Financial Statements
June 30, 2023

Irvine Unified School District

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Independent Auditor's Report

To the Governing Board
Irvine Unified School District
Irvine, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Irvine 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 and 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

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

The Primary unit of the government is the Irvine Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

***Proprietary Funds* -** When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like special tax receipts for debt service requirements of the Community Facilities Districts within our boundaries. The District's fiduciary activities are reported in the *Fiduciary Fund-Statement of Net Position.* We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $1,995,204,232 for the fiscal year ended June 30, 2023. Of this amount, $(301,940,403) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	$ 787,642,755	$ 706,538,184
Long term receivables	50,685,000	52,565,000
Capital assets and right-to-use subscription IT assets	1,783,607,685	1,760,877,442
Total assets	2,621,935,440	2,519,980,626
Deferred outflows of resources	132,097,978	106,637,276
Liabilities		
Current liabilities	44,849,435	55,117,428
Long-term liabilities	667,220,874	526,882,864
Total liabilities	712,070,309	582,000,292
Deferred inflows of resources	46,758,877	182,441,467
Net Position		
Net investment in capital assets	1,624,118,298	1,606,479,162
Restricted	673,026,337	573,293,688
Unrestricted deficit	(301,940,403)	(317,596,707)
Total net position	$ 1,995,204,232	$ 1,862,176,143

The $(301,940,403) in unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations. All districts throughout California were required to implement GASB Statement Nos. 68 and 75 to account for pension and postemployment benefits liability, other than pensions, for their retirees. The District's combined pension and postemployment benefits liabilities were $436,572,244 and $288,860,284 for the years ending June 30, 2023 and June 30, 2022, respectively.

Changes in Net Position

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

Table 2

	Governmental Activities 2023	Governmental Activities 2022*
Revenues		
Program revenues		
Charges for services and sales	$ 4,607,827	$ 5,223,181
Operating grants and contributions	208,121,421	130,343,382
Capital grants and contributions	22,763,300	57,941,431
General revenues		
Federal and State aid not restricted	70,566,998	46,146,417
Property taxes	355,927,363	327,925,233
Other general revenues	9,315,339	(2,063,291)
Total revenues	671,302,248	565,516,353
Expenses		
Instruction-related	377,978,888	323,718,432
Pupil services	67,852,993	57,019,193
Administration	16,505,128	14,241,794
Plant services	55,953,792	50,063,046
All other services	19,983,358	15,902,325
Total expenses	538,274,159	460,944,790
Change in net position	$ 133,028,089	$ 104,571,563

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $538,274,159. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $355,927,363.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 377,978,888	$ 323,718,432	$ (223,292,255)	$ (181,130,364)
Pupil services	67,852,993	57,019,193	(23,595,769)	(25,880,428)
Administration	16,505,128	14,241,794	(14,862,445)	(12,613,578)
Plant services	55,953,792	50,063,046	(51,761,933)	(47,107,805)
All other services	19,983,358	15,902,325	10,730,791	(704,621)
Total	$ 538,274,159	$ 460,944,790	$ (302,781,611)	$ (267,436,796)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $680,481,519, which is an increase of $85,912,320 from last year.

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 93,378,810	$ 591,079,101	$ 528,223,729	$ 156,234,182
County School Facilities	286,921,495	27,171,755	15,665,347	298,427,903
CFD Capital Projects	126,463,682	13,208,492	9,374,649	130,297,525
Student Activity	3,358,610	5,622,277	5,393,292	3,587,595
Adult Education	621,964	582,000	705,777	498,187
Child Development	342,905	2,311,090	1,877,770	776,225
Cafeteria	8,964,194	26,192,864	15,226,540	19,930,518
Deferred Maintenance	774,097	4,346,714	3,544,057	1,576,754
Building	17,601,522	6,466,808	16,694,632	7,373,698
Capital Facilities	13,001,520	3,815,278	5,511,039	11,305,759
Special Reserve Fund for Capital Outlay Projects	36,394,748	17,845,535	10,592,623	43,647,660
Bond Interest and Redemption	6,745,652	9,403,255	9,323,394	6,825,513
Debt Service Fund for Blended Component Units	-	4,353,950	4,353,950	-
Total	$ 594,569,199	$ 712,399,119	$ 626,486,799	$ 680,481,519

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

Budgeted expenditures increased by $66,431,273 due to the appropriation of prior year fund balances and negotiated salary and health benefit increases, both on-going and one-time. There were also increases for gift allocations that occurred during the year. These amounts were unknown at the time the budget was adopted and these adjustments were made during the fiscal year.

CAPITAL ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $1,783,607,685 (net) in a broad range of capital assets and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, furniture, and equipment.

Table 5

(Net of accumulated depreciation)

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	$ 1,127,710,811	$ 1,180,598,833
Buildings and improvements	641,407,834	565,751,058
Equipment	12,143,519	12,078,377
Right-to-use subscription IT assets	2,345,521	2,449,174
Total	$ 1,783,607,685	$ 1,760,877,442

We present more detailed information about our capital assets and right-to-use subscription IT assets in Note 6 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $667,220,874 in long-term liabilities outstanding versus $527,139,979 last year; an increase of $140,080,895, or 26.57%.

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
General obligation bonds	$ 155,185,000	$ 158,925,000
Irvine USD Public Financing Authority (PFA) local agency bonds	50,685,000	52,565,000
Unamortized premiums	12,930,729	13,559,951
Financed purchases	-	127,627
Subscription-based IT arrangements	1,586,322	2,441,808
Compensated absences	523,592	448,271
Claims liability	9,737,987	10,212,038
Aggregate net OPEB liabilities	37,273,278	40,254,475
Aggregate net pension liabilities	399,298,966	248,605,809
Total	$ 667,220,874	$ 527,139,979

At year-end, the District has an aggregate net pension liability of $399,298,966 versus $248,605,809 last year, an increase of $150,693,157, or 60.62%.

We present more detailed information regarding our long-term liabilities in Note 10, Note 11, Note 14, and Note 15 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

- A 9% on-going salary increase, and a .75% on-going increase to health and welfare contributions
- A 1.0% one-time off-schedule salary increase, and a 1.0% one-time contribution to the health and welfare fund
- Continued planning for Measure E projects in Series 2 at one school site
- Completed construction for Measure E projects in Series 2 at three school sites
- Completed construction of Solis Park K-8 school
- Completed construction for Measure E Augmented Funds to Accelerate Projects (AFAP) at four school sites and continued construction at one school site
- Continued planning for Measure E projects in Series 3 at two school sites
- Began construction for Measure E project in Series 3 at one school site
- Completed construction for the District Office Relo project
- Completed the Outdoor Furniture and Social Distancing project
- Completed the Electronic Marquee project
- Completed construction for the Early Childhood Learning Center Relo project

- Completed construction for the Woodbury Elementary School Relo (leased) project
- Continued construction for the Purchase and Installation of HVAC, Transformers and Lighting Retrofit project
- Continued planning for the Loma Ridge Elementary School Relo (leased) project
- Continued planning for the Portola High School Relo (leased) project
- Continued planning for the Nutrition Services Expansion project
- Began planning for the Loma Ridge Elementary School Relo (purchased) project
- Began planning for the Portola Springs Elementary School Kinder Restroom project
- Began planning for the two Adult Ed Relo projects
- Began planning for the Loma Ridge Elementary School Shade Structure project
- Began planning for the Special Ed Playground project
- Began planning for the Expanded Learning Opportunities Program projects
- Began planning for the Jeffrey Trail Middle School Relo (leased) project
- Began planning for the Creekside Ed Center Music Relo (leased) project
- Began planning for the Portola Springs Elementary School Relo (leased) project
- Began planning for the Eastwood Elementary School Relo (leased) project
- Began planning for the Portola High School Expansion project

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Four percent increase for property tax revenues
2. Projected ADA growth of 176 students is anticipated
3. Revenue projections based on Local Control Funding Formula
4. Local revenues/gift funds remain unbudgeted until received

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Kindergarten	31:1	2,813
Grades one through three	30:1	8,105
Grades four through six	31.5:1	8,798
Grades seven through twelve	30.5:1	16,932

The new items specifically addressed in the budget are:

1. No salary increases are projected for 2023-2024.
2. No increases in health benefit contributions are projected in 2023-2024.

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 the Assistant Superintendent, Business Services, at Irvine Unified School District, 5050 Barranca Parkway, Irvine, California, 92604, or e-mail at JohnFogarty@iusd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 745,163,471
Receivables	40,594,857
Interest receivable	808,983
Prepaid expense	666,529
Stores inventories	377,749
Other current assets	31,166
Long-term receivables	50,685,000
Capital assets not depreciated	1,127,710,811
Capital assets, net of accumulated depreciation	653,551,353
Right-to-use subscription IT assets, net of accumulated amortization	2,345,521
Total assets	2,621,935,440
Deferred Outflows of Resources	
Deferred charge on refunding	2,838,966
Deferred outflows of resources related to OPEB	5,380,998
Deferred outflows of resources related to pensions	123,878,014
Total deferred outflows of resources	132,097,978
Liabilities	
Accounts payable	32,242,112
Interest payable	2,638,948
Unearned revenue	9,968,375
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	6,816,742
Long-term liabilities other than OPEB and pensions due in more than one year	223,831,888
Aggregate net OPEB liabilities	37,273,278
Aggregate net pension liabilities	399,298,966
Total liabilities	712,070,309
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	11,460,360
Deferred inflows of resources related to pensions	35,298,517
Total deferred inflows of resources	46,758,877
Net Position	
Net investment in capital assets	1,624,118,298
Restricted for	
Debt service	4,186,565
Capital projects	483,678,847
Educational programs	106,640,715
Other restrictions	78,520,210
Unrestricted deficit	(301,940,403)
Total net position	$ 1,995,204,232

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 309,345,194	$ 322,686	$ 118,820,300	$ 22,763,300	$ (167,438,908)
Instruction-related activities					
Supervision of instruction	26,406,341	90,724	8,726,585	-	(17,589,032)
Instructional library, media, and technology	11,311,632	1,648	713,145	-	(10,596,839)
School site administration	30,915,721	13,045	3,235,200	-	(27,667,476)
Pupil services					
Home-to-school transportation	7,300,303	831	16,579	-	(7,282,893)
Food services	15,568,064	1,009,370	26,278,680	-	11,719,986
All other pupil services	44,984,626	49,372	16,902,392	-	(28,032,862)
Administration					
Data processing	6,389,785	-	-	-	(6,389,785)
All other administration	10,115,343	28,631	1,614,052	-	(8,472,660)
Plant services	55,953,792	140,849	4,051,010	-	(51,761,933)
Ancillary services	7,589,020	36,778	5,892,268	-	(1,659,974)
Community services	1,607,218	-	-	-	(1,607,218)
Enterprise services	(13,599)	-	-	-	13,599
Interest on long-term liabilities	7,588,737	-	-	-	(7,588,737)
Other outgo	3,211,982	2,913,893	21,871,210	-	21,573,121
Total governmental activities	$ 538,274,159	$ 4,607,827	$ 208,121,421	$ 22,763,300	(302,781,611)
General Revenues and Subventions					
Property taxes, levied for general purposes					325,379,465
Property taxes, levied for debt service					9,294,108
Taxes levied for other specific purposes					21,253,790
Federal and State aid not restricted to specific purposes					70,566,998
Interest and investment earnings					3,989,301
Miscellaneous					5,326,038
Subtotal, general revenues and subventions					435,809,700
Change in Net Position					133,028,089
Net Position - Beginning, as restated					1,862,176,143
Net Position - Ending					$ 1,995,204,232

	General Fund	County School Facilities Fund	CFD Capital Projects Fund
Assets			
Deposits and investments	$ 155,041,918	$ 298,478,773	$ 131,136,179
Receivables	35,673,572	926,932	143,625
Due from other funds	471,983	-	-
Prepaid expenditures	664,984	-	-
Stores inventories	201,387	-	-
Other current assets	31,166	-	-
Total assets	$ 192,085,010	$ 299,405,705	$ 131,279,804
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 25,150,107	$ 959,141	$ 879,303
Due to other funds	1,501,243	18,661	102,976
Unearned revenue	9,199,478	-	-
Total liabilities	35,850,828	977,802	982,279
Fund Balances			
Nonspendable	1,016,371	-	-
Restricted	106,640,715	298,427,903	130,297,525
Committed	5,000,000	-	-
Assigned	24,544,631	-	-
Unassigned	19,032,465	-	-
Total fund balances	156,234,182	298,427,903	130,297,525
Total liabilities and fund balances	$ 192,085,010	$ 299,405,705	$ 131,279,804

	Non-Major Governmental Funds	Total Governmental Funds
Assets		
Deposits and investments	$ 95,439,608	$ 680,096,478
Receivables	2,804,997	39,549,126
Due from other funds	1,501,243	1,973,226
Prepaid expenditures	1,545	666,529
Stores inventories	176,362	377,749
Other current assets	-	31,166
Total assets	$ 99,923,755	$ 722,694,274
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 3,284,826	$ 30,273,377
Due to other funds	348,123	1,971,003
Unearned revenue	768,897	9,968,375
Total liabilities	4,401,846	42,212,755
Fund Balances		
Nonspendable	177,907	1,194,278
Restricted	93,269,061	628,635,204
Committed	2,074,941	7,074,941
Assigned	-	24,544,631
Unassigned	-	19,032,465
Total fund balances	95,521,909	680,481,519
Total liabilities and fund balances	$ 99,923,755	$ 722,694,274

Total Fund Balance - Governmental Funds		$ 680,481,519
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 2,114,249,770	
Accumulated depreciation is	(332,987,606)	
Net capital assets		1,781,262,164
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	3,778,381	
Accumulated amortization is	(1,432,860)	
Net right-to-use subscription IT assets		2,345,521
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,638,948)
Long-term receivables related to Irvine Unified School District Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental funds. Current year collections totaling $1,880,000 were received, leaving a balance of $50,685,000.		50,685,000
In governmental funds, unmatured interest on long-term receivables is recognized in the period when it is received. On the government-wide financial statements, unmatured interest on long-term receivables is recognized when it is earned.		808,983
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		54,403,779
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	2,838,966	
Aggregate net OPEB liabilities	5,380,998	
Aggregate net pension liabilities	123,878,014	
Total deferred outflows of resources		132,097,978

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net OPEB liabilities	$ (11,460,360)	
Aggregate net pension liabilities	(35,298,517)	
Total deferred inflows of resources		$ (46,758,877)
Aggregate net pension liabilities are not due and payable in the current period, and are not reported as a liability in the funds.		(399,298,966)
The District's aggregate net OPEB liabilities are not due and payable in the current period, and are not reported as a liability in the funds.		(37,273,278)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds, including premium	(168,115,729)	
IUSD Public Financing Authority (PFA) local agency bonds	(50,685,000)	
Subscription-based IT arrangements	(1,586,322)	
Compensated absences	(523,592)	
Total long-term liabilities		(220,910,643)
Total net position - governmental activities		$ 1,995,204,232

	General Fund	County School Facilities Fund	CFD Capital Projects Fund
Revenues			
Local Control Funding Formula	$ 384,039,242	$ -	$ -
Federal sources	31,468,408	-	-
Other State sources	130,457,310	13,536,049	-
Other local sources	44,987,068	9,227,251	4,124,256
Total revenues	590,952,028	22,763,300	4,124,256
Expenditures			
Current			
Instruction	311,302,203	-	-
Instruction-related activities			
Supervision of instruction	26,353,863	-	-
Instructional library, media, and technology	11,501,931	-	-
School site administration	32,096,487	-	-
Pupil services			
Home-to-school transportation	7,291,997	-	-
Food services	54,760	-	-
All other pupil services	45,484,049	-	-
Administration			
Data processing	6,518,387	-	-
All other administration	9,463,526	-	-
Plant services	49,346,639	13,082	661,079
Ancillary services	2,211,735	-	-
Community services	1,615,158	-	-
Other outgo	3,211,982	-	-
Facility acquisition and construction	321,663	14,087,259	2,516,372
Debt service			
Principal	127,627	-	-
Interest and other	1,545	-	-
Total expenditures	506,903,552	14,100,341	3,177,451
Excess (Deficiency) of Revenues Over Expenditures	84,048,476	8,662,959	946,805
Other Financing Sources (Uses)			
Transfers in	-	4,408,455	-
Other sources	127,073	-	9,084,236
Transfers out	(21,320,177)	(1,565,006)	(6,197,198)
Net Financing Sources (Uses)	(21,193,104)	2,843,449	2,887,038
Net Change in Fund Balances	62,855,372	11,506,408	3,833,843
Fund Balance - Beginning	93,378,810	286,921,495	126,463,682
Fund Balance - Ending	$ 156,234,182	$ 298,427,903	$ 130,297,525

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Local Control Funding Formula	$ -	$ 384,039,242
Federal sources	9,015,883	40,484,291
Other State sources	18,389,961	162,383,320
Other local sources	26,582,406	84,920,981
Total revenues	53,988,250	671,827,834
Expenditures		
Current		
Instruction	1,741,829	313,044,032
Instruction-related activities		
Supervision of instruction	137,226	26,491,089
Instructional library, media, and technology	-	11,501,931
School site administration	341,058	32,437,545
Pupil services		
Home-to-school transportation	-	7,291,997
Food services	14,709,977	14,764,737
All other pupil services	-	45,484,049
Administration		
Data processing	-	6,518,387
All other administration	255,502	9,719,028
Plant services	2,781,717	52,802,517
Ancillary services	5,393,292	7,605,027
Community services	-	1,615,158
Other outgo	-	3,211,982
Facility acquisition and construction	26,085,155	43,010,449
Debt service		
Principal	5,620,000	5,747,627
Interest and other	8,057,344	8,058,889
Total expenditures	65,123,100	589,304,444
Excess (Deficiency) of Revenues Over Expenditures	(11,134,850)	82,523,390
Other Financing Sources (Uses)		
Transfers in	26,951,521	31,359,976
Other sources	-	9,211,309
Transfers out	(8,099,974)	(37,182,355)
Net Financing Sources (Uses)	18,851,547	3,388,930
Net Change in Fund Balances	7,716,697	85,912,320
Fund Balance - Beginning	87,805,212	594,569,199
Fund Balance - Ending	$ 95,521,909	$ 680,481,519

Total Net Change in Fund Balances - Governmental Funds		$ 85,912,320
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Capital outlays	$ 43,243,600	
Depreciation and amortization expense	(20,513,357)	
Net expense adjustment		22,730,243
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not expenditures in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,329,207)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(75,321)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liabilities during the year.		14,829,028
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and aggregate net OPEB liabilities during the year.		(1,182,078)

Governmental funds report the effect of premiums when the debt is first issued, whereas the amount is deferred and amortized in the Statement of Activities.	
Deferred charge on refunding amortization	$ (215,618)
Amortization of debt premium	629,222
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	3,740,000
Irvine Unified School District Public Financing Authority local agency bonds	1,880,000
Financed purchases	127,627
Subscription-based IT arrangements	2,184,693
The collection of tax assessment are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.	(1,880,000)
Interest on long-term receivables is recorded as a revenue in the funds when it is received; however, in the Statement of Activities, interest revenue is recognized as the interest accretes or accrues, regardless of when it is received.	(31,334)
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	93,668
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	5,614,846
Change in net position of governmental activities	$ 133,028,089

	Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 65,066,993
Receivables	1,045,731
Total current assets	66,112,724
Liabilities	
Current liabilities	
Accounts payable	1,968,735
Due to other funds	2,223
Total current liabilities	1,970,958
Noncurrent liabilities	
Claims liability	9,737,987
Total liabilities	11,708,945
Net Position	
Restricted	$ 54,403,779

	Internal Service Fund
Operating Revenues	
Charges to other funds and miscellaneous revenues	$ 46,061,286
Operating Expenses	
Payroll costs	518,306
Professional and contract services	47,443,677
Supplies and materials	39,473
Total operating expenses	48,001,456
Operating Loss	(1,940,170)
Nonoperating Revenues	
Fair market value adjustments on investments	285,036
Interest income	1,447,601
Loss before transfers	(207,533)
Transfers in	5,822,379
Change in Net Position	5,614,846
Total Net Position - Beginning	48,788,933
Total Net Position - Ending	$ 54,403,779

	Internal Service Fund
Operating Activities	
Cash receipts from interfund services provided	$ 46,350,294
Cash payments to other suppliers of goods or services	(43,406)
Cash payments to employees for services	(518,306)
Cash payments for insurance claims	(12,126,644)
Cash payments for interfund services used	(36,880,346)
Net Cash From Operating Activities	(3,218,408)
Noncapital Financing Activities	
Transfers from other funds	5,822,379
Investing Activities	
Interest income	1,447,601
Fair market value adjustments on investments	285,036
Net Cash From Investing Activities	1,732,637
Net Change in Cash and Cash Equivalents	4,336,608
Cash and Cash Equivalents, Beginning	60,730,385
Cash and Cash Equivalents, Ending	$ 65,066,993
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating loss	$ (1,940,170)
Changes in assets and liabilities	
Receivables	83,989
Due from other funds	203,274
Accounts payable	(1,093,195)
Due to other funds	1,745
Claims liability	(474,051)
Net Cash From Operating Activities	$ (3,218,408)

	Custodial Funds
Assets	
Deposits and investments	$ 31,620,164
Receivables	606
Total assets	$ 31,620,770
Net Position	
Restricted for individuals, organizations, and other governments	$ 31,620,770

	Custodial Funds
Additions	
Special tax assessment	$ 48,871,593
Interest	755,076
Total additions	49,626,669
Deductions	
Administrative expenses	1,010,558
Debt service payments	41,919,513
Payments to other governments	9,084,236
Total deductions	52,014,307
Net Change in Fiduciary Net Position	(2,387,638)
Net Position - Beginning	34,008,408
Net Position - Ending	$ 31,620,770

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Irvine Unified School District (the District) was unified on July 1, 1972, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates twenty-four elementary schools, four K-8 schools, six middle schools, five high schools, one continuation school, one virtual academy school, and one adult education center.

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

Component Units

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

The Irvine Unified School District and the Irvine Unified School District Public Financing Authority (the Authority) and the Community Facilities Districts (the CFDs) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority and CFDs as component units of the District. Accordingly, the financial statements of the Authority and the CFDs have been included in the financial statements of the District. The financial statements present the Authority's financial activities within the Debt Service Fund for Blended Component Units. The CFDs' financial activity is presented in the CFD Capital Projects Fund and the Custodial Funds. Debt instruments issued by the Authority are included as long-term liabilities in the government-wide financial statement. Debt instruments issued by the CFD do not represent liabilities of the District or of the component units and are not included in the District-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

Community Facilities District (CFD) Capital Projects Fund The CFD Capital Projects Fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds 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 local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service Fund may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insurance program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds account for the levying of special taxes by the Community Facilities District.

Basis of Accounting - Measurement Focus

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

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

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

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

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

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in net total assets. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be 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 including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District’s investment in the County Treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 5 to 25 years; equipment, 5 to 10 years.

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

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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 liabilities of the governmental funds.

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

Debt Premiums

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits other than Pensions (OPEB)

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from more than one year to six years.

Fund Balances - Governmental Funds

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

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board, Assistant Superintendent of Business Services (CFO), or the Director of Fiscal Services may assign amounts for specific purposes. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $673,026,337 of restricted net position, the proprietary fund financial statements report $54,403,779 of restricted net position, and the fiduciary funds financial statements report $31,620,770 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 on the financial statements. Interfund transfers are eliminated in the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91*, Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 19 and the additional disclosures required by this standard are included in Notes 6 and 10.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 680,096,478
Proprietary funds	65,066,993
Fiduciary funds	31,620,164
Total deposits and investments	$ 776,783,635

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

Cash on hand and in banks	$ 6,257,937
Cash in revolving	150,000
Investments	770,375,698
Total deposits and investments	$ 776,783,635

Policies and Practices

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

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

The Treasury Oversight Committee established in December 1995, which consists of the elected County Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, one special district representative member, and one member from the public sector appointed by the Board, conducts Treasury oversight of the Orange County Educational Investment Pool. The Orange County Treasury Investment Pool is not registered with the SEC.

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

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

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

Investment Type	Reported Amount	Weighted Average Days to Maturity
Money Market Funds	$ 119,859,044	N/A
Orange County Treasury Investmemt Pool	650,516,654	225
Total	$ 770,375,698	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Treasury Investment Pool and the Money Market Funds are rated by S&P Global Ratings. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End
Money Market Funds	$ 119,859,044	N/A	AAAm
Orange County Treasury Investmemt Pool	650,516,654	N/A	AAAm
Total	$ 770,375,698		

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of $5,250,593 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments in Municipal Securities of $119,859,044, a portion is guaranteed by the Securities Investor Protection Corporation (SIPC). The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- 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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- 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 reasonably 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.

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

Investment Type	Reported Amount	Level 1
Money Market Funds	$ 119,859,044	$ 119,859,044

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	County School Facilities Fund	CFD Capital Projects Fund
Federal Government			
Categorical aid	$ 13,281,884	$ -	$ -
State Government			
LCFF apportionment	2,431,633	-	-
Categorical aid	12,881,537	-	-
Lottery	2,249,473	-	-
Other state	3,146,919	-	-
Local Government			
Interest	675,069	926,932	143,625
Other local sources	1,007,057	-	-
Total	$ 35,673,572	$ 926,932	$ 143,625

	Non-Major Governmental Funds	Total	Internal Service Funds	Custodial Funds
Federal Government				
Categorical aid	$ 2,041,515	$ 15,323,399	$ -	$ -
State Government				
LCFF apportionment	-	2,431,633	-	-
Categorical aid	490,759	13,372,296	-	-
Lottery	-	2,249,473	-	-
Other state	-	3,146,919	-	-
Local Government				
Interest	235,751	1,981,377	189,356	606
Other local sources	36,972	1,044,029	856,375	-
Total	$ 2,804,997	$ 39,549,126	$ 1,045,731	$ 606

Note 5 - Long-Term Receivables

Proceeds from bonds issued by the Irvine Unified School District Public Financing Authority (IUSD PFA) were used to purchase outstanding bonds of various Community Facilities Districts (CFDs). In accordance with the agreement between the IUSD PFA and CFD's, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the IUSD PFA. The total amount of benefit provided by the IUSD PFA through the issuance of its special tax bonds was $61,660,000. Current year payments totaling $1,880,000 were received, leaving a total of $50,685,000 due from the CFDs as of June 30, 2023.

Note 6 - Capital Assets and Right-to-Use Subscription IT Assets

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 719,387,022	$ -	$ -	$ 719,387,022
Construction in progress	461,211,811	38,685,459	(91,573,481)	408,323,789
Total capital assets not being depreciated	1,180,598,833	38,685,459	(91,573,481)	1,127,710,811
Capital assets being depreciated				
Land improvements	28,988,103	1,323,703	-	30,311,806
Buildings and improvements	833,479,192	91,639,080	-	925,118,272
Furniture and equipment	29,269,249	1,839,632	-	31,108,881
Total capital assets being depreciated	891,736,544	94,802,415	-	986,538,959
Total capital assets	2,072,335,377	133,487,874	(91,573,481)	2,114,249,770
Accumulated depreciation				
Land improvements	(15,494,270)	(816,945)	-	(16,311,215)
Buildings and improvements	(281,221,967)	(16,489,062)	-	(297,711,029)
Furniture and equipment	(17,190,872)	(1,774,490)	-	(18,965,362)
Total accumulated depreciation	(313,907,109)	(19,080,497)	-	(332,987,606)
Net capital assets	1,758,428,268	114,407,377	(91,573,481)	1,781,262,164
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	2,449,174	1,329,207	-	3,778,381
Accumulated amortization	-	(1,432,860)	-	(1,432,860)
Net right-to-use subscription IT assets	2,449,174	(103,653)	-	2,345,521
Governmental activities capital assets and right-to-use subscription IT assets, net	$ 1,760,877,442	$ 114,303,724	$ (91,573,481)	$ 1,783,607,685

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

Governmental Activities	
Instruction	$ 16,644,409
Instructional library, media, and technology	49,304
Food services	721,744
All other administration	516,757
Plant services	2,581,143
Total depreciation and amortization expenses governmental activities	$ 20,513,357

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From					
Due To	General Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 18,661	$ 102,976	$ 348,123	$ 2,223	$ 471,983
Non-Major Governmental Funds	1,501,243	-	-	-	-	1,501,243
Total	$ 1,501,243	$ 18,661	$ 102,976	$ 348,123	$ 2,223	$ 1,973,226

The General Fund owes the Cafeteria Non-Major Governmental Fund for reimbursement of operating expenditures.	$ 1,243
The General Fund owes the Deferred Maintenance Non-Major Governmental Fund for HVAC project.	1,500,000
The County School Facilities Fund owes the General Fund for reimbursement of payroll expenditures.	18,661
The CFD Capital Projects Fund owes the General Fund for reimbursement of payroll expenditures.	102,976
The Adult Education Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	22,466
The Child Development Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	44,023
The Cafeteria Non-Major Governmental Fund owes the General Fund for reimbursement of operating expenditures.	193,994
The Building Non-Major Governmental Fund owes the General Fund for reimbursement of payroll expenditures.	55,799
The Capital Facilities Non-Major Governmental Fund owes the General Fund for reimbursement of payroll expenditures.	4,636
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund owes the General Fund for reimbursement of payroll expenditures.	27,205
The Internal Service Fund owes the General Fund for reimbursement of operating expenditures.	2,223
	$ 1,973,226

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfer From				
Transfer To	General Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total
County School Facilities Fund	$ -	$ -	$ 577,205	$ 3,831,250	$ 4,408,455
Non-Major Governmental Funds	15,497,798	1,565,006	5,619,993	4,268,724	26,951,521
Internal Service Funds	5,822,379	-	-	-	5,822,379
Total	$ 21,320,177	$ 1,565,006	$ 6,197,198	$ 8,099,974	$ 37,182,355

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future projects.	$ 4,300,000
The General Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for turf replacement reserve.	500,000
The General Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund to fund technology maintenance for LCAP.	600,000
The General Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for community redevelopment and contributions for future projects.	10,097,798
The General Fund transferred to the Internal Service Fund for health & welfare as part of the negotiated settlement with bargaining units.	3,172,379
The General Fund transferred to the Internal Service Fund for property and liability to cover premiums and operating costs.	2,650,000
The County School Facilities Fund transferred to the Building Non-Major Governmental Fund for construction-related expenditures.	1,565,006
The CFD Capital Projects Fund transferred to the County School Facilities Fund for construction-related expenditures.	577,205
The CFD Capital Projects Fund transferred to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for the TRANE project.	5,619,993
The Capital Facilities Non-Major Governmental Fund transferred to the County School Facilities Fund for construction-related expenditures.	3,831,250
The Capital Facilities Non-Major Governmental Fund transferred to the Building Non-Major Governmental Fund for construction-related expenditures.	1,268,724
The Special Reserve for Capital Outlay Projects Non-Major Governmental Fund transferred to the Building Non-Major Governmental Fund for construction-related expenditures.	3,000,000
Total	$ 37,182,355

Note 8 - Accounts Payable

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

	General Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total	Internal Service Fund
Vendor payables	$ 10,990,184	$ -	$ -	$ 708,877	$ 11,699,061	$ 1,937,325
Salaries and benefits	14,159,923	-	-	595,729	14,755,652	31,410
Construction	-	959,141	879,303	1,980,220	3,818,664	-
Total	$ 25,150,107	$ 959,141	$ 879,303	$ 3,284,826	$ 30,273,377	$ 1,968,735

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 6,603,266	$ -	$ 6,603,266
State categorical aid	2,596,212	-	2,596,212
Other local	-	768,897	768,897
Total	$ 9,199,478	$ 768,897	$ 9,968,375

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 158,925,000	$ -	$ (3,740,000)	$ 155,185,000	$ 3,610,000
Unamortized debt premiums	13,559,951	-	(629,222)	12,930,729	-
Irvine Unified School District Public Financing Authority (PFA) local agency bonds	52,565,000	-	(1,880,000)	50,685,000	2,055,000
Financed purchases	127,627	-	(127,627)	-	-
Subscription-based IT arrangements	2,441,808	1,329,207	(2,184,693)	1,586,322	1,151,742
Compensated absences	448,271	75,321	-	523,592	-
Claims liability	10,212,038	-	(474,051)	9,737,987	-
Total	$ 238,279,695	$ 1,404,528	$ (9,035,593)	$ 230,648,630	$ 6,816,742

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the Irvine Unified School District Public Financing Authority special tax revenue bonds are made by the Debt Service Fund for Blended Component Units. Payments for the subscription-based IT arrangements are made by the General Fund. Payments for compensated absences will be paid by the fund for which the employee worked. Payments for the claims liability are made by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
10/11/2016	9/1/2046	3.13-5.00%	$ 95,000,000	$ 76,225,000	$ -	$ (3,240,000)	$ 72,985,000
8/30/2018	9/1/2048	3.50-6.00%	41,000,000	37,700,000	-	-	37,700,000
4/7/2021	9/1/2050	2.25-5.00%	45,000,000	45,000,000	-	(500,000)	44,500,000
				$ 158,925,000	$ -	$ (3,740,000)	$ 155,185,000

2016 General Obligation Bonds, Series 2016A

In October 2016, the District issued General Obligation Bonds, Series 2016A, in the amount of $95,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 3.13% to 5.00%.

2016 General Obligation Bonds, Series 2018B

In August 2018, the District issued General Obligation Bonds, Series 2018B, in the amount of $41,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 3.50% to 6.00%.

2016 General Obligation Bonds, Series 2021C

In April 2021, the District issued General Obligation Bonds, Series 2021C, in the amount of $45,000,000. The bonds were issued to finance the renovation, acquisition, construction, repair and equipping of classrooms, school, sites, and facilities and costs related thereto, as approved by the voters, for schools in Improvement District No. 1. Interest rates on the bonds range from 2.25% to 5.00%.

Debt Service Requirements to Maturity

The outstanding general obligation bonded debt is as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 3,610,000	$ 5,399,644	$ 9,009,644
2025	4,000,000	5,209,394	9,209,394
2026	3,020,000	5,033,894	8,053,894
2027	3,330,000	4,875,144	8,205,144
2028	3,675,000	4,699,982	8,374,982
2029-2033	13,740,000	21,693,132	35,433,132
2034-2038	20,495,000	18,303,958	38,798,958
2039-2043	32,300,000	13,378,132	45,678,132
2044-2048	44,095,000	6,838,380	50,933,380
2049-2051	26,920,000	963,319	27,883,319
Total	$ 155,185,000	$ 86,394,979	$ 241,579,979

Irvine Unified School District Public Financing Authority Local Agency Bonds

The Irvine Unified School District Public Financing Authority (the Authority) was created to refinance certain Community Facility Districts' (CFD) debt. On December 13, 2016, the Authority issued $61,660,000 of Local Agency Bonds series 2016. The bonds refinanced the debt for CFD 04-1, CFD 04-2A, and CFD 04-2B. As of June 30, 2023, the principal balance on the IUSD PFA bonds was $50,685,000.

The local agency bonds mature as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 2,055,000	$ 2,375,575	$ 4,430,575
2025	2,250,000	2,267,950	4,517,950
2026	2,450,000	2,150,450	4,600,450
2027	2,665,000	2,022,575	4,687,575
2028	2,885,000	1,883,825	4,768,825
2029-2033	18,265,000	6,911,875	25,176,875
2034-2037	20,115,000	1,771,375	21,886,375
Total	$ 50,685,000	$ 19,383,625	$ 70,068,625

Financed Purchases

The District has entered into a financed purchase agreement for copiers located throughout the District. The terms of the agreement are for payments to be made by the District over a term of 48 months, with an interest rate of 3.62%. As of June 30, 2023, the liability balance for the financed purchases was paid in full.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into various SBITAs for the use of the students and staff of the District. At June 30, 2023, the District has recognized right-to-use subscriptions IT assets of $3,778,381 and SBITA liabilities of $1,586,322related to these agreements. During the fiscal year, the District recorded $1,432,860 in amortization expense. The District is required to make total principal and interest payments of $1,636,499 through June 2029. The subscriptions have interest rates of 1.58-3.12%.

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,151,742	$ 33,682	$ 1,185,424
2025	321,044	9,465	330,509
2026	27,363	2,778	30,141
2027	28,033	2,109	30,142
2028	28,719	1,423	30,142
2029	29,421	720	30,141
Total	$ 1,586,322	$ 50,177	$ 1,636,499

Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Aggregate Net OBEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Retiree Health Plan	$ 35,571,000	$ 5,380,998	$ 11,460,360	$ 1,493,075
Medicare Premium Payment (MPP Program)	1,702,278	-	-	(310,997)
Total	$ 37,273,278	$ 5,380,998	$ 11,460,360	$ 1,182,078

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	130
Active employees	2,520
Total	2,650

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Irvine Teachers Association (ITA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the agreements with the District, ITA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2022, the District paid $2,118,000 to the Plan in benefits.

Total OPEB Liability of the District

The total OPEB liability of $35,571,000 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

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

Inflation	2.80%
Salary increases	0.19-6.40%, including inflation, depending on length of service
Discount rate	3.75%
Healthcare cost trend rates	4.00% for medical, 4.00% for dental, and 2.00% for vision.

The discount rate was based on the fidelity yield index for 20-year AA rated municipal bonds.

Based on the most recent pension experience studies, CalSTRS and CalPERS actuaries have updated their valuation mortality assumptions and incorporated a margin for future mortality improvement. They have deemed the rates to be reasonable based on experience and compliant with ASOP 35 for their respective experience studies (June 30, 2018 for CalSTRS and June 30, 2019 for CalPERS). The demographic rates used for a retiree health valuation generally mirror those adopted by its companion pension plan.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the 48 months ending June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 38,241,200
Service cost	3,527,600
Interest	778,900
Changes of assumptions	(4,857,900)
Benefit payments	(2,118,800)
Net change in total OPEB liability	(2,670,200)
Balance, June 30, 2022	$ 35,571,000

Changes of assumptions reflect a raising of the discount rate from 2.00% to 3.75%, increasing the inflation rate from 2.75% to 2.80% since the previous valuation and updating the PERS demographic rates to those in the latest CalPERS pension valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.75%)	$ 37,924,300
Current discount rate (3.75%)	35,571,000
1% increase (4.75%)	33,295,800

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (Various rates decreasing to 3.00% for medical and dental and 1.00% for vision)	$ 31,405,400
Current healthcare cost trend rate (Various rates 4.00% for medical and dental and 2.00% for vision)	35,571,000
1% increase (Various rates increasing to 5.00% for medical and dental and 3.00% for vision)	40,562,600

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,671,040	$ -
Differences between expected and actual experience	817,196	6,562,098
Changes of assumptions	2,892,762	4,898,262
Total	$ 5,380,998	$ 11,460,360

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

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 14.37 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (574,612)
2025	(574,612)
2026	(574,612)
2027	(574,612)
2028	(574,612)
Thereafter	(4,877,342)
Total	$ (7,750,402)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $1,702,278 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.5168%, and 0.5048%, resulting in a net increase in the proportionate share of 0.0120%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(310,997).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 1,855,810
Current discount rate (3.54%)	1,702,278
1% increase (4.54%)	1,569,338

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 1,561,902
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,702,278
1% increase (5.50% Part A and 6.40% Part B)	1,861,400

Note 12 - Non-Obligatory Debt

Bonded Debt - Community Facilities District (CFD) Special Tax Bonds

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mark-Roos Local Bond Pooling Act of 1985 and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $540,535,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	County School Facilities Fund	CFD Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 150,000	$ -	$ -	$ -	$ 150,000
Prepaid expenditures	664,984	-	-	1,545	666,529
Stores inventories	201,387	-	-	176,362	377,749
Total nonspendable	1,016,371	-	-	177,907	1,194,278
Restricted					
Legally restricted programs	106,640,715	-	-	3,587,595	110,228,310
Child development programs	-	-	-	776,225	776,225
Food service	-	-	-	19,752,611	19,752,611
Capital projects	-	298,427,903	130,297,525	62,327,117	491,052,545
Debt services	-	-	-	6,825,513	6,825,513
Total restricted	106,640,715	298,427,903	130,297,525	93,269,061	628,635,204
Committed					
Adult education program	-	-	-	498,187	498,187
Deferred maintenance program	-	-	-	1,576,754	1,576,754
Contingency reserve	5,000,000	-	-	-	5,000,000
Total committed	5,000,000	-	-	2,074,941	7,074,941
Assigned					
Site/department carryover	12,212,371	-	-	-	12,212,371
LCAP allocations	5,300,000	-	-	-	5,300,000
Transportation	2,362,955	-	-	-	2,362,955
Unspent funds	4,669,305	-	-	-	4,669,305
Total assigned	24,544,631	-	-	-	24,544,631
Unassigned					
Reserve for economic uncertainties	10,565,000	-	-	-	10,565,000
Remaining unassigned	8,467,465	-	-	-	8,467,465
Total unassigned	19,032,465	-	-	-	19,032,465
Total	$ 156,234,182	$ 298,427,903	$ 130,297,525	$ 95,521,909	$ 680,481,519

Note 14 - Risk Management - Claims

Description

The District's risk management activities for healthcare, property, liability, and workers' compensation exposures are recorded in the Internal Services Funds. Significant losses are covered by excess insurance for all programs. The District is self-funded for medical and dental claims and purchases commercial insurance for specific medical losses above a certain level. The District is also self-funded for its property and liability program and any losses above the District's member retained limit (Property: $100,000 / Liability: $250,000) are covered by excess property/liability insurance through a joint powers authority, Southern California Regional Liability Excess Funds (SCR). Refer to Note 17 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The following is a summary of the insurance policies carried by the District as of June 30, 2023:

Insurance Program Company Name	Type of Coverage	Limits
Workers' Compensation Program	Reinsurance	$650,000 to California statutory limits
Southern California ReLiEF (SCR) - Property	Reinsurance	$100,000 - $500,250,000
Southern California ReLiEF (SCR) - Liability	Reinsurance	$250,000 - $50,000,000
Medical PPO	Reinsurance	$250,000 to unlimited for each subscriber
Medical HMO	Reinsurance	$225,000 to unlimited for each subscriber

Claims Liabilities

The District records an estimated liability for healthcare, workers' compensation and indemnity torts against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Health Care	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2021	$ 1,868,000	$ 7,460,596	$ 75,000	$ 9,403,596
Claims and changes in estimates	(27,342,774)	(1,119,970)	(106,726)	(28,569,470)
Claims payments	28,065,774	1,205,412	106,726	29,377,912
Liability Balance, June 30, 2022	2,591,000	7,546,038	75,000	10,212,038
Claims and changes in estimates	31,997,998	1,509,138	219,680	33,726,816
Claims payments	(32,606,998)	(1,374,189)	(219,680)	(34,200,867)
Liability Balance, June 30, 2023	$ 1,982,000	$ 7,680,987	$ 75,000	$ 9,737,987
Assets available to pay claims at June 30, 2023				$ 66,112,724

The District administers the Workers' Compensation Program through the purchase of commercial insurance for occurrences in excess of $500,000.

Note 15 - Employee Retirement Systems

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

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 239,258,671	$ 71,148,889	$ 29,639,620	$ 25,970,654
CalPERS	160,040,295	52,729,125	5,658,897	20,846,452
Total	$ 399,298,966	$ 123,878,014	$ 35,298,517	$ 46,817,106

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $41,654,345.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 239,258,671
State’s proportionate share of the net pension liability	119,819,807
Total	$ 359,078,478

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.3443% and 0.3358%, respectively, resulting in a net increase in the proportionate share of 0.0085%.

For the year ended June 30, 2023, the District recognized pension expense of $25,970,654. In addition, the District recognized pension expense and revenue of $9,663,388 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 41,654,345	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	17,432,789	-
Differences between projected and actual earnings on pension plan investments	-	11,700,213
Differences between expected and actual experience in the measurement of the total pension liability	196,266	17,939,407
Changes of assumptions	11,865,489	-
Total	$ 71,148,889	$ 29,639,620

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (8,594,675)
2025	(9,310,874)
2026	(13,986,828)
2027	20,192,164
Total	$ (11,700,213)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 12,170,941
2025	1,563,056
2026	35,251
2027	(100,888)
2028	(1,736,491)
Thereafter	(376,732)
Total	$ 11,555,137

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 406,349,964
Current discount rate (7.10%)	239,258,671
1% increase (8.10%)	100,522,661

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $19,991,789.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $160,040,295. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2022 and June 30, 2021, was 0.4651% and 0.4711%, respectively, resulting in a net decrease in the proportionate share of 0.0060%.

For the year ended June 30, 2023, the District recognized pension expense of $20,846,452. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 19,991,789	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,278,771	1,676,889
Differences between projected and actual earnings on pension plan investments	18,896,405	-
Differences between expected and actual experience in the measurement of the total pension liability	723,289	3,982,008
Changes of assumptions	11,838,871	-
Total	$ 52,729,125	$ 5,658,897

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,151,319
2025	2,795,002
2026	1,427,721
2027	11,522,363
Total	$ 18,896,405

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,268,608
2025	2,991,670
2026	2,085,953
2027	(164,197)
Total	$ 8,182,034

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 231,186,310
Current discount rate (6.90%)	160,040,295
1% increase (7.90%)	101,240,729

Public Agency Retirement Services/Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Public Agency Retirement Services (PARS) Alternative Retirement System (ARS) as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75% of an employee's gross earnings. An employee is required to contribute 3.75% of his or her gross earnings to the retirement plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $19,221,586 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 16 - Commitments and Contingencies

Grants

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

Litigation

The District is 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.

Construction Commitments

As of June 30, 2023, the District had approximately $17.6 million in commitments with respect to the unfinished capital projects.

Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Irvine Child Care Project (ICCP), the Coastline Regional Occupation Program (CROP), and the Southern California Regional Liability Excess Fund (SCR). The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

Note 18 - Subsequent Events

On October 25, 2023, $60,000,000 of Irvine Unified School District Election of 2016, Series 2023D bonds were issued with a final maturity date of September 1, 2051. The bonds carry interest rates ranging from 4.25% to 5.50%, depending on the maturity of the related bonds. Interest is payable semiannually on March 1 and September 1 of each year.

Note 19 - Adoption of New Accounting Standard

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

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 1,862,168,777
Right-to-use subscription IT assets, net of amortization	2,449,174
Subscription-based IT arrangements	(2,441,808)
Net Position - Beginning as restated on July 1, 2022	$ 1,862,176,143

Required Supplementary Information
June 30, 2023

Irvine Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 376,425,019	$ 384,039,242	$ 384,039,242	$ -
Federal sources	38,750,982	41,361,608	31,468,408	(9,893,200)
Other State sources	75,260,934	138,235,265	130,457,310	(7,777,955)
Other local sources	22,144,989	44,915,770	44,987,068	71,298
Total revenues	512,581,924	608,551,885	590,952,028	(17,599,857)
Expenditures				
Current				
Certificated salaries	207,194,933	222,003,170	221,829,980	173,190
Classified salaries	78,484,191	80,950,468	80,837,843	112,625
Employee benefits	125,597,522	128,409,211	128,410,052	(841)
Books and supplies	33,848,173	66,366,903	20,587,019	45,779,884
Services and operating expenditures	37,390,571	51,478,739	50,458,545	1,020,194
Other outgo	3,027,853	2,959,920	2,827,308	132,612
Capital outlay	2,220,000	2,026,105	1,823,633	202,472
Debt service				
Debt service - principal	-	-	127,627	(127,627)
Debt service - interest and other	-	-	1,545	(1,545)
Total expenditures	487,763,243	554,194,516	506,903,552	47,290,964
Excess (Deficiency) of Revenues Over Expenditures	24,818,681	54,357,369	84,048,476	29,691,107
Other Financing Sources (Uses)				
Transfers in	250,000	-	-	-
Other sources	127,073	127,073	127,073	-
Transfers out	(5,850,000)	(21,320,177)	(21,320,177)	-
Net Financing Sources (Uses)	(5,472,927)	(21,193,104)	(21,193,104)	-
Net Change in Fund Balances	19,345,754	33,164,265	62,855,372	29,691,107
Fund Balance - Beginning	93,378,810	93,378,810	93,378,810	-
Fund Balance - Ending	$ 112,724,564	$ 126,543,075	$ 156,234,182	$ 29,691,107

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 3,527,600	$ 3,764,800	$ 3,319,600
Interest	778,900	1,224,700	1,427,500
Changes of benefit terms	-	(6,293,100)	-
Difference between expected and actual experience	-	(7,620,500)	-
Changes of assumptions	(4,857,900)	1,237,100	2,308,400
Benefit payments	(2,118,800)	(2,361,000)	(2,068,900)
Net change in total OPEB liability	(2,670,200)	(10,048,000)	4,986,600
Total OPEB Liability - Beginning	38,241,200	48,289,200	43,302,600
Total OPEB Liability - Ending	$ 35,571,000	$ 38,241,200	$ 48,289,200
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 3,089,700	$ 2,196,079	$ 3,063,400
Interest	1,452,000	1,381,800	1,315,500
Changes of benefit terms	(539,300)	-	-
Difference between expected and actual experience	1,163,100	-	-
Changes of assumptions	(538,600)	-	-
Benefit payments	(2,535,000)	(1,509,279)	(2,579,900)
Net change in total OPEB liability	2,091,900	2,068,600	1,799,000
Total OPEB Liability - Beginning	41,210,700	39,142,100	37,343,100
Total OPEB Liability - Ending	$ 43,302,600	$ 41,210,700	$ 39,142,100
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.5168%	0.5048%	0.5717%
Proportionate share of the net OPEB liability	$ 1,702,278	$ 2,013,275	$ 2,422,583
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.5540%	0.5472%	0.5267%
Proportionate share of the net OPEB liability	$ 2,062,947	$ 2,094,680	$ 2,215,849
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.3443%	0.3358%	0.3281%	0.3131%	0.3049%
Proportionate share of the net pension liability	$ 239,258,671	$ 152,812,973	$ 317,932,796	$ 282,823,645	$ 280,214,268
State's proportionate share of the net pension liability	119,819,807	76,889,561	163,894,394	154,299,180	160,435,774
Total	$ 359,078,478	$ 229,702,534	$ 481,827,190	$ 437,122,825	$ 440,650,042
Covered payroll	$ 203,646,152	$ 184,274,929	$ 179,477,871	$ 171,494,355	$ 163,396,473
Proportionate share of the net pension liability as a percentage of its covered payroll	117.49%	82.93%	177.14%	164.92%	171.49%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.2909%	0.2857%	0.2840%	0.2573%
Proportionate share of the net pension liability	$ 269,045,923	$ 231,073,623	$ 191,183,402	$ 150,336,786
State's proportionate share of the net pension liability	159,165,295	131,546,092	101,114,944	90,779,842
Total	$ 428,211,218	$ 362,619,715	$ 292,298,346	$ 241,116,628
Covered payroll	$ 155,545,167	$ 140,348,108	$ 128,281,509	117,564,372
Proportionate share of the net pension liability as a percentage of its covered payroll	172.97%	164.64%	149.03%	127.88%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.4651%	0.4711%	0.4624%	0.4522%	0.4454%
Proportionate share of the net pension liability	$ 160,040,295	$ 95,792,836	$ 141,870,575	$ 131,801,247	$ 118,761,369
Covered payroll	$ 71,224,644	$ 67,689,208	$ 66,540,956	$ 62,625,551	$ 58,608,660
Proportionate share of the net pension liability as a percentage of its covered payroll	224.70%	141.52%	213.21%	210.46%	202.63%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.4313%	0.4092%	0.3913%	0.3712%
Proportionate share of the net pension liability	$ 102,965,515	$ 80,811,529	$ 57,679,362	$ 42,136,649
Covered payroll	$ 54,936,838	$ 48,625,796	$ 43,001,436	44,404,774
Proportionate share of the net pension liability as a percentage of its covered payroll	187.43%	166.19%	134.13%	94.89%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 41,654,345	$ 34,456,929	$ 29,760,401	$ 30,690,716	$ 27,919,281
Less contributions in relation to the contractually required contribution	41,654,345	34,456,929	29,760,401	30,690,716	27,919,281
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 218,085,576	$ 203,646,152	$ 184,274,929	$ 179,477,871	$ 171,494,355
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 23,578,111	$ 19,567,582	$ 15,059,352	$ 11,391,398
Less contributions in relation to the contractually required contribution	23,578,111	19,567,582	15,059,352	11,391,398
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 163,396,473	$ 155,545,167	$ 140,348,108	$ 128,281,509
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 19,991,789	$ 16,317,566	$ 14,011,666	$ 13,122,542	$ 11,311,427
Less contributions in relation to the contractually required contribution	19,991,789	16,317,566	14,011,666	13,122,542	11,311,427
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 78,800,903	$ 71,224,644	$ 67,689,208	$ 66,540,956	$ 62,625,551
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 9,102,511	$ 7,629,628	$ 5,760,698	$ 5,061,699
Less contributions in relation to the contractually required contribution	9,102,511	7,629,628	5,760,698	5,061,699
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,608,660	$ 54,936,838	$ 48,625,796	$ 43,001,436
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes of Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - Changes of assumptions reflect a raising of the discount rate from 2.00% to 3.75%, increasing the inflation rate from 2.75% to 2.80% since the previous valuation and updating the PERS demographic rates to those in the latest CalPERS pension valuation.

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

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

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

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

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

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

Schedule of the District’s Contributions

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

Supplementary Information
June 30, 2023

Irvine Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	$ 6,422,914
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	212,533
Preschool Grants, Part B Section 619	84.173	13430	177,694
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	18,206
Preschool Staff Development, Part B, Section 619	84.173A	13431	1,675
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	409,745
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	66,349
Subtotal Special Education Cluster (IDEA)			7,309,116
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	3,147,093
Title II, Part A, Supporting Effective Instruction	84.367	14341	592,784
Title III, English Learner Student Program	84.365	14346	854,220
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	5,700
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	145,895
IDEA Early Intervention Grants	84.181	23761	47,853
Special Ed: ARP IDEA Part C, Early Education Program	84.181	25657	91,510
Subtotal			139,363
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	212
COVID-19: Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	6,628,204
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15549	6,747,842
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER III) Fund: Learning Loss	84.425U	10155	3,680,632
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	366
COVID-19: ARP Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	1,585,884
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	782
Subtotal			18,643,922
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership Program	84.126A	31046	630,316
Total U.S. Department of Education			31,468,409

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Department of Education (CDE)			
Child Care and Development Fund (CCDF) Cluster			
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	$ 94,344
Subtotal Child Care and Development Fund (CCDF) Cluster			94,344
Total U.S. Department of Health and Human Services			94,344
U.S. Department of Agriculture			
Passed through California Department of Education (CDE)			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	4,874,523
School Basic Breakfast	10.553	13390	474,785
Especially Needy Breakfast Program	10.553	13526	1,517,277
Commodities	10.555	13391	743,866
Supply Chain Assistance (SCA) Funds	10.555	15655	843,621
Subtotal Child Nutrition Cluster			8,454,072
Child Care Food Programs (CCFP) Claims - Centers and Family Day Care	10.558	13393	18,740
Total U.S. Department of Agriculture			8,472,812
Total Federal Financial Assistance			$ 40,035,565

ORGANIZATION

The Irvine Unified School District was unified on July 1, 1972, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates twenty-four elementary schools, four K-8 schools, six middle schools, five high schools, one continuation school, one virtual academy school, and one adult education center. The District is comprised of an area of approximately 62 square miles, located in Orange County. There were no boundary changes during the year.

BOARD OF EDUCATION

MEMBER	OFFICE	TERM EXPIRES
Lauren Brooks	President	2024
Cyril Yu	Clerk	2024
Paul Bokota	Member	2024
Jeff Kim	Member	2026
Katie McEwen	Member	2026

ADMINISTRATION

NAME	TITLE
Terry Walker	District Superintendent
John Fogarty	Assistant Superintendent, Business Services/CFO
Brianne Ford	Assistant Superintendent, Information Technology
Eamonn O’Donovan	Assistant Superintendent, Human Resources
Cassie Parham	Assistant Superintendent, Education Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	10,358.50	10,421.84
Fourth through sixth	8,413.53	8,451.55
Seventh and eighth	5,484.76	5,505.13
Ninth through twelfth	10,598.11	10,598.66
Total Regular ADA	34,854.90	34,977.18
Extended Year Special Education		
Transitional kindergarten through third	13.70	13.70
Fourth through sixth	13.70	13.70
Seventh and eighth	2.41	2.41
Ninth through twelfth	17.40	17.40
Total Extended Year Special Education	47.21	47.21
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	3.52	2.66
Fourth through sixth	3.52	2.66
Seventh and eighth	3.52	2.66
Ninth through twelfth	33.71	45.80
Total Special Education, Nonpublic, Nonsectarian Schools	44.27	53.78
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.65	0.67
Fourth through sixth	0.65	0.67
Seventh and eighth	0.67	0.69
Ninth through twelfth	2.44	2.58
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	4.41	4.61
Total ADA	34,950.79	35,082.78

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	36,000	-	36,000	180	-	180	180	-	180	Complied
Grades 1 - 3	50,400										
Grade 1		50,872	-	50,872	180	-	180	180	-	180	Complied
Grade 2		50,872	-	50,872	180	-	180	180	-	180	Complied
Grade 3		50,872	-	50,872	180	-	180	180	-	180	Complied
Grades 4 - 8	54,000										
Grade 4		56,250	-	56,250	180	-	180	180	-	180	Complied
Grade 5		56,250	-	56,250	180	-	180	180	-	180	Complied
Grade 6		56,250	-	56,250	180	-	180	180	-	180	Complied
Grade 7		56,000	-	56,000	180	-	180	180	-	180	Complied
Grade 8		56,000	-	56,000	180	-	180	180	-	180	Complied
Grades 9 - 12	64,800										
Grade 9		65,940	-	65,940	180	-	180	N/A	-	N/A	Complied
Grade 10		65,940	-	65,940	180	-	180	N/A	-	N/A	Complied
Grade 11		65,940	-	65,940	180	-	180	N/A	-	N/A	Complied
Grade 12		65,940	-	65,940	180	-	180	N/A	-	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues	$ 540,860,853	$ 590,952,028	$ 479,330,850	$ 459,399,504
Other sources and transfers in	377,073	127,073	1,377,073	377,073
Total revenues and other sources	541,237,926	591,079,101	480,707,923	459,776,577
Expenditures	538,202,892	506,903,552	461,569,393	415,913,501
Other uses and transfers out	10,048,185	21,320,177	17,643,206	22,939,088
Total expenditures and other uses	548,251,077	528,223,729	479,212,599	438,852,589
Increase/(Decrease) in Fund Balance	(7,013,151)	62,855,372	1,495,324	20,923,988
Ending Fund Balance	$ 149,221,031	$ 156,234,182	$ 93,378,810	$ 91,883,486
Available Reserves [2]	$ 39,245,032	$ 19,032,465	$ 21,244,721	$ 21,813,340
Available Reserves as a Percentage of Total Outgo	7.16%	3.60%	4.43%	4.97%
Long-Term Liabilities	N/A	$ 667,220,874	$ 527,139,979	$ 752,430,068
K-12 Average Daily Attendance at P-2	35,130	34,951	34,505	35,036

The General Fund balance has increased by $64,350,696 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $7,013,151 (4.49%). For a district this size, the state recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $85,209,194 over the past two years.

Average daily attendance has decreased by 85 over the past two years. Growth of 179 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Assets					
Deposits and investments	$ 3,587,595	$ 531,224	$ 650,915	$ 19,152,920	$ 215,168
Receivables	-	1,597	351,109	2,233,824	703
Due from other funds	-	-	-	1,243	1,500,000
Prepaid expenditures	-	-	-	1,545	-
Stores inventories	-	-	-	176,362	-
Total assets	$ 3,587,595	$ 532,821	$ 1,002,024	$ 21,565,894	$ 1,715,871
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 12,168	$ 106,664	$ 747,597	$ 139,117
Due to other funds	-	22,466	44,023	193,994	-
Unearned revenue	-	-	75,112	693,785	-
Total liabilities	-	34,634	225,799	1,635,376	139,117
Fund Balances					
Nonspendable	-	-	-	177,907	-
Restricted	3,587,595	-	776,225	19,752,611	-
Committed	-	498,187	-	-	1,576,754
Total fund balances	3,587,595	498,187	776,225	19,930,518	1,576,754
Total liabilities and fund balances	$ 3,587,595	$ 532,821	$ 1,002,024	$ 21,565,894	$ 1,715,871

	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 8,648,284	$ 11,275,576	$ 44,586,857	$ 6,791,069	$ 95,439,608
Receivables	39,096	35,137	109,087	34,444	2,804,997
Due from other funds	-	-	-	-	1,501,243
Prepaid expenditures	-	-	-	-	1,545
Stores inventories	-	-	-	-	176,362
Total assets	$ 8,687,380	$ 11,310,713	$ 44,695,944	$ 6,825,513	$ 99,923,755
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,257,883	$ 318	$ 1,021,079	$ -	$ 3,284,826
Due to other funds	55,799	4,636	27,205	-	348,123
Unearned revenue	-	-	-	-	768,897
Total liabilities	1,313,682	4,954	1,048,284	-	4,401,846
Fund Balances					
Nonspendable	-	-	-	-	177,907
Restricted	7,373,698	11,305,759	43,647,660	6,825,513	93,269,061
Committed	-	-	-	-	2,074,941
Total fund balances	7,373,698	11,305,759	43,647,660	6,825,513	95,521,909
Total liabilities and fund balances	$ 8,687,380	$ 11,310,713	$ 44,695,944	$ 6,825,513	$ 99,923,755

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Revenues				
Federal sources	$ -	$ -	$ 303,422	$ 8,712,461
Other State sources	-	568,748	1,584,015	16,198,299
Other local sources	5,622,277	13,252	423,653	1,282,104
Total revenues	5,622,277	582,000	2,311,090	26,192,864
Expenditures				
Current				
Instruction	-	294,817	1,447,012	-
Instruction-related activities				
Supervision of instruction	-	-	137,226	-
School site administration	-	116,205	224,853	-
Pupil services				
Food services	-	-	222	14,709,755
Administration				
All other administration	-	19,623	43,808	192,071
Plant services	-	275,132	24,649	-
Ancillary services	5,393,292	-	-	-
Facility acquisition and construction	-	-	-	324,714
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	5,393,292	705,777	1,877,770	15,226,540
Excess (Deficiency) of Revenues Over Expenditures	228,985	(123,777)	433,320	10,966,324
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	228,985	(123,777)	433,320	10,966,324
Fund Balance - Beginning	3,358,610	621,964	342,905	8,964,194
Fund Balance - Ending	$ 3,587,595	$ 498,187	$ 776,225	$ 19,930,518

	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Revenues				
Federal sources	$ -	$ -	$ -	$ -
Other State sources	-	-	-	-
Other local sources	46,714	633,078	3,815,278	1,027,744
Total revenues	46,714	633,078	3,815,278	1,027,744
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
Administration				
All other administration	-	-	-	-
Plant services	1,827,882	133,501	215,530	305,023
Ancillary services	-	-	-	-
Facility acquisition and construction	1,716,175	16,561,131	195,535	7,287,600
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	3,544,057	16,694,632	411,065	7,592,623
Excess (Deficiency) of Revenues Over Expenditures	(3,497,343)	(16,061,554)	3,404,213	(6,564,879)
Other Financing Sources (Uses)				
Transfers in	4,300,000	5,833,730	-	16,817,791
Transfers out	-	-	(5,099,974)	(3,000,000)
Net Financing Sources (Uses)	4,300,000	5,833,730	(5,099,974)	13,817,791
Net Change in Fund Balances	802,657	(10,227,824)	(1,695,761)	7,252,912
Fund Balance - Beginning	774,097	17,601,522	13,001,520	36,394,748
Fund Balance - Ending	$ 1,576,754	$ 7,373,698	$ 11,305,759	$ 43,647,660

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues			
Federal sources	$ -	$ -	$ 9,015,883
Other State sources	38,899	-	18,389,961
Other local sources	9,364,356	4,353,950	26,582,406
Total revenues	9,403,255	4,353,950	53,988,250
Expenditures			
Current			
Instruction	-	-	1,741,829
Instruction-related activities			
Supervision of instruction	-	-	137,226
School site administration	-	-	341,058
Pupil services			
Food services	-	-	14,709,977
Administration			
All other administration	-	-	255,502
Plant services	-	-	2,781,717
Ancillary services	-	-	5,393,292
Facility acquisition and construction	-	-	26,085,155
Debt service			
Principal	3,740,000	1,880,000	5,620,000
Interest and other	5,583,394	2,473,950	8,057,344
Total expenditures	9,323,394	4,353,950	65,123,100
Excess (Deficiency) of Revenues Over Expenditures	79,861	-	(11,134,850)
Other Financing Sources (Uses)			
Transfers in	-	-	26,951,521
Transfers out	-	-	(8,099,974)
Net Financing Sources (Uses)	-	-	18,851,547
Net Change in Fund Balances	79,861	-	7,716,697
Fund Balance - Beginning	6,745,652	-	87,805,212
Fund Balance - Ending	$ 6,825,513	$ -	$ 95,521,909

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

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

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Supply Chain Assistance (SCA) funds and COVID-19: ARP California State Preschool Program Rate Supplement funds have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the General Fund. In addition, COVID-19: ARP California State Preschool Program One-time Stipend funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 40,484,291
Supply Chain Assistance (SCA) Funds	10.555	(258,388)
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	94,344
COVID-19: ARP California State Preschool Program Rate Supplements	93.575	(284,682)
Total Federal Financial Assistance		$ 40,035,565

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2023

Irvine Unified School District

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

To the Governing Board
Irvine Unified School District
Irvine, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Irvine Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 and 19 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

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

To the Governing Board
Irvine Unified School District
Irvine, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Irvine Unified School District
Irvine, California

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

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

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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

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

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

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

We did not perform procedures for the After/Before School Education and Safety Program because the District does not offer the program.

We did not perform procedures for the Expanded Learning Opportunities Grant (ELO-G) because the District fully expended these funds in the prior fiscal year.

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

Irvine Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Child Nutrition Cluster	10.553, 10.555
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19: Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER III) Fund: Learning Loss	84.425U
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19: ARP Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W

Dollar threshold used to distinguish between type A and type B programs	$1,201,067
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

None reported.

None reported.

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