

ORLAND UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2023



ORLAND UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Orland Unified School District
Orland, California

Report on the Audit of the Financial Statements***Opinions***

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Orland Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the Orland Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Orland Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Orland Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
March 21, 2024

ORLAND UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

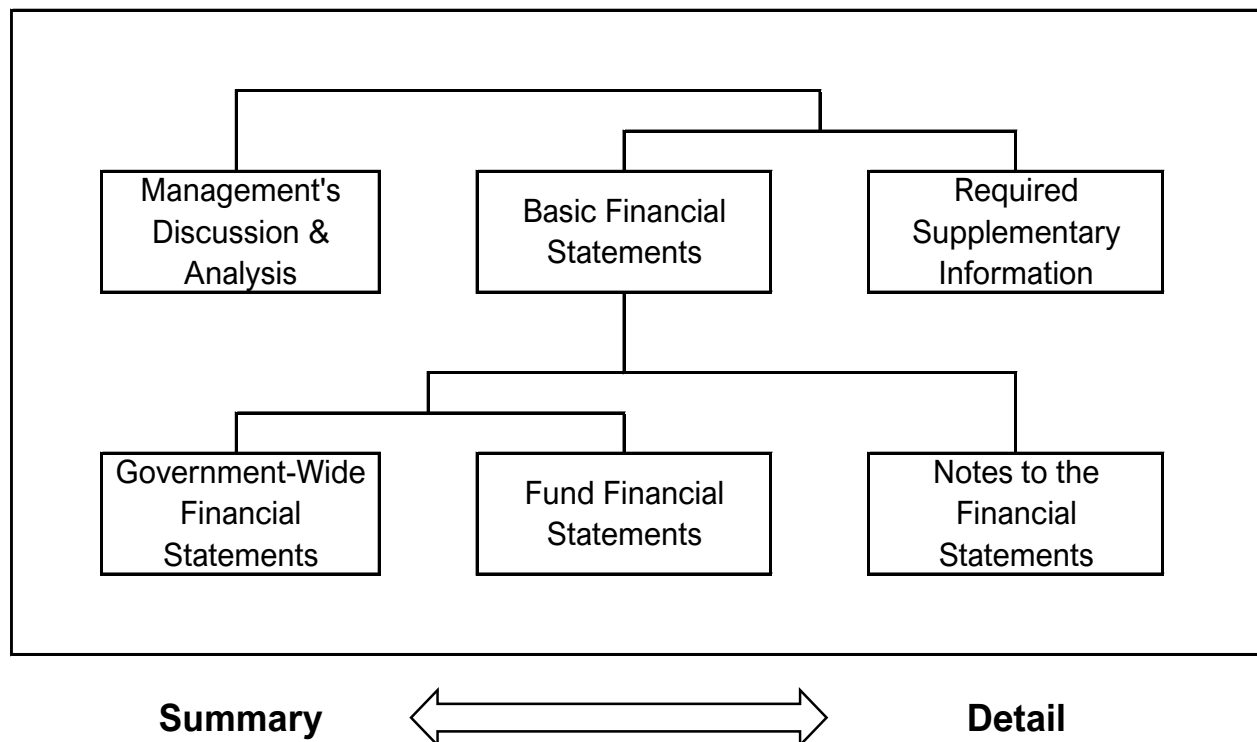
Our discussion and analysis of Orland Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$16,161,444 at June 30, 2023. This was an increase of \$17,242,830 from the prior year.
- Overall revenues were \$51,502,326 which exceeded expenses of \$34,259,496.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



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

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$16,161,444 at June 30, 2023, as reflected in the table below. Of this amount, \$(13,434,875) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 41,634,107	\$ 27,480,137	\$ 14,153,970
Capital assets	32,638,895	32,112,067	526,828
Total Assets	74,273,002	59,592,204	14,680,798
DEFERRED OUTFLOWS OF RESOURCES	10,558,140	7,207,583	3,350,557
LIABILITIES			
Current liabilities	8,370,026	7,921,936	448,090
Long-term liabilities	54,401,861	45,833,771	8,568,090
Total Liabilities	62,771,887	53,755,707	9,016,180
DEFERRED INFLOWS OF RESOURCES	5,897,811	14,125,466	(8,227,655)
NET POSITION			
Net investment in capital assets	12,624,231	10,979,291	1,644,940
Restricted	16,972,088	10,256,993	6,715,095
Unrestricted	(13,434,875)	(22,317,670)	8,882,795
Total Net Position	\$ 16,161,444	\$ (1,081,386)	\$ 17,242,830

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 819,865	\$ 883,533	\$ (63,668)
Operating grants and contributions	16,754,174	10,303,537	6,450,637
General revenues			
Property taxes	8,047,435	7,532,418	515,017
Unrestricted federal and state aid	25,508,247	20,536,123	4,972,124
Other	372,605	398,578	(25,973)
Total Revenues	51,502,326	39,654,189	11,848,137
EXPENSES			
Instruction	19,655,500	19,571,594	83,906
Instruction-related services	2,816,230	2,900,336	(84,106)
Pupil services	3,643,322	3,487,304	156,018
General administration	2,521,710	2,464,693	57,017
Plant services	2,005,873	2,684,214	(678,341)
Ancillary and community services	955,322	821,946	133,376
Debt service	1,078,961	1,151,310	(72,349)
Other outgo	1,582,578	1,186,895	395,683
Total Expenses	34,259,496	34,268,292	(8,796)
Change in net position	17,242,830	5,385,897	11,856,933
Net Position - Beginning	(1,081,386)	(6,467,283)	5,385,897
Net Position - Ending	\$ 16,161,444	\$ (1,081,386)	\$ 17,242,830

The cost of all our governmental activities this year was \$34,259,496 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only \$8,047,435 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2023	2022
Instruction	\$ 8,055,888	\$ 13,696,054
Instruction-related services	2,087,335	2,355,743
Pupil services	1,326,005	935,990
General administration	1,673,905	1,843,582
Plant services	1,391,100	2,539,615
Ancillary and community services	218,628	201,639
Debt service	1,078,961	1,151,310
Transfers to other agencies	853,635	357,289
Total	\$ 16,685,457	\$ 23,081,222

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$34,234,998, which is more than last year's ending fund balance of \$19,793,804. The District's General Fund had \$13,982,543 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Special Reserve Fund for Capital Outlay Projects had \$831,141 less in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

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

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$32,638,895 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 444,595	\$ 444,595	\$ -
Land improvements	2,842,325	2,270,876	571,449
Buildings & improvements	49,371,208	47,673,650	1,697,558
Furniture & equipment	4,673,302	4,681,649	(8,347)
Less: Accumulated depreciation	(24,692,535)	(22,958,703)	(1,733,832)
Total Capital Assets	\$ 32,638,895	\$ 32,112,067	\$ 526,828

Long-Term Liabilities

At year-end, the District had \$54,401,861 in long-term liabilities, an increase of 18.69% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 19,310,340	\$ 19,204,679	\$ 105,661
Total certificates of participation	3,676,103	3,835,234	(159,131)
Lease purchase agreements	3,604,297	3,920,855	(316,558)
Financed purchases	226,931	276,443	(49,512)
Compensated absences	88,474	90,786	(2,312)
Total OPEB liability	5,768,749	5,741,274	27,475
Net pension liability	22,925,168	13,903,199	9,021,969
Less: current portion of long-term liabilities	(1,198,201)	(1,138,699)	(59,502)
Total Long-term Liabilities	\$ 54,401,861	\$ 45,833,771	\$ 8,568,090

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Orland Unified School District, 903 South Street; Orland, California 95963.

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

	Governmental Activities
ASSETS	
Cash and investments	\$ 37,604,908
Accounts receivable	3,995,837
Inventory	33,362
Capital assets, not depreciated	444,595
Capital assets, net of accumulated depreciation	32,194,300
Total Assets	74,273,002
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	9,758,116
Deferred outflows related to OPEB	412,801
Deferred amount on refunding	387,223
Total Deferred Outflows of Resources	10,558,140
LIABILITIES	
Accrued liabilities	3,513,847
Unearned revenue	1,455,963
Claims liabilities	2,202,015
Long-term liabilities, current portion	1,198,201
Long-term liabilities, non-current portion	54,401,861
Total Liabilities	62,771,887
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,495,829
Deferred inflows related to OPEB	3,389,338
Deferred amount on refunding	12,644
Total Deferred Inflows of Resources	5,897,811
NET POSITION	
Net investment in capital assets	12,624,231
Restricted:	
Capital projects	2,269,725
Debt service	2,938,617
Educational programs	9,981,382
Food service	1,398,323
Associated student body	324,703
All others	59,338
Unrestricted	(13,434,875)
Total Net Position	\$ 16,161,444

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

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

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 19,655,500	\$ 433,512	\$ 11,166,100	\$ (8,055,888)
Instruction-related services				
Instructional supervision and administration	581,577	32,276	646,365	97,064
Instructional library, media, and technology	345,932	-	18,589	(327,343)
School site administration	1,888,721	-	31,665	(1,857,056)
Pupil services				
Home-to-school transportation	813,348	-	30,532	(782,816)
Food services	1,726,912	14,753	2,110,847	398,688
All other pupil services	1,103,062	602	160,583	(941,877)
General administration				
Centralized data processing	502,210	-	80,605	(421,605)
All other general administration	2,019,500	2,159	765,041	(1,252,300)
Plant services	2,005,873	163,624	451,149	(1,391,100)
Ancillary services	955,322	-	736,694	(218,628)
Interest on long-term debt	1,078,961	-	-	(1,078,961)
Other outgo	1,582,578	172,939	556,004	(853,635)
Total Governmental Activities	\$ 34,259,496	\$ 819,865	\$ 16,754,174	(16,685,457)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				6,970,597
Property taxes, levied for debt service				1,076,838
Federal and state aid not restricted for specific purposes				25,508,247
Interest and investment earnings				336,297
Miscellaneous				36,308
Subtotal, General Revenue				33,928,287
CHANGE IN NET POSITION				17,242,830
Net Position - Beginning				(1,081,386)
Net Position - Ending				\$ 16,161,444

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

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 26,862,249	\$ 2,375,102	\$ 7,400,803	\$ 36,638,154
Accounts receivable	1,831,137	18,158	610,551	2,459,846
Due from other funds	1,712,881	426,492	17,057	2,156,430
Stores inventory	-	-	33,362	33,362
Total Assets	\$ 30,406,267	\$ 2,819,752	\$ 8,061,773	\$ 41,287,792
LIABILITIES				
Accrued liabilities	\$ 3,407,029	\$ -	\$ 33,372	\$ 3,440,401
Due to other funds	443,549	1,276,991	435,890	2,156,430
Unearned revenue	1,455,963	-	-	1,455,963
Total Liabilities	5,306,541	1,276,991	469,262	7,052,794
FUND BALANCES				
Nonspendable	4,000	-	33,362	37,362
Restricted	9,445,121	1,542,761	6,057,682	17,045,564
Committed	-	-	1,501,467	1,501,467
Assigned	8,558,969	-	-	8,558,969
Unassigned	7,091,636	-	-	7,091,636
Total Fund Balances	25,099,726	1,542,761	7,592,511	34,234,998
Total Liabilities and Fund Balances	\$ 30,406,267	\$ 2,819,752	\$ 8,061,773	\$ 41,287,792

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

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

Total Fund Balance - Governmental Funds \$ 34,234,998

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

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 57,331,430	
Accumulated depreciation	<u>(24,692,535)</u>	32,638,895

Deferred amount on refunding:

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

374,579

Unmatured interest on long-term debt:

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

(73,446)

Long-term liabilities:

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

Total general obligation bonds	\$ 19,310,340	
Total certificates of participation	3,676,103	
Lease purchase agreements	3,604,297	
Financed purchases	226,931	
Compensated absences	88,474	
Total OPEB liability	5,768,749	
Net pension liability	<u>22,925,168</u>	(55,600,062)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 9,758,116	
Deferred inflows of resources related to pensions	<u>(2,495,829)</u>	7,262,287

(continued on the next page)

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

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$ 412,801	
Deferred inflows of resources related to OPEB	<u>(3,389,338)</u>	(2,976,537)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

300,730

Total Net Position - Governmental Activities

\$ 16,161,444

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 30,714,353	\$ -	\$ 1,250,000	\$ 31,964,353
Federal sources	4,657,513	-	1,542,896	6,200,409
Other state sources	10,028,321	-	528,856	10,557,177
Other local sources	2,149,686	34,851	2,204,128	4,388,665
Total Revenues	47,549,873	34,851	5,525,880	53,110,604
EXPENDITURES				
Current				
Instruction	21,271,512	-	-	21,271,512
Instruction-related services				
Instructional supervision and administration	662,578	-	-	662,578
Instructional library, media, and technology	293,702	-	-	293,702
School site administration	2,046,241	-	-	2,046,241
Pupil services				
Home-to-school transportation	877,615	-	-	877,615
Food services	51,383	-	1,596,707	1,648,090
All other pupil services	1,220,962	-	-	1,220,962
General administration				
Centralized data processing	470,832	-	-	470,832
All other general administration	1,941,521	-	53,098	1,994,619
Plant services	1,730,356	15,494	72,591	1,818,441
Facilities acquisition and construction	514,665	850,498	978,693	2,343,856
Ancillary services	299,606	-	654,245	953,851
Transfers to other agencies	1,567,116	-	-	1,567,116
Debt service				
Principal	485,819	-	662,575	1,148,394
Interest and other	133,422	-	218,179	351,601
Total Expenditures	33,567,330	865,992	4,236,088	38,669,410
NET CHANGE IN FUND BALANCE	13,982,543	(831,141)	1,289,792	14,441,194
Fund Balance - Beginning	11,117,183	2,373,902	6,302,719	19,793,804
Fund Balance - Ending	\$ 25,099,726	\$ 1,542,761	\$ 7,592,511	\$ 34,234,998

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

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

Net Change in Fund Balances - Governmental Funds \$ 14,441,194

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 2,492,895	
Depreciation expense:	<u>(1,966,067)</u>	526,828

Debt service:

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

1,196,630

Deferred amounts on refunding:

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

(20,585)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

6,617

Accreted interest on long-term debt:

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

(782,213)

Compensated absences:

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

2,312

(continued on the next page)

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

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (101,592)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 2,650,945

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 5,123

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (682,429)

Change in Net Position of Governmental Activities

\$ 17,242,830

ORLAND UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 966,754
Accounts receivable	1,535,991
Total Assets	2,502,745
LIABILITIES	
Non-current liabilities	
Claims liability	2,202,015
Total Liabilities	2,202,015
NET POSITION	
Restricted	300,730
Total Net Position	\$ 300,730

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

**ORLAND UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 4,619,209
Other local revenues	1,108,040
Total operating revenues	<u>5,727,249</u>
OPERATING EXPENSES	
Professional services	6,409,773
Total operating expenses	<u>6,409,773</u>
Operating income/(loss)	<u>(682,524)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	95
Total non-operating revenues/(expenses)	<u>95</u>
CHANGE IN NET POSITION	(682,429)
Net Position - Beginning	983,159
Net Position - Ending	<u>\$ 300,730</u>

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

**ORLAND UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 4,619,209
Cash received (paid) from assessments made to (from) other funds	1,231,485
Cash payments for payroll, insurance, and operating costs	(6,294,263)
Net cash provided by (used for) operating activities	(443,569)
Cash flows from investing activities	
Interest received	95
Net cash provided by (used for) investing activities	95
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(443,474)
CASH AND CASH EQUIVALENTS	
Beginning of year	1,410,228
End of year	\$ 966,754
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ (682,524)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	123,445
Increase (decrease) in claims liability	115,510
Net cash provided by (used for) operating activities	\$ (443,569)

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

**ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

C. Basis of Presentation

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

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

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. (continued) Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

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

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

Non-Major Governmental Funds

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

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

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

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

Pupil Transportation Equipment Fund: This fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code Section 41852[b]*).

Foundation Special Revenue Fund: This fund is used to account for resources received from gifts or bequests pursuant to Education Code Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Building Fund: This 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. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

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

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

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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

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

Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-15 years
Vehicles	8 years

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

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

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

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

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

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

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 36,308,451	\$ -	\$ 36,308,451
Cash on hand and in banks	325,703	966,754	1,292,457
Cash in revolving fund	4,000	-	4,000
Total	\$ 36,638,154	\$ 966,754	\$ 37,604,908

B. Policies and Practices

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

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

C. General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$35,006,463 and an amortized book value of \$36,308,451.

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's uninsured bank balance amounted to \$1,090,143.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value (continued)

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

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

	<u>Uncategorized</u>
Investment in county treasury	\$ 35,006,463
Total	<u>\$ 35,006,463</u>

NOTE 3 – ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Special Reserve Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Governmental Activities</u>
Federal Government					
Categorical aid	\$ 349,796	\$ -	\$ 393,863	\$ -	\$ 743,659
State Government					
Apportionment	204,573	-	-	-	204,573
Categorical aid	628,041	-	125,479	-	753,520
Lottery	134,489	-	-	-	134,489
Local Government					
Other local sources	514,238	18,158	91,209	1,535,991	2,159,596
Total	<u>\$ 1,831,137</u>	<u>\$ 18,158</u>	<u>\$ 610,551</u>	<u>\$ 1,535,991</u>	<u>\$ 3,995,837</u>

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 444,595	\$ -	\$ -	\$ 444,595
Total capital assets not being depreciated	444,595	-	-	444,595
Capital assets being depreciated				
Land improvements	2,270,876	571,449	-	2,842,325
Buildings & improvements	47,673,650	1,697,558	-	49,371,208
Furniture & equipment	4,681,649	223,888	232,235	4,673,302
Total capital assets being depreciated	54,626,175	2,492,895	232,235	56,886,835
Less: Accumulated depreciation				
Land improvements	1,584,879	129,716	-	1,714,595
Buildings & improvements	18,542,106	1,560,367	-	20,102,473
Furniture & equipment	2,831,718	275,984	232,235	2,875,467
Total accumulated depreciation	22,958,703	1,966,067	232,235	24,692,535
Total capital assets being depreciated, net	31,667,472	526,828	-	32,194,300
Governmental Activities				
Capital Assets, net	\$ 32,112,067	\$ 526,828	\$ -	\$ 32,638,895

Depreciation expense was allocated to governmental activities as follows:

Instruction	\$ 1,277,916
Instructional supervision and administration	13,396
Instructional library, media, and technology	53,957
School site administration	133,631
Home-to-school transportation	44,101
Food services	84,797
All other pupil services	57,046
Centralized data processing	33,145
All other general administration	94,231
Plant services	156,752
Ancillary services	17,094
Total	\$ 1,966,067

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

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

	Due From Other Funds			
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Due To Other Funds				
General Fund	\$ -	\$ 426,492	\$ 17,057	\$ 443,549
Special Reserve Fund for Capital Outlay Projects	1,276,991	-	-	1,276,991
Non-Major Governmental Funds	435,890	-	-	435,890
Total	\$ 1,712,881	\$ 426,492	\$ 17,057	\$ 2,156,430

Due from the Cafeteria Fund to the General Fund for expenses.	\$ 46,918
Due from the Capital Facilities Fund to the General Fund for expenses.	388,972
Due from the Special Reserve Fund for Capital Outlay Projects to the General Fund for expenses.	1,276,991
Due from the General Fund to the Cafeteria Fund for expenses.	1,905
Due from the General Fund to the Pupil Transportation Equipment Fund for expenses.	15,152
Due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for Preschool with Disabilities Grant.	426,492
Total	\$ 2,156,430

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 1,517,615	\$ 40	\$ -	\$ 1,517,655
Construction	-	-	-	-
Vendors payable	1,182,804	33,332	-	1,216,136
Unmatured interest	-	-	73,446	73,446
Due to grantor government	706,610	-	-	706,610
Total	\$ 3,407,029	\$ 33,372	\$ 73,446	\$ 3,513,847

NOTE 7 – UNEARNED REVENUE

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

	General Fund
Federal sources	\$ 1,020,150
State categorical sources	435,813
Total	\$ 1,455,963

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 13,482,089	\$ 782,213	\$ 205,000	\$ 14,059,302	\$ 140,210
Unamortized premium	33,279	-	1,109	32,170	1,109
Unamortized discount	(2,515)	-	(117)	(2,398)	(114)
Subtotal general obligation bonds	13,512,853	782,213	205,992	14,089,074	141,205
Direct placement general obligation bonds	5,691,826	-	470,560	5,221,266	510,732
Total general obligation bonds	19,204,679	782,213	676,552	19,310,340	651,937
Certificates of participation	3,765,000	-	155,000	3,610,000	160,000
Unamortized premium	70,234	-	4,131	66,103	4,131
Total certificates of participation	3,835,234	-	159,131	3,676,103	164,131
Lease purchase agreements	3,920,855	-	316,558	3,604,297	332,621
Financed purchases	276,443	-	49,512	226,931	49,512
Compensated absences	90,786	-	2,312	88,474	-
Total OPEB liability	5,741,274	27,475	-	5,768,749	-
Net pension liability	13,903,199	9,021,969	-	22,925,168	-
Total	\$ 46,972,470	\$ 9,831,657	\$ 1,204,065	\$ 55,600,062	\$ 1,198,201

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund.
- Payments for lease purchases are made in the General Fund.
- Payments for financed purchases are made in the Capital Facilities Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
Election 2008, Series B	March 27, 2012	August 1, 2051	1.03% - 6.00%	\$ 8,034,047	\$ 12,074,637	\$ 708,626	\$ 185,000	\$ 12,598,263
Election 2008, Series C	March 7, 2013	August 1, 2043	3.00% - 5.55%	1,020,024	1,407,452	73,587	20,000	1,461,039
Direct placement:								
2018 Refunding	May 31, 2018	August 1, 2030	2.60%	6,994,920	5,691,826	-	470,560	5,221,266
Total					\$ 19,173,915	\$ 782,213	\$ 675,560	\$ 19,280,568

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

Election of 2008

In an election held February 5, 2008, the voters authorized the District to issue and sell \$21,900,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of financing the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance associated with the bonds. There were three issuances under this election, Series A was early refunded with the 2018 Refunding bonds:

- Series B, which was issued on March 27, 2012 for \$8,034,047, bears interest rates ranging from 1.03% to 6.00%. The original issuance consisted of \$2,553,978 of capital appreciation bonds and \$5,480,069 of convertible capital appreciation bonds. The capital appreciation bonds and the convertible capital appreciation bonds, initially, accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2012. From and after their conversion date, the convertible capital appreciation bonds will become current interest bonds upon which interest is payable on February 1 and August 1 of each year through maturity. The principal balance outstanding at June 30, 2023 amounted to \$12,598,263, which includes accreted interest.
- Series C, which was issued on March 7, 2013 for \$1,020,024, bears interest rates ranging from 3.00% to 5.55%. The original issuance consisted of \$160,000 of current interest term bonds and \$860,024 of convertible capital appreciation term bonds. Interest on the current interest term bonds is payable on February 1 and August 1 of each year, commencing August 1, 2013. The convertible capital appreciation term bonds, initially, accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2013. The principal balance outstanding at June 30, 2023 amounted to \$1,461,039, which includes accreted interest.

Direct Placement - 2018 Refunding

On May 31, 2018, the District issued Series 2018 General Obligation Refunding Bonds for an aggregate amount of \$6,994,920 and consists of current interest bonds bearing fixed interest rate of 2.0% with a maturity date of August 1, 2030. The net proceeds of \$6,907,419 (after issuance costs of \$87,501) were used to refund a portion of the District's Election 2008, Series A general obligation bonds and to pay certain costs of issuance associated with the Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of \$12,644 remain to be amortized. This advanced refunding was undertaken to reduce total debt service payments and results in an economic gain of \$1,688,919. As of June 30, 2023, the principal balance on the refunding bonds amounted to \$5,221,266.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2052 as follows:

Year Ended June 30,	General obligation bonds			Direct placement general obligation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 140,210	\$ 75,065	\$ 215,275	\$ 510,732	\$ 129,113	\$ 639,845
2025	114,632	85,368	200,000	554,754	115,262	670,016
2026	110,397	99,603	210,000	602,484	100,218	702,702
2027	106,678	113,322	220,000	648,149	83,960	732,109
2028	106,314	128,686	235,000	697,251	66,470	763,721
2029 - 2033	857,799	1,462,201	2,320,000	2,207,896	83,553	2,291,449
2034 - 2038	563,887	1,031,113	1,595,000	-	-	-
2039 - 2043	1,261,870	2,723,129	3,984,999	-	-	-
2044 - 2048	1,915,094	4,434,906	6,350,000	-	-	-
2049 - 2052	2,454,023	5,715,977	8,170,000	-	-	-
Accretion	6,428,398	(6,428,398)	-	-	-	-
Total	\$ 14,059,302	\$ 9,440,972	\$ 23,500,274	\$ 5,221,266	\$ 578,576	\$ 5,799,842

C. Certificates of Participation (COPs)

On December 7, 2010, the District issued \$6,100,000 certificates of participation with interest rates ranging from 3.00% to 6.00%. The certificates were issued for the purpose of assisting the District in new construction and other capital enhancements. On March 27, 2012, the District issued Election 2008, Series B bonds to partially refund certain outstanding certificates. The certificates were early refunded with the 2016 Refunding Certificates.

In April 2016, the District issued \$4,505,000 in Certificates of Participation to refund on a current basis all outstanding 2010 Certificates of Participation amounting to \$4,815,000. This refunding reduced total debt service payments by \$2,871,456 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,900,965. As of June 30, 2016, the principal balance outstanding on the defeased 2010 Certificates of Participation had been redeemed in full.

D. Debt Service Requirements to Maturity – COPs

The 2016 refunding certificates of participation mature through 2040 as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 160,000	\$ 98,315	\$ 258,315
2025	165,000	95,065	260,065
2026	170,000	91,715	261,715
2027	175,000	88,265	263,265
2028	180,000	84,490	264,490
2029 - 2033	1,000,000	344,414	1,344,414
2034 - 2038	1,210,000	180,700	1,390,700
2039 - 2040	550,000	17,344	567,344
Total	\$ 3,610,000	\$ 1,000,308	\$ 4,610,308

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

E. Lease Purchase Agreements

On August 21, 2005, The District entered into a lease purchase agreement with Public Property Financing Corporation of California to fund the energy efficiency-solar project. The remaining obligation under the lease purchase agreement was \$3,604,297 at June 30, 2023.

Future payments on the lease purchase agreement are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 332,621	\$ 71,617	\$ 404,238
2025	349,313	64,769	414,082
2026	366,657	57,632	424,289
2027	384,676	50,196	434,872
2028	403,395	42,450	445,845
2029 - 2032	1,767,635	87,192	1,854,827
Total	\$ 3,604,297	\$ 373,856	\$ 3,978,153

F. Financed Purchases

During 2020-2021, the District entered into a financed purchase agreement with PG&E with zero interest and monthly payments maturing through 2028. Future minimum payments as of June 30, 2023 are as follows:

<u>Year Ended June 30,</u>	<u>Payment</u>
2024	\$ 49,512
2025	49,512
2026	49,512
2027	49,512
2028	28,883
Total	\$ 226,931

G. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$88,474. This amount is included as part of long-term liabilities in the government-wide financial statements.

H. Other Postemployment Benefits

The District's beginning total OPEB liability was \$5,741,274 and increased by \$27,475 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was \$5,768,749. See Note 10 for additional information regarding the total OPEB liability.

I. Net Pension Liability

The District's beginning net pension liability was \$13,903,199 and increased by \$9,021,969 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$22,925,168. See Note 11 for additional information regarding the net pension liability.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – FUND BALANCES

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	\$ 4,000	\$ -	\$ -	\$ 4,000
Stores inventory	-	-	33,362	33,362
Total non-spendable	4,000	-	33,362	37,362
Restricted				
Educational programs	9,445,121	-	536,261	9,981,382
Food service	-	-	1,398,323	1,398,323
Associated student body	-	-	324,703	324,703
Capital projects	-	1,542,761	726,994	2,269,755
Debt service	-	-	3,012,063	3,012,063
All others	-	-	59,338	59,338
Total restricted	9,445,121	1,542,761	6,057,682	17,045,564
Committed				
Deferred maintenance	-	-	1,501,467	1,501,467
Total committed	-	-	1,501,467	1,501,467
Assigned				
Other assignments	8,558,969	-	-	8,558,969
Total assigned	8,558,969	-	-	8,558,969
Unassigned	7,091,636	-	-	7,091,636
Total Fund Balance	\$ 25,099,726	\$ 1,542,761	\$ 7,592,511	\$ 34,234,998

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses. See the General Fund trends schedule for additional information regarding the District's reserves.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below. (Some grandfathered certificated retirees receive additional benefits under a recent retirement incentive.)

	Employees hired prior to July 1, 2015	Employees hired on or after July 1, 2015
Benefit types provided	Medical, dental and vision	Medical, dental and vision
Duration of Benefits	To age 65	To age 65
Required Service	10 years	10 years
Minimum Age	55	60
Dependent Coverage	Yes	Yes
District Contribution %	100% of medical up to cap dental and vision self-paid	100% of medical up to cap dental and vision self-paid
District Cap	\$15,761	\$15,761

C. Contributions

For the measurement period, the District contributed \$233,699 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	15
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	266
Total number of participants**	281

*Information not provided

**As of the June 30, 2023 valuation date

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

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

E. Total OPEB Liability

The Orland Unified School District's total OPEB liability of \$5,768,749 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that same date.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of that same date, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.65%
Healthcare cost trend rate	4.00%

Non-economic assumptions:

Mortality:

Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Mortality for Miscellaneous and Schools Employees

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

Discount rate:

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

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

G. Changes in Total OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	
Service cost	\$ 345,863
Interest on total OPEB liability	205,226
Difference between expected and actual experience	(111,388)
Changes of assumptions	(178,527)
Benefits payments	<u>(233,699)</u>
Net change in total OPEB liability	27,475
Total OPEB liability - beginning	<u>5,741,274</u>
Total OPEB liability - ending	<u>\$ 5,768,749</u>
 Covered-employee payroll	 \$ 17,505,138
 District's total OPEB liability as a percentage of covered-employee payroll	 32.95%

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

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

	1% Decrease	Valuation	1% Increase
	(2.65%)	Discount Rate	(4.65%)
	<u></u>	<u>(3.65%)</u>	<u></u>
Total OPEB liability	\$ 6,187,489	\$ 5,768,749	\$ 5,372,704

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

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

	1% Decrease	Valuation Trend	1% Increase
	(3.00%)	Rate	(5.00%)
	<u></u>	<u>(4.00%)</u>	<u></u>
Total OPEB liability	\$ 5,141,823	\$ 5,768,749	\$ 6,506,409

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

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

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

For the fiscal year ended June 30, 2023, the Orland Unified School District recognized OPEB expense of \$335,291. At June 30, 2023, the Orland Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 448,673
Changes in assumptions	412,801	2,940,665
Total	<u>\$ 412,801</u>	<u>\$ 3,389,338</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 108,271	\$ 324,069
2025	108,271	324,069
2026	108,271	324,069
2027	76,818	312,986
2028	11,170	305,603
Thereafter	-	1,798,542
Total	<u>\$ 412,801</u>	<u>\$ 3,389,338</u>

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 13,654,091	\$ 6,289,982	\$ 2,152,302	\$ (204,746)
PERS Pension	9,271,077	3,468,134	343,527	1,210,548
Total	<u>\$ 22,925,168</u>	<u>\$ 9,758,116</u>	<u>\$ 2,495,829</u>	<u>\$ 1,005,802</u>

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,358,039 for the year ended June 30, 2023.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,096,944 to CalSTRS.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

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

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

District's proportionate share of the net pension liability	\$	13,654,091
State's proportionate share of the net pension liability associated with the District		6,838,009
Total	\$	20,492,100

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.020 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(204,746). In addition, the District recognized pension expense and revenue of \$(511,429) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 667,515
Differences between expected and actual experience	11,201	1,023,772
Changes in assumptions	677,144	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,243,598	461,015
District contributions subsequent to the measurement date	2,358,039	-
Total	\$ 6,289,982	\$ 2,152,302

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

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

The \$2,358,039 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 1,280,722	\$ 906,877
2025	707,918	844,301
2026	669,547	1,107,612
2027	496,216	(895,325)
2028	467,332	141,874
2029	310,208	46,963
Total	<u>\$ 3,931,943</u>	<u>\$ 2,152,302</u>

Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 23,189,711	\$ 13,654,091	\$ 5,736,660

Pension Plan Fiduciary Net Position

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$1,298,708 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$9,271,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.027 percent, which was an increase of 0.001 from its proportion measured as of June 30, 2021.

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,210,548. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 1,094,662	\$ -
Differences between expected and actual experience	41,900	230,676
Changes in assumptions	685,822	-
Changes in proportion and differences between District contributions and proportionate share of contributions	347,042	112,851
District contributions subsequent to the measurement date	1,298,708	-
Total	<u>\$ 3,468,134</u>	<u>\$ 343,527</u>

The \$1,298,708 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 577,640	\$ 176,205
2025	521,047	98,406
2026	403,253	68,916
2027	667,486	-
Total	<u>\$ 2,169,426</u>	<u>\$ 343,527</u>

Actuarial Assumptions

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 13,392,541	\$ 9,271,077	\$ 5,864,839

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Construction Commitments

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of two joint powers authorities (JPAs). The first is the Golden State Risk Management Authority (GSRMA) and the other is the Schools Excess Liability Fund (SELF). The JPAs arrange for and provide property and liability insurance for member districts. The relationship is such that the JPAs 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 financial statements. Audited financial statements are available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred outflows related to refunding was \$387,223 and the deferred inflows related to refunding was \$12,644.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was \$9,758,116 and total deferred inflows related to pensions was \$2,495,829.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$412,801 and total deferred inflows related to other postemployment benefits was \$3,389,338.

NOTE 15 – CLAIMS LIABILITY

The District is self-insured for Workers' Compensation. At June 30, 2023, the District maintained a reserve of \$2,202,015 to pay future claims. At June 30, 2023, the District had \$2,502,745 in assets available to pay claims.

REQUIRED SUPPLEMENTARY INFORMATION

**ORLAND UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 27,055,068	\$ 28,783,954	\$ 30,329,151	\$ 1,545,197
Federal sources	1,322,986	5,369,357	4,702,353	(667,004)
Other state sources	2,017,410	10,035,349	8,907,114	(1,128,235)
Other local sources	1,582,947	1,605,399	2,101,268	495,869
Total Revenues	31,978,411	45,794,059	46,039,886	245,827
EXPENDITURES				
Certificated salaries	11,837,428	14,018,396	12,847,823	1,170,573
Classified salaries	4,802,809	5,327,729	4,915,300	412,429
Employee benefits	9,626,629	10,597,871	8,784,052	1,813,819
Books and supplies	1,350,378	2,582,393	1,435,034	1,147,359
Services and other operating expenditures	1,853,408	3,575,653	2,699,108	876,545
Capital outlay	47,000	4,690,906	663,704	4,027,202
Other outgo				
Excluding transfers of indirect costs	2,035,273	2,140,366	2,186,357	(45,991)
Transfers of indirect costs	-	-	(46,918)	46,918
Total Expenditures	31,552,925	42,933,314	33,484,460	9,448,854
Excess (Deficiency) of Revenues				
Over Expenditures	425,486	2,860,745	12,555,426	9,694,681
NET CHANGE IN FUND BALANCE				
	425,486	2,860,745	12,555,426	9,694,681
Fund Balance - Beginning	10,925,478	10,925,478	10,925,478	-
Fund Balance - Ending	\$ 11,350,964	\$ 13,786,223	\$ 23,480,904	\$ 9,694,681

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- On-behalf payments amounting to \$1,096,944 are not included in the actual revenues and expenditures reported in this schedule as this relates to the portion of on-behalf payments not recorded by the District.
- Audit adjustments and reclassifications are not included in this schedule.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability						
Service cost	\$ 345,863	\$ 419,780	\$ 488,812	\$ 474,575	\$ 440,835	\$ 380,177
Interest on total OPEB liability	205,226	133,374	221,805	264,355	268,463	262,678
Difference between expected and actual experience	(111,388)	-	(361,891)	-	(155,111)	-
Changes of assumptions	(178,527)	(633,328)	(2,877,832)	458,010	440,291	-
Benefits payments	(233,699)	(286,786)	(343,005)	(372,869)	(548,980)	(373,431)
Net change in total OPEB liability	27,475	(366,960)	(2,872,111)	824,071	445,498	269,424
Total OPEB liability - beginning	5,741,274	6,108,234	8,980,345	8,156,274	7,710,776	7,441,352
Total OPEB liability - ending	<u>\$ 5,768,749</u>	<u>\$ 5,741,274</u>	<u>\$ 6,108,234</u>	<u>\$ 8,980,345</u>	<u>\$ 8,156,274</u>	<u>\$ 7,710,776</u>
 Covered-employee payroll	 \$ 17,505,138	 \$ 15,824,255	 \$ 13,971,705	 \$ 13,243,343	 \$ 14,425,125	 \$ 13,311,559
 District's total OPEB liability as a percentage of covered-employee payroll	 32.95%	 36.28%	 43.72%	 67.81%	 56.54%	 57.93%

See accompanying notes to required supplementary information.

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.020%	0.019%	0.018%	0.019%	0.017%	0.017%	0.018%	0.017%	0.017%
District's proportionate share of the net pension liability	\$ 13,654,091	\$ 8,696,528	\$ 17,216,542	\$ 16,735,737	\$ 15,690,479	\$ 15,511,361	\$ 14,345,844	\$ 11,425,691	\$ 10,070,764
State's proportionate share of the net pension liability associated with the District	6,838,009	4,375,846	8,875,057	9,130,536	8,983,577	9,176,464	8,168,035	6,042,915	6,081,162
Total	\$ 20,492,100	\$ 13,072,374	\$ 26,091,599	\$ 25,866,273	\$ 24,674,056	\$ 24,687,825	\$ 22,513,879	\$ 17,468,606	\$ 16,151,926
District's covered payroll	\$ 11,227,851	\$ 10,717,018	\$ 9,768,984	\$ 9,650,646	\$ 9,263,274	\$ 9,196,875	\$ 8,870,514	\$ 7,962,241	\$ 7,675,867
District's proportionate share of the net pension liability as a percentage of its covered payroll	121.6%	81.1%	176.2%	173.4%	169.4%	168.7%	161.7%	143.5%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.027%	0.026%	0.026%	0.027%	0.026%	0.025%	0.025%	0.023%	0.024%
District's proportionate share of the net pension liability	\$ 9,271,077	\$ 5,206,671	\$ 7,945,693	\$ 7,918,214	\$ 7,041,033	\$ 5,995,437	\$ 4,898,741	\$ 3,460,009	\$ 2,716,079
District's covered payroll	\$ 4,596,404	\$ 3,689,970	\$ 3,748,418	\$ 3,761,473	\$ 3,497,582	\$ 3,204,599	\$ 2,968,285	\$ 2,281,588	\$ 2,511,536
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.7%	141.1%	212.0%	210.5%	201.3%	187.1%	165.0%	151.6%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**ORLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,358,039	\$ 1,989,634	\$ 1,734,097	\$ 1,666,039	\$ 1,636,119	\$ 1,340,078	\$ 1,127,078	\$ 947,764	\$ 707,045
Contributions in relation to the contractually required contribution*	(2,358,039)	(1,989,634)	(1,734,097)	(1,666,039)	(1,636,119)	(1,340,078)	(1,127,078)	(947,764)	(707,045)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,408,847	\$ 11,227,851	\$ 10,717,018	\$ 9,768,984	\$ 9,650,646	\$ 9,263,274	\$ 9,196,875	\$ 8,870,514	\$ 7,962,241
Contributions as a percentage of covered payroll	19.00%	17.72%	16.18%	17.05%	16.95%	14.47%	12.26%	10.68%	8.88%

*Amounts do not include on-behalf contributions

**ORLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,298,708	\$ 1,043,651	\$ 767,099	\$ 736,790	\$ 679,489	\$ 543,332	\$ 442,061	\$ 350,938	\$ 305,896
Contributions in relation to the contractually required contribution*	(1,298,708)	(1,043,651)	(767,099)	(736,790)	(679,489)	(543,332)	(442,061)	(350,938)	(305,896)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,096,291	\$ 4,596,404	\$ 3,689,970	\$ 3,748,418	\$ 3,761,473	\$ 3,497,582	\$ 3,204,599	\$ 2,968,285	\$ 2,281,588
Contributions as a percentage of covered payroll	25.48%	22.71%	20.79%	19.66%	18.06%	15.53%	13.79%	11.82%	13.41%

*Amounts do not include on-behalf contributions

**ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous measurement for OPEB.

Changes in Assumptions

The discount rate changed from 3.54% to 3.65% since the previous measurement for OPEB.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

Schedule of District Contributions

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

ORLAND UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 2,140,366	\$ 2,186,357	\$ 45,991

SUPPLEMENTARY INFORMATION

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 798,804
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	81,489
Title III			
Title III, English Learner Student Program	84.365	14346	66,166
Title III, Immigrant Education Program	84.365	15146	127
Subtotal Title III			66,293
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	91,602
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	330,418
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	154,055
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	2,082,357
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	683,984
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	109,204
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	235,175
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	2,508
Subtotal Education Stabilization Fund Discretionary Grants			3,267,283
Total U. S. Department of Education			4,635,889
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	342,555
National School Lunch Program	10.555	13391	928,304
Meal Supplements	10.555	*	44,994
USDA Commodities	10.555	*	94,265
Supply Chain Assistance (SCA) Funds	10.555	15655	132,777
Subtotal Child Nutrition Cluster			1,542,895
Forest Reserve Funds	10.665	10044	21,625
Total U. S. Department of Agriculture			1,564,520
Total Federal Expenditures			\$ 6,200,409

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

**ORLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	602.63	603.99
Total TK/K through Third	602.63	603.99
Fourth through Sixth		
Regular ADA	414.99	414.18
Total Fourth through Sixth	414.99	414.18
Seventh through Eighth		
Regular ADA	304.68	304.47
Community Day School	1.82	1.79
Total Seventh through Eighth	306.50	306.26
Ninth through Twelfth		
Regular ADA	769.13	761.97
Community Day School	3.10	2.65
Total Ninth through Twelfth	772.23	764.62
TOTAL SCHOOL DISTRICT	2,096.35	2,089.05

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

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	49,840	180	Complied
Grade 1	50,400	50,740	180	Complied
Grade 2	50,400	50,740	180	Complied
Grade 3	50,400	57,198	180	Complied
Grade 4	54,000	57,198	180	Complied
Grade 5	54,000	57,198	180	Complied
Grade 6	54,000	58,145	180	Complied
Grade 7	54,000	58,145	180	Complied
Grade 8	54,000	58,145	180	Complied
Grade 9	64,800	64,807	180	Complied
Grade 10	64,800	64,807	180	Complied
Grade 11	64,800	64,807	180	Complied
Grade 12	64,800	64,807	180	Complied

**ORLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 42,846,128	\$ 46,039,886	\$ 37,210,280	\$ 32,887,167
Expenditures And Other Financing Uses	41,818,975	33,484,460	33,903,720	29,242,455
Net change in Fund Balance	\$ 1,027,153	\$ 12,555,426	\$ 3,306,560	\$ 3,644,712
Ending Fund Balance	\$ 24,508,057	\$ 23,480,904	\$ 10,925,478	\$ 7,618,918
Available Reserves*	\$ 7,199,333	\$ 7,091,636	\$ 5,763,632	\$ 6,189,416
Available Reserves As A Percentage Of Outgo	17.22%	21.18%	17.00%	21.17%
Long-term Liabilities	\$ 54,401,861	\$ 55,600,062	\$ 46,972,470	\$ 59,001,114
Average Daily Attendance At P-2***	2,100	2,096	2,046	2,146

The General Fund balance has increased by \$15,861,986 over the past two years. The fiscal year 2023-24 budget projects a further increase of \$1,027,153. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2023-24 fiscal year. Total long-term obligations have decreased by \$3,401,052 over the past two years.

Average daily attendance has decreased by 50 ADA over the past two years. An increase in ADA of 4 is anticipated during the 2023-24 fiscal year.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. Additionally, on-behalf payments of \$1,096,944 and audit adjustments are not included in the actual revenues and expenditures reported in this schedule.

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

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

	General Fund	Student Activity Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2023, annual financial and budget report fund balance	\$ 23,480,904	\$ 567,316	\$ 195,283
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Accounts payable	818,483	-	-
Accounts receivable	605,056	-	-
Cash in banks	-	(242,613)	-
Fund balance transfer (GASB 54)	195,283	-	(195,283)
Net adjustments and reclassifications	1,618,822	(242,613)	(195,283)
June 30, 2023, audited financial statement fund balance	\$ 25,099,726	\$ 324,703	\$ -

**ORLAND UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	Foundation Special Revenue Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS										
Cash and investments	\$ 324,703	\$ 916,567	\$ 1,523,024	\$ 43,851	\$ 532,192	\$ 30	\$ 1,104,853	\$ 2,832	\$ 2,952,751	\$ 7,400,803
Accounts receivable	-	527,533	9,698	335	4,069	-	8,229	22	60,665	610,551
Due from other funds	-	1,905	-	15,152	-	-	-	-	-	17,057
Stores inventory	-	33,362	-	-	-	-	-	-	-	33,362
Total Assets	\$ 324,703	\$ 1,479,367	\$ 1,532,722	\$ 59,338	\$ 536,261	\$ 30	\$ 1,113,082	\$ 2,854	\$ 3,013,416	\$ 8,061,773
LIABILITIES										
Accrued liabilities	\$ -	\$ 764	\$ 31,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,353	\$ 33,372
Due to other funds	-	46,918	-	-	-	-	388,972	-	-	435,890
Total Liabilities	-	47,682	31,255	-	-	-	388,972	-	1,353	469,262
FUND BALANCES										
Non-spendable	-	33,362	-	-	-	-	-	-	-	33,362
Restricted	324,703	1,398,323	-	59,338	536,261	30	724,110	2,854	3,012,063	6,057,682
Committed	-	-	1,501,467	-	-	-	-	-	-	1,501,467
Total Fund Balances	324,703	1,431,685	1,501,467	59,338	536,261	30	724,110	2,854	3,012,063	7,592,511
Total Liabilities and Fund Balances	\$ 324,703	\$ 1,479,367	\$ 1,532,722	\$ 59,338	\$ 536,261	\$ 30	\$ 1,113,082	\$ 2,854	\$ 3,013,416	\$ 8,061,773

See accompanying note to supplementary information.

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

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	Foundation Special Revenue Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES										
LCFF sources	\$ -	\$ -	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,000
Federal sources	-	1,542,896	-	-	-	-	-	-	-	1,542,896
Other state sources	-	519,597	-	-	-	-	-	-	9,259	528,856
Other local sources	736,696	28,244	10,948	15,745	8,340	-	295,174	44	1,108,937	2,204,128
Total Revenues	736,696	2,090,737	1,260,948	15,745	8,340	-	295,174	44	1,118,196	5,525,880
EXPENDITURES										
Current										
Pupil services										
Food services	-	1,596,707	-	-	-	-	-	-	-	1,596,707
General administration										
All other general administration	-	46,918	-	-	-	-	6,180	-	-	53,098
Plant services	-	12,077	60,514	-	-	-	-	-	-	72,591
Facilities acquisition and construction	-	-	589,721	-	-	-	388,972	-	-	978,693
Ancillary services	654,245	-	-	-	-	-	-	-	-	654,245
Debt service										
Principal	-	-	-	-	-	-	50,072	-	612,503	662,575
Interest and other	-	-	-	-	-	-	11,277	-	206,902	218,179
Total Expenditures	654,245	1,655,702	650,235	-	-	-	456,501	-	819,405	4,236,088
NET CHANGE IN FUND BALANCE	82,451	435,035	610,713	15,745	8,340	-	(161,327)	44	298,791	1,289,792
Fund Balance - Beginning	242,252	996,650	890,754	43,593	527,921	30	885,437	2,810	2,713,272	6,302,719
Fund Balance - Ending	\$ 324,703	\$ 1,431,685	\$ 1,501,467	\$ 59,338	\$ 536,261	\$ 30	\$ 724,110	\$ 2,854	\$ 3,012,063	\$ 7,592,511

See accompanying note to supplementary information.

**ORLAND UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023**

Orland Unified School District is located in Glenn County, California. The District was established in 1918. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one intermediate school, one high school, one continuation high school, one community day school, and one independent study program.

GOVERNING BOARD

Member	Office	Term Expires
Shannon Ovard	President	2026
Jake Reimers	Clerk	2024
Becky Brummet	Member	2024
Jeff Aguiar	Member	2024
Rob Vlach	Member	2026

DISTRICT ADMINISTRATORS

Victor Perry
Superintendent

Jennifer Boone
Chief Business Official

**ORLAND UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Governmental Funds

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

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**Independent Auditors' Report

Governing Board
Orland Unified School District
Orland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Orland Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Orland Unified School District's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Christy White, Inc.

San Diego, California
March 21, 2024

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

Governing Board
Orland Unified School District
Orland, California

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

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
March 21, 2024

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMSIndependent Auditors' Report

Governing Board
Orland Unified School District
Orland, California

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

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

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

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

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

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

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

(continued on the next page)

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
March 21, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ORLAND UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>

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

STATE AWARDS

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

**ORLAND UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000

30000

60000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

Miscellaneous

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

**ORLAND UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

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

**ORLAND UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

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

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

**ORLAND UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001: CASH DISBURSEMENTS (30000)

Criteria: Proper internal controls over cash disbursements require adequate segregation of duties, prior approval of the expenditure and sufficient supporting documentation such as a vendor invoice. Prior approval is necessary to ensure that expenditures are appropriate uses of the funds and to ensure that expenses are being properly budgeted.

Condition: During the review of internal controls over cash disbursements, 6 of the 25 cash disbursements tested did not have an approved purchase order prior to the date of the invoice. Additionally, 9 of the 12 revolving cash transactions tested did not have supporting documentation or evidence of approval.

Effect: Without prior approval of the expenditures and adequate supporting documentation, it could lead to budgeting issues in the future and misuse of the funds.

Cause: Purchase orders are not being prepared and approved before the expenditure and invoice. Revolving cash transactions are paid without supporting documentation.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that the district prepare purchase orders for all items prior to the purchase. Additionally, we recommend all revolving cash transactions are paid only with appropriate approvals and supporting documentation.

Corrective Action Plan: The district will create purchase orders for all items prior to purchase. And all revolving cash transactions will only be paid upon proper approval and support documents.

Current Status: Implemented.

**ORLAND UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: INTERFUND BORROWING (30000)

Criteria: Per California Education Code Section 42603, interfund borrowings shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. Borrowing shall occur only when the fund or account receiving the money will earn sufficient income, during the current fiscal year, to repay the amount transferred.

Condition: During the year ended June 30, 2021, the General Fund borrowed \$21,681 from the Cafeteria Fund, which was not repaid as of June 30, 2022. During the year ended June 30, 2021, the General Fund borrowed \$148,930 from the Deferred Maintenance Fund, which was not repaid as of June 30, 2022. During the year ended June 30, 2021, the General Fund borrowed \$14,029 from the Pupil Transportation Equipment Fund, which was not repaid as of June 30, 2022. During the year ended June 30, 2021, the General Fund borrowed \$15,750 from the Capital Facilities Fund, which was not repaid as of June 30, 2022. During the year ended June 30, 2021, the General Fund borrowed \$36 from the County School Facilities Fund, which was not repaid as of June 30, 2022. During the year ended June 30, 2021, the General Fund borrowed \$362,137 from the Special Reserve Fund for Capital Outlay Projects, which was not repaid as of June 30, 2022.

Effect: The District is not in compliance with section of California Education Code outlined above.

Cause: Based on inquiry with management, this was caused by management oversight.

Repeat Finding: Yes, this is a repeat finding.

Recommendation: We recommend the amount detailed above to be repaid and that the District follows Education Code Section 42603 going forward.

Corrective Action Plan: The District cleared the noted interfund borrowing in December 2022. All future borrowing or transferring will be repaid within the same fiscal year or in the following fiscal year if the transfer takes place within the last 120 calendar days of the fiscal year.

Current Status: Implemented.