-	715,479	18,347	733,826
Total governmental activities	$ 78,751,100	$ 1,200,279	$ 21,071,309	(56,479,512)
General Revenues and Subventions				
Property taxes, levied for general purposes				7,138,483
Property taxes, levied for debt service				1,970,590
Taxes levied for other specific purposes				1,081,864
Federal and State aid not restricted to specific purposes				46,421,785
Interest and investment earnings				(1,444,310)
Miscellaneous				1,985,343
Subtotal, general revenues and subventions				57,153,755
Change in Net Position				674,243
Net Position - Beginning, as restated				89,046,794
Net Position - Ending				$ 89,721,037

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 29,281,178	$ 10,862,728	$ 10,779,588	$ 50,923,494
Receivables	5,035,621	28,218	1,265,785	6,329,624
Due from other funds	1,601,436	1,080,220	25	2,681,681
Stores inventories	104,157	-	31,524	135,681
Total assets	$ 36,022,392	$ 11,971,166	$ 12,076,922	$ 60,070,480
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 6,211,855	$ 159,242	$ 96,055	$ 6,467,152
Due to other funds	1,080,245	891,260	710,176	2,681,681
Unearned revenue	600,206	-	126,678	726,884
Total liabilities	7,892,306	1,050,502	932,909	9,875,717
Fund Balances				
Nonspendable	204,157	-	31,524	235,681
Restricted	6,041,969	-	10,863,180	16,905,149
Committed	8,298,148	-	-	8,298,148
Assigned	4,057,422	10,920,664	249,309	15,227,395
Unassigned	9,528,390	-	-	9,528,390
Total fund balances	28,130,086	10,920,664	11,144,013	50,194,763
Total liabilities and fund balances	$ 36,022,392	$ 11,971,166	$ 12,076,922	$ 60,070,480

Total Fund Balance - Governmental Funds		$ 50,194,763
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 197,176,816	
Accumulated depreciation is	(58,317,970)	
Net capital assets		138,858,846
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	535,242	
Accumulated amortization is	(157,027)	
Net right-to-use leased assets		378,215
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(116,047)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	218,826	
Net other postemployment benefits (OPEB) liability	1,245,179	
Aggregate net pension liability	12,411,280	
Total deferred outflows of resources		13,875,285
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net other postemployment benefits (OPEB) liability	(8,726,035)	
Aggregate net pension liability	(23,222,025)	
Total deferred inflows of resources		(31,948,060)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (32,852,453)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(14,738,594)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (14,173,784)	
Certificates of participation	(7,550,000)	
Leases	(379,624)	
Lease Revenue Refunding Bonds	(2,080,293)	
Compensated absences (vacations)	(204,463)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(9,542,754)	
Total long-term liabilities		(33,930,918)
Total net position - governmental activities		$ 89,721,037

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 50,309,508	$ -	$ -	$ 50,309,508
Federal sources	9,072,281	-	2,994,234	12,066,515
Other State sources	13,987,046	-	752,154	14,739,200
Other local sources	1,517,455	162,059	3,562,130	5,241,644
Total revenues	74,886,290	162,059	7,308,518	82,356,867
Expenditures				
Current				
Instruction	42,334,228	-	491,985	42,826,213
Instruction-related activities				
Supervision of instruction	2,013,852	-	78,419	2,092,271
Instructional library, media, and technology	770,882	-	-	770,882
School site administration	4,928,547	-	-	4,928,547
Pupil services				
Home-to-school transportation	2,971,755	-	-	2,971,755
Food services	178,464	-	2,668,757	2,847,221
All other pupil services	5,470,734	-	-	5,470,734
Administration				
Data processing	1,001,497	-	-	1,001,497
All other administration	4,280,088	-	43,677	4,323,765
Plant services	7,557,655	210,342	35,626	7,803,623
Ancillary services	535,230	-	329,866	865,096
Community services	3,108	-	-	3,108
Enterprise services	14,139	-	-	14,139
Facility acquisition and construction	622,575	2,594,894	352,836	3,570,305
Debt service				
Principal	155,618	-	2,961,706	3,117,324
Interest and other	15,403	-	790,056	805,459
Total expenditures	72,853,775	2,805,236	7,752,928	83,411,939
Excess (Deficiency) of Revenues Over Expenditures	2,032,515	(2,643,177)	(444,410)	(1,055,072)
Other Financing Sources (Uses)				
Transfers in	420,112	1,080,220	1,941,238	3,441,570
Other sources - leases	26,855	-	-	26,855
Transfers out	(1,921,458)	-	(1,520,112)	(3,441,570)
Net Financing Sources (Uses)	(1,474,491)	1,080,220	421,126	26,855
Net Change in Fund Balances	558,024	(1,562,957)	(23,284)	(1,028,217)
Fund Balance - Beginning, as restated	27,572,062	12,483,621	11,167,297	51,222,980
Fund Balance - Ending	$ 28,130,086	$ 10,920,664	$ 11,144,013	$ 50,194,763

Total Net Change in Fund Balances - Governmental Funds		$ (1,028,217)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which depreciation and amortization exceeds capital outlay in the period.		
Depreciation and amortization expense	$ (6,249,050)	
Capital outlay	2,829,963	
Net expense adjustment		(3,419,087)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(492,964)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(58,265)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		3,553,037
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(15,515)
Proceeds received from leases is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(26,855)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Deferred charge on refunding amortization		(26,525)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	$ 1,658,710
Certificates of participation	1,100,000
Lease revenue bonds	202,996
Leases	155,618
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(928,690)
Change in net position of governmental activities	$ 674,243

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Sierra Sands Unified School District (the District) was organized in 1974 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, one comprehensive high school, a continuation high school, an adult school, and a preschool program.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Inyo-Kern Schools Financing Authority (the Authority) was formed by a joint exercise powers agreement dated December 3, 1990, between the Sierra Sands Unified School District (Sierra Sands) and the Lone Pine Unified School District (Lone Pine). The purpose of the Authority is to provide assistance for the educational purposes of Sierra Sands and Lone Pine. The Authority is a public entity separate and distinct from each of its participant districts.

The Authority is administered by a Board of Directors consisting of all the persons who act as the members of the Board of Education of Sierra Sands, together with one member of the Board of Education of Lone Pine, as may be designated by such Board. The Board of Directors has decision-making authority, the power to designate management, the ability to influence operations and primary accountability for fiscal matters.

Sierra Sands and Lone Pine have reorganized by the transfer of certain land from the territory of Sierra Sands to the territory of Lone Pine. In consideration of the mutual undertaking of the reorganization, Lone Pine conveyed to the Authority fee title to certain land together with buildings, facilities and improvements situated thereon, which are currently not used or needed for classroom buildings. Such real property is leased by the Authority to Lone Pine pursuant to the Lease Agreement dated December 3, 1990. The Lease Agreement became effective for the fiscal year ended June 30, 1992. The value of the real property conveyed to the Authority from the Lone Pine Unified School District was not determinable, as governmental property in Inyo County is not assessed. The financial activity related to the Lease Agreement is presented in the financial statements as the IKSFA Blended Component Unit Fund.

Sierra Sands issued 2010 Certificates of Participation (Qualified School Construction Bonds) pursuant to a lease agreement between Sierra Sands and the Authority. In addition, the Authority has issued 2017 Lease Revenue Refunding Bonds pursuant to a lease agreement between Sierra Sands and the Authority. The financial activity with respect to the 2010 Certificates of Participation and the 2017 Lease Revenue Refunding Bonds is presented in the financial statements within the Debt Service Fund for Blended Component Units. Certificates of participation of Sierra Sands and lease revenue bonds issued by the Authority are included as long-term liabilities in the government-wide financial statements.

In addition to inclusion in this report as a component unit of Sierra Sands Unified School District, the Authority issues separate financial statements solely for the Authority. This report or additional financial information can be provided by contacting the Assistant Superintendent of Business and Support Services at Sierra Sands Unified School District, 113 West Felspar, Ridgecrest, California 93555.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Four funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $12,507,692.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Child Development Fund** The Child Development Fund is used to account separately for federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

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

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

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

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

- **IKSFA Blended Component Unit Fund** The IKSFA Blended Component Unit Fund is established pursuant to a lease agreement between Sierra Sands Unified School District, Lone Pine Unified School District and the Inyo-Kern Schools Financing Authority for the receipt of lease revenues from Lone Pine Unified School District to be used for purposes as authorized by the joint powers agreement and as approved by the Board of Inyo-Kern Schools Financing Authority for the benefit of Sierra Sands Unified School District.

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

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on certificates of participation and lease revenue bonds issued by the District and IKSFA blended component unit under generally accepted accounting principles (GAAP).

Basis of Accounting - Measurement Focus

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

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

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

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 fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

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

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

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

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

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, ten to 20 years; equipment, five to ten years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and MPP. For this purpose, the District Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $16,788,221 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 1, 4 and 8.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68,* and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 50,923,494

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

Cash on hand and in banks	$ 611,309
Cash with fiscal agent	1,423,775
Cash in revolving	100,000
Investments	48,788,410
Total deposits and investments	$ 50,923,494

Policies and Practices

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

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

General Authorizations

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

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

Investments Authorized Under Debt Agreement

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Federal Financing Bank	N/A	None	None
Export-Import Bank	N/A	None	None
Rural Economic Community Development Administration	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsered Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Kern County Treasury Investment Pool.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
Kern County Treasury Investment Pool	$ 48,788,410	580

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Kern County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District was exposed to $437,965 of custodial credit risk, as these funds were uninsured and not collateralized.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 3,022,861	$ -	$ 264,338	$ 3,287,199
State Government				
Categorical aid	590,833	-	80,027	670,860
Lottery	228,104	-	-	228,104
Special Education	226,566	-	-	226,566
Local Government				
Interest	75,843	28,218	13,144	117,205
Due from Lone Pine USD	-	-	792,548	792,548
Other local sources	891,414	-	115,728	1,007,142
Total	$ 5,035,621	$ 28,218	$ 1,265,785	$ 6,329,624

Note 4 - Capital Assets

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 174,529	$ -	$ -	$ 174,529
Capital assets being depreciated				
Buildings and improvements	186,870,471	1,308,399	(647,051)	187,531,819
Furniture and equipment	8,073,379	1,494,709	(97,620)	9,470,468
Total capital assets being depreciated	194,943,850	2,803,108	(744,671)	197,002,287
Total capital assets	195,118,379	2,803,108	(744,671)	197,176,816
Accumulated depreciation				
Buildings and improvements	(46,148,738)	(5,683,589)	154,087	(51,678,240)
Furniture and equipment	(6,328,916)	(408,434)	97,620	(6,639,730)
Total accumulated depreciation	(52,477,654)	(6,092,023)	251,707	(58,317,970)
Net depreciable capital assets	142,466,196	(3,288,915)	(492,964)	138,684,317
Right-to-use leased assets being amortized				
Furniture and equipment	508,387	26,855	-	535,242
Accumulated amortization				
Furniture and equipment	-	(157,027)	-	(157,027)
Net right-to-use leased assets	508,387	(130,172)	-	378,215
Governmental activities capital assets and right-to-use leased assets, net	$ 143,149,112	$ (3,419,087)	$ (492,964)	$ 139,237,061

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

Governmental Activities	
Instruction	$ 4,264,416
School site administration	2,949
Home-to-school transportation	1,827,607
All other administration	154,078
Total depreciation and amortization expenses governmental activities	$ 6,249,050

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, are as follows:

	Due From			
Due To	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
General Fund	$ -	$ 891,260	$ 710,176	$ 1,601,436
Special Reserve Fund for Capital Outlay Projects	1,080,220	-	-	1,080,220
Non-Major Governmental Funds	25	-	-	25
Total	$ 1,080,245	$ 891,260	$ 710,176	$ 2,681,681

A balance of $1,080,220 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for RDA revenues not subject to LCFF for future modernization.

A balance of $25 is due from the General Fund to the Cafeteria Non-Major Governmental Fund for reimbursement of negative student accounts.

A balance of $891,260 is due from the Special Reserve Fund for Capital Outlay Projects to the General Fund for reimbursement of Richmond project costs.

A balance of $203,138 is due from the Debt Service Fund for Blended Component Units Non-Major Governmental Fund to the General Fund for the Federal interest subsidy.

A balance of $505,114 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for a temporary loan and reimbursement of operating costs.

A balance of $1,924 is due from the Child Development Non-Major Governmental Fund to the General Fund for reimbursement of operating expenditures.

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 420,112	$ 420,112
Special Reserve Fund for Capital Outlay Projects	1,080,220	-	1,080,220
Non-Major Governmental Funds	841,238	1,100,000	1,941,238
Total	$ 1,921,458	$ 1,520,112	$ 3,441,570

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects the RDA revenues not subject to LCFF calculations.	$ 1,080,220
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for reimbursement of operating costs.	25
The General Fund transferred to the Debt Service Fund for Blended Component Units Non-Major Governmental Fund for debt service payments.	841,213
The County School Facilities Non-Major Governmental Fund transferred to the Debt Service Fund for Blended Component Units Non-Major Governmental Fund for debt service payment.	1,100,000
The Debt Service Fund for Blended Component Units Non-Major Governmental Fund transferred to the General Fund for the interest subsidy received on the COP - Qualified School Construction Bonds.	420,112
Total	$ 3,441,570

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	$ 1,641,861	$ -	$ 5,559	$ 1,647,420
Supplies and services	4,526,266	124,142	13,604	4,664,012
Capital outlay	43,728	35,100	-	78,828
Other vendor payables	-	-	76,892	76,892
Total	$ 6,211,855	$ 159,242	$ 96,055	$ 6,467,152

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 282,589	$ -	$ 282,589
State categorical aid	317,617	126,678	444,295
Total	$ 600,206	$ 126,678	$ 726,884

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

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 24,428,479	$ 946,769	$ (1,658,710)	$ 23,716,538	$ 1,792,121
Certificates of participation	8,650,000	-	(1,100,000)	7,550,000	1,100,000
Lease revenue bonds	2,283,289	-	(202,996)	2,080,293	210,128
Leases	508,387	26,855	(155,618)	379,624	161,825
Compensated absences	146,198	58,265	-	204,463	-
Total	$ 36,016,353	$ 1,031,889	$ (3,117,324)	$ 33,930,918	$ 3,264,074

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Debt Service Fund for Blended Component Units makes payments for the Certificates of Participation and Lease Revenue Bonds with contributions transferred from the General Fund and County School Facilities Fund. Payments for the leases are made from the General Fund. The compensated absences will be paid by the fund for which the employee worked, which includes the General Fund, Child Development Fund, and Cafeteria Fund.

The District's outstanding certificates of participation of $7,550,000 are secured with collateral of parcels of real property commonly known as James Monroe Middle School and Faller Elementary School.

The District's outstanding lease revenue bonds of $2,080,293 are secured with collateral of parcels of real property commonly known as Gateway Elementary School and Sierra Vista Center.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/30/2006	2032	3.75-5.00%	$ 19,467,868	$ 9,599,902	$ -	$ 471,265	$ -	$ 10,071,167
12/18/2008	2034	3.86-6.76%	5,401,532	7,046,435	-	475,504	(285,000)	7,236,939
9/28/2017	2030	2.14%	11,668,508	7,782,142	-	-	(1,373,710)	6,408,432
				$ 24,428,479	$ -	$ 946,769	$ (1,658,710)	$ 23,716,538

General Obligation Bonds, Election of 2006, Series 2006A

On August 30, 2006, the District issued $19,467,868 of General Obligation Bonds, Election of 2006, Series 2006A. The Series 2006A bonds were issued as current interest and capital appreciation bonds. The bonds have a final maturity of November 1, 2031 with interest rate yields of 3.75 to 5.00%. Proceeds from the sale of the bonds are being used to finance the upgrade, expansion, and construction of school facilities throughout the District and to pay the cost of issuing the bonds. A portion of the bonds were refunded with the issuance of the 2017 General Obligation Refunding Bonds. At June 30, 2022, the principal balance outstanding of the General Obligation Bonds, Election of 2006, Series 2006A was $10,071,167.

General Obligation Bonds, Election of 2006, Series 2008

On December 18, 2008, the District issued $5,401,532 of 2016 General Obligation Bonds, Election of 2006, Series 2008. The Series 2008 bonds were issued as current interest and capital appreciation bonds. The bonds have a final maturity of November 1, 2033, with interest rate yields of 3.86 to 6.76%. Proceeds from the sale of the bonds are being used to finance the upgrade, renovation, acquisition, and construction of school facilities throughout the District and to pay the cost of issuing the bonds. A portion of the bonds were refunded with the issuance of the 2017 General Obligation Refunding Bonds. At June 30, 2022, the principal balance outstanding of the General Obligation Bonds, Election of 2006, Series 2008 was $7,236,939.

2017 General Obligation Refunding Bonds (Private Placement Refunding)

On September 28, 2017, the District issued $11,668,508 of 2017 General Obligation Refunding Bonds as a private placement refunding. The 2017 refunding bonds were issued as current interest bonds. The bonds have a final maturity of November 1, 2029 with an interest yield of 2.14%. Proceeds from the sale of the bonds were used to refund a portion of the outstanding General Obligation Bonds, Election of 2006, Series 2006A and Series 2008. The Series 2006A refunding resulted in a cumulative cash flow savings of $1,035,477 over the life of the new debt and an economic gain of $952,408, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.14%. The Series 2008 refunding resulted in a cumulative cash flow savings of $687,184 over the life of the new debt and an economic gain of $569,231, based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.14%. Deferred charges of $218,826 remain to be amortized. As of June 30, 2022, the principal balance outstanding was $6,408,432.

The bonds mature through 2034, as follows:

Fiscal Year	Principal	Accreted Interest	Current Interest to Maturity	Total
2023	$ 1,781,915	$ 10,206	$ 121,496	$ 1,913,617
2024	1,913,994	34,832	89,206	2,038,032
2025	2,035,849	64,626	54,914	2,155,389
2026	1,994,897	385,101	37,267	2,417,265
2027	2,023,767	515,843	36,736	2,576,346
2028-2032	10,418,856	4,375,902	59,759	14,854,517
2033-2034	3,547,260	3,825,889	-	7,373,149
Total	$ 23,716,538	$ 9,212,399	$ 399,378	$ 33,328,315

Certificates of Participation

On July 14, 2010, the District issued the 2010 Series A Taxable Certificates of Participation (Direct Subsidy Qualified School Construction Bonds) in the amount of $14,150,000 pursuant to a lease agreement between the District and the Inyo-Kern Schools Financing Authority. The Certificates have a final maturity date of June 1, 2026, with an interest rate of 6.75%. Proceeds from the Certificates were used to finance the modernization, equipping, furnishing, and/or improving of certain capital facilities of the District and to pay for cost of issuance. As of June 30, 2022, the principal balance outstanding was $7,550,000.

The certificates mature through 2026 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 1,100,000	$ 509,625	$ 1,609,625
2024	1,100,000	435,375	1,535,375
2025	1,100,000	361,125	1,461,125
2026	4,250,000	286,875	4,536,875
Total	$ 7,550,000	$ 1,593,000	$ 9,143,000

2017 Lease Revenue Refunding Bonds (Private Placement Refunding)

On October 5, 2017, the District, through the Inyo-Kern Schools Financing Authority (the Authority) and pursuant to a lease agreement with the Authority, issued $3,087,684 in 2017 Lease Revenue Refunding Bonds. The District and the Authority, in order to facilitate the financing of the project, entered into a lease agreement by which the District will lease to the Authority those certain parcels of real property located within the District and pursuant to a sublease, the Authority will sublease the property to the District, with the District required to pay base rental to the Authority as payment for the bonds. The bonds have a final maturity date of May 1, 2031, with an interest rate of 2.38%. Proceeds from the bonds were used to refinance all of the prior Lease Revenue Bonds, Series 2007, which were previously issued to finance the acquisition and construction of designated school facilities. At June 30, 2022, the principal balance outstanding was $2,080,293.

The bonds mature through 2031 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 210,128	$ 49,511	$ 259,639
2024	216,730	44,510	261,240
2025	218,695	39,352	258,047
2026	224,944	34,147	259,091
2027	230,969	28,793	259,762
2028-2031	978,827	58,860	1,037,687
Total	$ 2,080,293	$ 255,173	$ 2,335,466

Leases

The District has entered into agreements to lease various equipment. As of June 30, 2022, the District recognized a right-to-use asset of $378,215 and a lease liability of $379,624 related to these agreements. The District is required to make principal and interest payments through January 2025. The lease agreements have interest rates between 3.00% and 4.00%.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 161,825	$ 11,624	$ 173,449
2024	140,098	5,739	145,837
2025	77,701	988	78,689
Total	$ 379,624	$ 18,351	$ 397,975

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $204,463.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 14,479,722	$ 1,245,179	$ 8,726,035	$ 1,080,541
Medicare Premium Payment (MPP) Program	258,872	-	-	(57,095)
Total	$ 14,738,594	$ 1,245,179	$ 8,726,035	$ 1,023,446

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	60
Active employees	504
Total	564

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Sierra Sands Teacher Association (SSTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the agreements with the District, SSTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid $1,007,931 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $14,479,722 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.54%
Healthcare cost trend rates	4.00% for 2022

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

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

The actuarial assumptions used in the June 30, 2021 valuation were based on plan experience through June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 15,357,599
Service cost	1,345,500
Interest	335,370
Changes of assumptions or other inputs	(1,550,816)
Benefit payments	(1,007,931)
Net change in total OPEB liability	(877,877)
Balance, June 30, 2022	$ 14,479,722

There were no changes to benefit terms in the June 30, 2021 actuarial report.

Changes of assumptions included a change in the discount rate from 2.16% in 2021 to 3.54% in 2022. Inflation changed from 2.75% to 2.50% since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.54%)	$ 15,637,614
Current discount rate (3.54%)	14,479,722
1% increase (4.54%)	13,710,774

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.0%)	$ 12,824,702
Current healthcare cost trend rate (4.0%)	14,479,722
1% increase (5.0%)	16,389,130

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $1,080,541. At June 30, 2022, the District reported deferred inflow of resources and deferred outflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 924,843
Changes of assumptions	1,245,179	7,801,192
Total	$ 1,245,179	$ 8,726,035

The deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (600,329)
2022	(600,329)
2023	(600,329)
2024	(600,329)
2025	(600,329)
Thereafter	(4,479,211)
Total	$ (7,480,856)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $258,872 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0649%, and 0.0648%, resulting in a net increase in the proportionate share of 0.0001%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(57,095).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30,-2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 285,348
Current discount rate (2.16%)	258,872
1% increase (3.16%)	236,251

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 235,414
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	258,872
1% increase (5.50% Part A and 6.40% Part B)	285,766

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 100,000	$ -	$ -	$ 100,000
Stores inventories	104,157	-	31,524	135,681
Total nonspendable	204,157	-	31,524	235,681
Restricted				
Legally restricted programs	6,041,969	-	640,818	6,682,787
Food service	-	-	187,015	187,015
Capital projects	-	-	4,208,208	4,208,208
Inyo-Kern SFA activities	-	-	2,390,406	2,390,406
Debt services	-	-	3,436,733	3,436,733
Total restricted	6,041,969	-	10,863,180	16,905,149
Committed				
Adult education program	294,516	-	-	294,516
Deferred maintenance program	2,349,984	-	-	2,349,984
Future strategic planning	5,653,648	-	-	5,653,648
Total committed	8,298,148	-	-	8,298,148
Assigned				
Other postemployment benefits	4,057,422	-	-	4,057,422
Capital projects	-	10,920,664	-	10,920,664
Child development	-	-	249,309	249,309
Total assigned	4,057,422	10,920,664	249,309	15,227,395
Unassigned				
Reserve for economic uncertainties	9,528,390	-	-	9,528,390
Total	$ 28,130,086	$ 10,920,664	$ 11,144,013	$ 50,194,763

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Self-Insured Schools of California (SISC II), a joint powers authority, for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Self-Insured Schools of California (SISC I), a joint powers authority. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC III), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pools comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 19,649,093	$ 9,317,052	$ 17,820,360	$ 1,392,415
CalPERS	13,203,360	3,094,228	5,401,665	1,533,824
Total	$ 32,852,453	$ 12,411,280	$ 23,222,025	$ 2,926,239

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $4,184,249.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 19,649,093
State's proportionate share of the net pension liability	9,886,661
Total	$ 29,535,754

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0432% and 0.0428%, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2022, the District recognized pension expense of $1,392,415. In addition, the District recognized pension expense and revenue of $338,260 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,184,249	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,299,513	186,348
Differences between projected and actual earnings on pension plan investments	-	15,542,939
Differences between expected and actual experience in the measurement of the total pension liability	49,222	2,091,073
Changes of assumptions	2,784,068	-
Total	$ 9,317,052	$ 17,820,360

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

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

Year Ended June 30,	Deferred Inflows of Resources
2023	$ (3,946,974)
2024	(3,610,193)
2025	(3,699,786)
2026	(4,285,986)
Total	$ (15,542,939)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,465,466
2024	1,510,776
2025	210,151
2026	103,540
2027	(195,665)
Thereafter	(238,886)
Total	$ 2,855,382

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 39,998,520
Current discount rate (7.10%)	19,649,093
1% increase (8.10%)	2,759,457

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $2,295,027.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $13,203,360. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0649% and 0.0664%, resulting in a net decrease in the proportionate share of 0.0015%.

For the year ended June 30, 2022, the District recognized pension expense of $1,533,824. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,295,027	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	405,046	303,482
Differences between projected and actual earnings on pension plan investments	-	5,067,057
Differences between expected and actual experience in the measurement of the total pension liability	394,155	31,126
Total	$ 3,094,228	$ 5,401,665

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

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

Year Ended June 30,	Deferred Inflows of Resources
2023	$ (1,270,814)
2024	(1,168,627)
2025	(1,218,369)
2026	(1,409,247)
Total	$ (5,067,057)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 503,565
2024	67,105
2025	(95,286)
2026	(10,791)
Total	$ 464,593

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 22,262,719
Current discount rate (7.15%)	13,203,360
1% increase (8.15%)	5,682,148

Alternative Retirement System (SISC Defined Benefit Plan)

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the SISC Defined Benefit Plan as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.7% of an employee's gross earnings. An employee (hired after January 1, 2013) is required to contribute 1.6% (of the 3.7%) of his or her gross earnings to the pension plan. The District's contributions to SISC Defined Benefit Plan for the fiscal year ending June 30, 2022 was $3,237.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,776,820 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Note 14 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the SISC III, SISC I, and the SISC II public entity risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage.

The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of $580,044, $678,562, and $11,158,088, to SISC I, SISC II, and SISC III, respectively, for the coverage's noted above.

Note 15 - Correction of an Error

The District's prior year governmental activities net position and fund balance of the General Fund have been restated as of July 1, 2021 to correct an error reported in the prior year financial statements. The error was related to an overstatement of accounts receivable. The change in fund balance of the General Fund and change in net position on the statement of activities would have decreased by $1,573,628 for the year ended June 30, 2021 had the amount been reported properly in the prior year. The change to fund balance and net position is as follows:

Governmental Activities Financial Statements	
Net position - Beginning, as previously reported on June 30, 2021	
(Before GASB 87 implementation and correction of error)	$ 90,620,422
Decrease receivables	(1,573,628)
Net position - Beginning, as restated on July 1, 2021	
(Before GASB 87 implementation and after correction of error)	$ 89,046,794

	General Fund	Total Governmental Funds
Governmental Funds		
Fund balance - Beginning, as previously reported on June 30, 2021		
(Before GASB 87 implementation and correction of error)	$ 29,145,690	$ 52,796,608
Decrease receivables	(1,573,628)	(1,573,628)
Fund balance - Beginning, as restated on July 1, 2021		
(Before GASB 87 implementation and after correction of error)	$ 27,572,062	$ 51,222,980

Note 16 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities Financial Statements	
Net position - Beginning, as previously reported on June 30, 2021	
(After correction of error, but before GASB 87 implementation)	$ 89,046,794
Right-to-use leased asset, net of amortization	508,387
Lease liability	(508,387)
Net Position - Beginning, as restated on July 1, 2021	$ 89,046,794

Required Supplementary Information
June 30, 2022

Sierra Sands Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 50,507,924	$ 50,122,685	$ 50,309,508	$ 186,823
Federal sources	9,504,543	20,828,514	9,072,281	(11,756,233)
Other State sources	5,604,155	10,397,772	13,987,046	3,589,274
Other local sources	140,000	1,576,296	1,517,455	(58,841)
Total revenues [1]	65,756,622	82,925,267	74,886,290	(8,038,977)
Expenditures				
Current				
Certificated salaries	24,813,978	28,898,776	26,391,396	2,507,380
Classified salaries	9,491,156	10,044,148	9,914,904	129,244
Employee benefits	19,188,537	19,671,664	20,779,487	(1,107,823)
Books and supplies	2,426,370	4,596,395	4,155,511	440,884
Services and operating expenditures	7,301,221	9,588,482	9,729,815	(141,333)
Other outgo	(20,576)	(20,844)	(6,059)	(14,785)
Capital outlay	2,391,713	8,862,133	1,717,700	7,144,433
Debt service				
Debt service - principal	-	-	155,618	(155,618)
Debt service - interest and other	434,509	407,338	15,403	391,935
Total expenditures [1]	66,026,908	82,048,092	72,853,775	9,194,317
Excess (Deficiency) of Revenues Over Expenditures	(270,286)	877,175	2,032,515	1,155,340
Other Financing Sources (Uses)				
Transfers in	-	-	420,112	420,112
Other sources - leases	-	-	26,855	26,855
Transfers out	(874,572)	(13,000,000)	(1,921,458)	11,078,542
Net Financing Sources (Uses)	(874,572)	(13,000,000)	(1,474,491)	11,525,509
Net Change in Fund Balances	(1,144,858)	(12,122,825)	558,024	12,680,849
Fund Balance - Beginning, as restated	27,572,062	27,572,062	27,572,062	-
Fund Balance - Ending	$ 26,427,204	$ 15,449,237	$ 28,130,086	$ 12,680,849

[1] Due to the consolidation of Fund 11, Adult Education Fund, Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds are included in the actual revenues and expenditures; however, they are not included in the original and final budgeted amounts.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,345,500	$ 1,576,172	$ 1,530,264	$ 1,686,968	$ 1,053,045
Interest	335,370	501,321	574,675	600,454	602,438
Adjustment to beginning balance	-	-	938,053	-	-
Difference between expected and actual experience	-	(367,887)	(697,107)	(328,055)	-
Changes of assumptions	(1,550,816)	(7,527,792)	1,696,370	341,123	-
Benefit payments	(1,007,931)	(1,646,886)	(1,646,886)	(2,097,892)	(1,345,652)
Net change in total OPEB liability	(877,877)	(7,465,072)	2,395,369	202,598	309,831
Total OPEB Liability - Beginning	15,357,599	22,822,671	20,427,302	20,224,704	19,914,873
Total OPEB Liability - Ending	$ 14,479,722	$ 15,357,599	$ 22,822,671	$ 20,427,302	$ 20,224,704
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0649%	0.0648%	0.0749%	0.0698%	0.0686%
Proportionate share of the net OPEB liability	$ 258,872	$ 315,967	$ 278,788	$ 267,240	$ 288,674
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	(as Restated) 2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0432%	0.0428%	0.0423%	0.0389%	0.0379%	0.0375%	0.0370%	0.0390%
Proportionate share of the net pension liability	$ 19,649,093	$ 41,466,633	$ 38,220,931	$ 35,749,862	$ 35,050,520	$ 30,338,459	$ 16,399,000	$ 14,328,000
State's proportionate share of the net pension liability	9,886,661	21,376,054	20,852,070	20,468,468	20,735,592	17,271,144	8,672,000	8,653,000
Total	$ 29,535,754	$ 62,842,687	$ 59,073,001	$ 56,218,330	$ 55,786,112	$ 47,609,603	$ 25,071,000	$ 22,981,000
Covered payroll	$ 23,972,892	$ 23,766,854	$ 23,230,141	$ 20,575,350	$ 20,087,099	$ 18,693,924	$ 17,284,809	17,516,061
Proportionate share of the net pension liability as a percentage of its covered payroll	81.96%	174.47%	164.53%	173.75%	174.49%	162.29%	94.88%	82%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0649%	0.0664%	0.0632%	0.0584%	0.0600%	0.0607%	0.0630%	0.0594%
Proportionate share of the net pension liability	$ 13,203,360	$ 20,360,553	$ 18,422,467	$ 15,565,509	$ 14,315,532	$ 11,986,242	$ 9,291,000	$ 6,747,000
Covered payroll	$ 9,334,430	$ 9,607,860	$ 8,839,281	$ 7,786,170	$ 7,646,882	$ 7,280,957	$ 6,978,014	6,239,102
Proportionate share of the net pension liability as a percentage of its covered payroll	141.45%	211.92%	208.42%	199.91%	187.21%	164.62%	133.15%	108%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 4,184,249	$ 3,871,622	$ 4,064,132	$ 3,781,867	$ 2,969,023	$ 2,526,957	$ 2,005,858	$ 1,534,891
Less contributions in relation to the contractually required contribution	4,184,249	3,871,622	4,064,132	3,781,867	2,969,023	2,526,957	2,005,858	1,534,891
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 24,729,604	$ 23,972,892	$ 23,766,854	$ 23,230,141	$ 20,575,350	$ 20,087,099	$ 18,693,924	$ 17,284,809
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 2,295,027	$ 1,932,227	$ 1,894,766	$ 1,596,551	$ 1,209,270	$ 1,061,999	$ 862,575	$ 821,382
Less contributions in relation to the contractually required contribution	2,295,027	1,932,227	1,894,766	1,596,551	1,209,270	1,061,999	862,575	821,382
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,017,577	$ 9,334,430	$ 9,607,860	$ 8,839,281	$ 7,786,170	$ 7,646,882	$ 7,280,957	$ 6,978,014
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* – No changes noted in the June 30, 2021 actuarial valuation
- *Change of Assumptions* – The discount rate changed from 2.16% in 2021 to 3.54% in 2022. Inflation changed from 2.75% to 2.50% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Sierra Sands Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Federal Impact Aid	84.041	[1]	$ 1,869,062	$ -
Passed through California Department of Education (CDE)				
Title I Grants to Local Educational Agencies:				
Low-Income and Neglected	84.010	14329	2,046,580	83,465
Title I Grants - School Improvement Funding for LEAs	84.010	15438	67,153	-
Subtotal			2,113,733	83,465
Title II, Part A, Supporting Effective Instruction	84.367	14341	149,357	9,497
Title III, English Learner Student Program	84.365	14346	36,795	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	24,372	5,397
Early Intervention Grants, Part C	84.181	23761	25,481	-
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	57,962	-
Education Stabilization Fund				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	133	-
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	1,614,407	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	210,922	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	119,010	-
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	338,030	-
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	2,350	-
Subtotal			2,284,852	-
Passed through Sierra Sands SELPA				
Special Education (IDEA) Cluster				
COVID-19 American Rescue Plan (ARP) IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	209,442	-
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,026,222	-
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	1,158	-
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	57,299	-
Alternate Dispute Resolution, Part B, Sec 611	84.027A	13007	30,000	-
Subtotal			1,324,121	-
COVID-19 American Rescue Plan (ARP) IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	17,945	-
Preschool Grants, Part B, Sec 619	84.173	13430	30,433	-
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000	-
Subtotal			49,378	-
Total Special Education (IDEA) Cluster			1,373,499	-
Total U.S. Department of Education			7,935,113	98,359

[1] Direct-award, no PCA Number

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through CDE				
Child Nutrition Cluster				
National School Lunch Program, Section 4	10.555	13523	$ 165,475	$ -
National School Lunch Program, Section 11	10.555	13524	1,583,567	-
Meal Supplements	10.555	13755	27,802	-
Commodities	10.555	13524	271,293	-
COVID-19 SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	32,312	-
Subtotal			2,080,449	-
Especially Needy Breakfast Program	10.553	13526	459,410	-
Total Child Nutrition Cluster			2,539,859	-
COVID-19 Pandemic EBT Local Administrative Grant	10.649	15644	3,063	-
Total U.S. Department of Agriculture			2,542,922	-
U.S. Department of Defense				
Federal Impact Aid (Supplement)	12.558	[1]	314,266	-
Support for Student Achievement at Military Connected Schools:				
Support for Student Achievement at Military Connected Schools (STEAM)	12.556	[1]	177,631	-
Support for Student Achievement at Military Connected Schools (Competitive)	12.556	[1]	202,708	-
Subtotal Support for Student Achievement at Military Connected Schools			380,339	-
Total U.S. Department of Defense			694,605	-
Federal Communications Commission				
Emergency Connectivity Fund (ECF) Program	32.009	[1]	442,563	-
Total Federal Communications Commission			442,563	-
Total Federal Financial Assistance			$ 11,615,203	$ 98,359

[1] Direct-award, no PCA Number

ORGANIZATION

The Sierra Sands Unified School District was established in 1974 and covers the Ridgecrest area of Kern County. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, one comprehensive high school, a continuation high school, an adult school, and a preschool program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Kurt Rockwell	President	2022
Tim Johnson	Vice President	2022
Michael Scott	Member	2024
William Farris	Member	2024
Chad Houck	Member	2022

ADMINISTRATION

Dr. Dave Ostash	Superintendent
Bryan Auld	Assistant Superintendent, Human Resources
Michelle Savko	Assistant Superintendent, Curriculum and Instruction
Pamela Smith	Assistant Superintendent, Business Services

	Final Report	
	Second Period Report CFE1E47B	Annual Report 56BE0982
Regular ADA		
Transitional kindergarten through third	1,380.48	1,383.98
Fourth through sixth	1,079.32	1,083.28
Seventh and eighth	744.47	745.32
Ninth through twelfth	1,380.08	1,369.45
Total Regular ADA	4,584.35	4,582.03
Extended Year Special Education		
Transitional kindergarten through third	4.57	4.57
Fourth through sixth	2.13	2.13
Seventh and eighth	0.69	0.69
Ninth through twelfth	4.91	4.91
Total Extended Year Special Education	12.30	12.30
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.81	1.64
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.15	0.15
Total ADA	4,598.61	4,596.12

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	52,290	-	52,290	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		51,660	-	51,660	180	-	180	N/A	N/A	N/A	Complied
Grade 2		51,660	-	51,660	180	-	180	N/A	N/A	N/A	Complied
Grade 3		52,290	-	52,290	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,150	-	54,150	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,150	-	54,150	180	-	180	N/A	N/A	N/A	Complied
Grade 6		64,054	-	64,054	180	-	180	N/A	N/A	N/A	Complied
Grade 7		64,054	-	64,054	180	-	180	N/A	N/A	N/A	Complied
Grade 8		64,054	-	64,054	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		76,710	-	76,710	180	-	180	N/A	N/A	N/A	Complied
Grade 10		76,710	-	76,710	180	-	180	N/A	N/A	N/A	Complied
Grade 11		76,710	-	76,710	180	-	180	N/A	N/A	N/A	Complied
Grade 12		76,710	-	76,710	180	-	180	N/A	N/A	N/A	Complied

See Notes to Supplementary Information

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 91,032,095	$ 74,663,147	$ 79,291,797	$ 61,637,173
Other sources	-	446,967	-	17,653
Total revenues and other sources	91,032,095	75,110,114	79,291,797	61,654,826
Expenditures	91,125,491	72,561,489	65,057,739	63,132,107
Other uses	2,581,752	4,421,458	1,461,947	822,424
Total expenditures and other uses	93,707,243	76,982,947	66,519,686	63,954,531
Increase/(Decrease) in Fund Balance	(2,675,148)	(1,872,833)	12,772,111	(2,299,705)
Ending Fund Balance	$ 12,947,246	$ 15,622,394	$ 17,495,227	$ 4,723,116
Available Reserves [2]	$ 4,685,362	$ 9,528,390	$ 8,562,457	$ 9,056,322
Available Reserves as a Percentage of Total Outgo	5.00%	12.38%	12.87%	14.16%
Long-Term Liabilities	N/A	$ 81,521,965	$ 113,517,105	$ 117,166,022
K-12 Average Daily Attendance at P-2	4,816	4,599	4,929	4,929

The General Fund balance has increased by $10,899,278 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $2,675,148 (17.1%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $35,644,057 over the past two years.

Average daily attendance has decreased by 330 over the past two years. An increase of 217 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of the Adult Education Fund, the Deferred Maintenance Fund, the Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Assets					
Deposits and investments	$ 531,309	$ 431,862	$ 484,255	$ 879	$ 1,537,449
Receivables	-	65,204	281,433	2	119,519
Due from other funds	-	-	25	-	-
Stores inventories	-	-	31,524	-	-
Total assets	$ 531,309	$ 497,066	$ 797,237	$ 881	$ 1,656,968
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 9,467	$ 179	$ 73,584	$ -	$ 12,825
Due to other funds	-	1,924	505,114	-	-
Unearned revenue	-	126,678	-	-	-
Total liabilities	9,467	128,781	578,698	-	12,825
Fund Balances					
Nonspendable	-	-	31,524	-	-
Restricted	521,842	118,976	187,015	881	1,644,143
Assigned	-	249,309	-	-	-
Total fund balances	521,842	368,285	218,539	881	1,644,143
Total liabilities and fund balances	$ 531,309	$ 497,066	$ 797,237	$ 881	$ 1,656,968

	County School Facilities Fund	IKSFA Blended Component Unit Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 2,447,524	$ 1,909,577	$ 2,012,958	$ 1,423,775	$ 10,779,588
Receivables	7,079	589,410	-	203,138	1,265,785
Due from other funds	-	-	-	-	25
Stores inventories	-	-	-	-	31,524
Total assets	$ 2,454,603	$ 2,498,987	$ 2,012,958	$ 1,626,913	$ 12,076,922
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ -	$ 96,055
Due to other funds	-	-	-	203,138	710,176
Unearned revenue	-	-	-	-	126,678
Total liabilities	-	-	-	203,138	932,909
Fund Balances					
Nonspendable	-	-	-	-	31,524
Restricted	2,454,603	2,498,987	2,012,958	1,423,775	10,863,180
Assigned	-	-	-	-	249,309
Total fund balances	2,454,603	2,498,987	2,012,958	1,423,775	11,144,013
Total liabilities and fund balances	$ 2,454,603	$ 2,498,987	$ 2,012,958	$ 1,626,913	$ 12,076,922

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Revenues					
Federal sources	$ -	$ 31,200	$ 2,542,922	$ -	$ -
Other State sources	-	578,997	142,855	-	-
Other local sources	347,888	12,539	160,098	(28)	746,655
Total revenues	347,888	622,736	2,845,875	(28)	746,655
Expenditures					
Current					
Instruction	-	491,985	-	-	-
Instruction-related activities					
Supervision of instruction	-	78,419	-	-	-
Pupil services					
Food services	-	-	2,668,757	-	-
Administration					
All other administration	-	6,054	-	-	37,623
Plant services	-	4,518	460	-	30,648
Ancillary services	329,866	-	-	-	-
Facility acquisition and construction	-	28,474	-	-	324,362
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	329,866	609,450	2,669,217	-	392,633
Excess (Deficiency) of Revenues Over Expenditures	18,022	13,286	176,658	(28)	354,022
Other Financing Sources (Uses)					
Transfers in	-	-	25	-	-
Transfers out	-	-	-	-	-
Net Financing Sources (Uses)	-	-	25	-	-
Net Change in Fund Balances	18,022	13,286	176,683	(28)	354,022
Fund Balance - Beginning	503,820	354,999	41,856	909	1,290,121
Fund Balance - Ending	$ 521,842	$ 368,285	$ 218,539	$ 881	$ 1,644,143

	County School Facilities Fund	IKSFA Blended Component Unit Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ -	$ 420,112	$ 2,994,234
Other State sources	-	-	30,302	-	752,154
Other local sources	(117,741)	538,449	1,874,190	80	3,562,130
Total revenues	(117,741)	538,449	1,904,492	420,192	7,308,518
Expenditures					
Current					
Instruction	-	-	-	-	491,985
Instruction-related activities					
Supervision of instruction	-	-	-	-	78,419
Pupil services					
Food services	-	-	-	-	2,668,757
Administration					
All other administration	-	-	-	-	43,677
Plant services	-	-	-	-	35,626
Ancillary services	-	-	-	-	329,866
Facility acquisition and construction	-	-	-	-	352,836
Debt service					
Principal	-	-	1,658,710	1,302,996	2,961,706
Interest and other	-	-	151,839	638,217	790,056
Total expenditures	-	-	1,810,549	1,941,213	7,752,928
Excess (Deficiency) of Revenues Over Expenditures	(117,741)	538,449	93,943	(1,521,021)	(444,410)
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,941,213	1,941,238
Transfers out	(1,100,000)	-	-	(420,112)	(1,520,112)
Net Financing Sources (Uses)	(1,100,000)	-	-	1,521,101	421,126
Net Change in Fund Balances	(1,217,741)	538,449	93,943	80	(23,284)
Fund Balance - Beginning	3,672,344	1,960,538	1,919,015	1,423,695	11,167,297
Fund Balance - Ending	$ 2,454,603	$ 2,498,987	$ 2,012,958	$ 1,423,775	$ 11,144,013

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Sierra Sands Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. The information presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Sierra Sands Unified School District, it is not intended to and does not present the net position or changes in net position and fund balance of the district.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate
The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not have any food commodities in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the interest subsidy on Qualified School Construction Bonds which is recorded as federal revenue in the current period but is not required to be reported on the *Schedule of Expenditures of Federal Awards*. In addition, the COVID-19 ARP California State Preschool Program One-time Stipend funds have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 12,066,515
Qualified School Construction Bonds - Interest Subsidy	N/A	(420,112)
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	(31,200)
Total federal financial assistance		$ 11,615,203

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2022

Sierra Sands Unified School District

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

To the Governing Board
Sierra Sands Unified School District
Ridgecrest, 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 Sierra Sands Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 10, 2023.

Correction of an Error

As discussed in Note 15 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivable as of June 30, 2021, were discovered during the current year. Accordingly, a restatement has been made to the fund balance of the General Fund and governmental activities net position as of July 1, 2021, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated April 10, 2023.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. the District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
April 10, 2023

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

To the Governing Board
Sierra Sands Unified School District
Ridgecrest, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
April 10, 2023

Independent Auditor's Report on State Compliance

To the Governing Board
Sierra Sands Unified School District
Ridgecrest, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 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:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

We did not perform District of Choice procedures because the program is not offered by the District.

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

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
April 10, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Sierra Sands Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Federal Impact Aid	84.041
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A

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

State Compliance

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

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

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 30000 - Internal Control Over Financial Reporting (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement. Such internal controls should include a process to review the year-end closing activities and related journal entries used in the preparation of the financial statements to ensure that account balances have been reported completely, accurately, and in accordance with applicable accounting principles.

Condition

During the course of our engagement, we identified audit adjustments within the District's 2021-2022 unaudited financial statements. We noted that the District's beginning net position of the governmental activities and beginning fund balance of the General Fund were overstated as a result of overstatement of accounts receivable of $1,573,628. This misstatement was caused by an error, which has been detailed in Note 15. In addition, there was an accumulation of various smaller errors that, although didn't result in material misstatements, were an indicator that internal controls related to financial closing and financial statement preparation are lacking to ensure complete and accurate reporting.

Questioned Costs

There were no questioned costs associated with the conditions defined.

Context

The condition was identified through our audit procedures related to the accounts noted.

Effect

The condition resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2021-2022 unaudited financial statements, the District's beginning fund balance in the General Fund was overstated by $1,573,628.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements.

Repeat Finding

Yes. See prior year finding 2021-001.

Recommendation

Management should review financial account balances to ensure that they have been correctly reported. Balances should be reconciled periodically and traced to supporting records to verify the accuracy and completeness of reported information. Additionally, management should ensure that all applicable accounting principles are adhered to when recording financial information.

Corrective Action Plan and Views of Responsible Officials

In response to GASB 87, the District has engaged with DebtBook to support management with implementing and managing the reporting requirement associated with identifying and categorizing Right-to-Use of an underlying asset leases. This contract for services will help ensure managements compliance with GASB 87.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2021-001 30000 (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement. Such internal controls should include a process to review the year-end closing activities and related journal entries used in the preparation of the financial statements to ensure that account balances have been reported completely, accurately, and in accordance with applicable accounting principles.

Condition

During the course of our engagement, we identified audit adjustments within the District's 2020-2021 unaudited financial statements as detailed below:

1. Accounts payable in the General Fund was understated by $788,217.
2. Accounts receivable in the General Fund was understated by $117,869.

Questioned Costs

There were no questioned costs associated with the conditions defined.

Context

The conditions were identified through our audit procedures related to the various accounts noted.

Effect

This resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2020-2021 unaudited financial statements, the District's fund balance in the General Fund was overstated by $670,348.

Cause

The cause of the conditions are twofold. In relation to the accounts payable, the adjustment is related to the errors noted in the unduplicated pupil count reporting for both the prior year and current year. The adjustment is the impact that the errors in the unduplicated pupil count have on the LCFF calculation. The accounts receivable error is a result of a timing difference with respect to the collection and deposit of lease revenues. Such amounts were collected for the 2020-2021 fiscal year subsequent to year-end, but were not recorded until received in the 2021-2022 fiscal year. The District should evaluate amounts due at year-end and ensure such accruals are accounted for in the year-end closing process. A review of the related transactions and entries should be conducted at year end, to ensure completeness.

Recommendation

Management should review financial account balances to ensure that they have been correctly reported. Balances should be reconciled periodically and traced to supporting records to verify the accuracy and completeness of reported information. Additionally, management should ensure that all applicable accounting principles are adhered to when recording financial information.

Repeat Finding

No.

Current Status

Not implemented. See current year finding 2022-001.

State Compliance Findings

2021-002 Code 40000 – Unduplicated Local Control Funding Formula Pupil Counts

Criteria or Specific Requirements

In accordance with *Education Code* sections 2574(b)(3)(c), 42238.02(b)(3)(B), and 41020, the District is required to maintain supporting documentation such as a Free and Reduced-Price Meal (FRPM) eligibility application or an alternative household income data collection form that indicates the student was eligible for the designation reported on the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The District utilizes alternative household income data collection forms to obtain eligibility status for the unduplicated pupil count. However, the data reported on the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report was not consistent with the documentation on the alternative household income data collections forms. We noted that for certain pupils, the income reported on the alternative household income data collection forms did not qualify the pupils as eligible, but the pupils were reported as free/reduced in CALPADS.

Questioned Costs

The questioned costs associated with this condition resulted in a decrease of $507,581 in Local Control Formula Funding using CDE's fiscal penalty calculator.

Context

The condition was identified as a result of selecting a sample of students from the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The "1.18 – FRPM/English Learner/Foster Youth – Student List" was agreed to "1.17 – FRPM/English Learner/Foster Youth Count" certified CALPADS report to ensure the correct 1.18 report was used. We selected an initial sample of 60 students for testing pupils claimed as free/reduced only and found 14 exceptions. As a result of the exceptions noted, the District elected to perform a 100% re-verification of the data and provide the total number of exceptions to the auditor as a result of their internal review. With this revised list, we confirmed the District's information by verifying the changes were made for the exceptions from our initial sample. The result of this process was a total of 262 exceptions.

Effect

As a result of our testing, it appears that the District did not properly complete the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Total Enrollment	Unduplicated FRPM/EL/Foster Youth Total	Unduplicated Pupil Count Adjustment (FRPM)	Total Adjusted Enrollment	Adjusted Total Unduplicated Pupil Count
4,949	3,136	-262	4,949	2,874

Cause

It appears the cause was due to poor timing of the information extracted from AERIES to be used in CALPADs reporting. The most updated data was not reflected in CALPADs.

Repeat Finding

Yes, see prior year finding 2020-002.

Recommendation

The District should ensure that data used to update the Unduplicated Pupil Count in CALPADS is based on the most current data collected as of census date.

Current Status

Implemented.

Management
Sierra Sands Unified School District
Ridgecrest, California

In planning and performing our audit of the financial statements of Sierra Sands Unified School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 10, 2023, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Burroughs High School

Observations

- 22 out of 25 disbursements tested were not pre-approved by the student body prior to the transaction taking place and were not supported by a purchase request form.
- 2 out of 25 disbursements tested did not have receiving documentation noted to indicate that the goods purchased had been received prior to payment.
- Revenue potential forms are not being completed. Actual revenues are not being recorded and compared to potential revenues to evaluate the success of the fundraiser.
- Bank reconciliations are not prepared in a timely manner. October and November bank reconciliations were prepared in March.
- Cash receipt documentation for tickets did not always have the signature of the individual counting the cash and another individual verifying the cash count is correct.

Recommendations

- To ensure disbursements are allowable and within budget, the site should ensure that all disbursements are pre-approved by the student body prior to the transaction taking place. This allows the student body to determine if the proposed activities are appropriate and if sufficient funding is available to finance the activities. A purchase request form is a tool that can be used to submit for pre-approval.
- All goods being ordered should be documented with explicit receiving documentation to ensure that items were received prior to payment.

- Revenue potential forms should be completed for all fundraisers, as it serves as a tool to determine if a fundraiser will be successful. In addition, analysis of the fundraising activity after the end of the event should be performed to ensure that all monies expected to be collected were and to ensure there is not lost or stolen merchandise.
- Bank reconciliations should be prepared monthly to ensure that all banking activity is reviewed and discrepancies and errors are investigated and resolved timely.
- All cash deposits should be supported by cash counts that include two individuals, one who prepares the count and a second to verify the count. Both individuals should sign off on the cash count indicating their review and verification.

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

Eide Bailly LLP

Rancho Cucamonga, California
April 10, 2023