



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**COUNTY OF YOLO  
DAVIS, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

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**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

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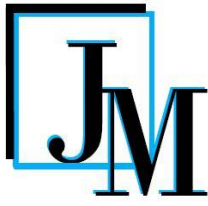
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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

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

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

The District's 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 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, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund and the Charter School Fund, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions, respectively, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

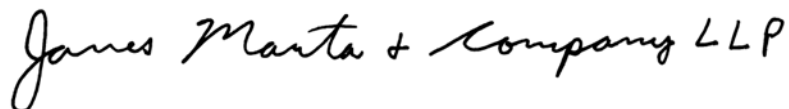
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *supplementary information as listed in the table of contents* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *supplementary information* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2024, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
March 8, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

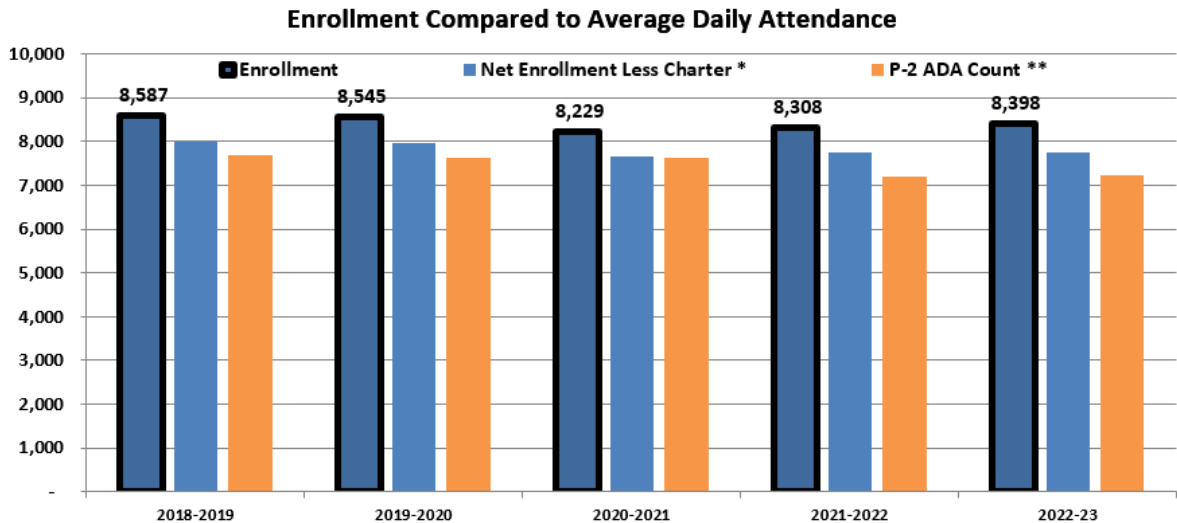
Management’s Discussion and Analysis (MD&A) Section of the audit report is District management’s overall view of the District’s financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information is required to be presented in this document.

**District Overview**

Davis Joint Unified School District (the “District”) is located in Solano and Yolo Counties. The District provides educational services to the residents in and around Davis, California. The District operates under the jurisdiction of the Yolo County Superintendent of Schools. Over 25% of enrolled students are English Learners, foster youth, or eligible for free or reduced-price meals.

For fiscal year 2022-2023, the District operated five elementary schools (grades TK-6), three elementary schools (grades K-6), one elementary school (grades K-3), three junior high schools (grades 7-9), one comprehensive high school (grades 10-12), one dependent charter school (grades 7-12), one continuation high school, one independent study program, one adult school, one preschool program, and a teacher credentialing program. As of June 30, 2023, the District employed 600 certificated employees and 514 classified employees.

For the 2022-2023 school year, the District’s October enrollment for grades TK-12 was 8,398, an increase from 2021-2022 of 90 students. The graph below shows the District’s enrollment trend, including charter school enrollment. Between 2018-2019 and 2019-2020, District enrollment steadily declined year over year, while average daily attendance (ADA) remained constant at nearly 96%. In 2020-2021, during distance learning, District enrollment dropped over 300 students and ADA was not collected. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. Despite enrollment gains, 2022-2023 ADA was only 93.6% as a result of COVID-19 pandemic related absences. The State of California provided relief to school districts for pandemic ADA impacts.



\* Enrollment is as of California Basic Educational Data System (CBEDS) date in October each year

\*\* P-2 ADA is collected as of the last full school month ending on or before April 15<sup>th</sup> except in 2019-2020 and 2020-2021

Source: California Department of Education



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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**Governance**

The District is governed by a Board of Education consisting of five community members and two student representatives. Community members are elected to staggered four-year terms every two years. Students serve for a single school year. Board member elections for four-year terms are held among voters who reside in each of five Trustee areas.

**District Mission and Board Goals**

The mission of the District, a leading center of educational innovation, is to ignite a love of learning and equip each student with the knowledge, skills, character, and well-being to thrive and contribute to an evolving and increasingly connected world, through a system characterized by:

- Optimal conditions and environments for all students to learn
- A team of talented, resourceful, and caring staff
- Transforming teaching, learning, and operations in our continuing pursuit of excellence
- Resourceful, transparent, and responsible fiscal planning, and
- A diverse and inclusive culture

This mission statement is the basis and guiding principles of the District.

**Board Goals:**

- **Develop 21st Century Teaching and Learning Environments:** Creating safe and inclusive educational environments and practices designed to foster robust academic programs that engender the District Graduate Profile competencies in all students.
- **Close Achievement and Opportunity Gaps:** Employing an equity lens to ensure that current and future needs of those furthest from success and opportunity are always included in our decision-making and daily efforts.
- **Build Skills to Promote Social/Emotional Health:** Recognizing and developing social and emotional skills in students to increase academic success, improved behaviors and relationships, deeper connections to School, and happiness in adulthood.
- **Offer Excellent Programs for All Students:** Understanding student needs and preferences and evaluating current and future offerings to create optimal opportunities for all students to engage and thrive.
- **Achieve Fiscal Sustainability:** Achieving the Goals of the District in a financially responsible, transparent and sustainable manner, while increasing fiscal literacy throughout the community.

**Graduate Profile**

Each year, an average of 700 students graduates from District high schools. The District's Graduate Profile defines 21<sup>st</sup> Century Learning by specifying the six outcomes that the District's community believes are important for student success in college, career, and beyond: critical thinking and problem

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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solving; creativity and innovation; civic and cultural awareness; adaptability and resilience; collaboration; and communication.

**Overview of the Financial Statements**

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information.

The remainder of the MD&A highlights the structure and contents of each of the statements.

The financial statements include two kinds of statements that present different views of the District: district-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detail.

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, operations, and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- Business-type activities – The District does not currently have any business-type activities.

These two financial statements start on page 14.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 18.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**District-wide Financial Condition**

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or declining.

Fiscal year 2002-2003 was the first year the District accounted for the value of capital assets and included these values as part of the financial statements. Capital assets include land, buildings, site improvements, equipment, and work in progress. We display the book value of all district assets including buildings and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values because the District acquired the land over five decades ago. School buildings are valued at their historical construction cost less depreciation.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

<b>Condensed Statement of Net Position</b>				
	June 30, 2023	June 30, 2022	Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 154,606,438	\$ 178,062,541	\$ (23,456,103)	-13.17%
Capital assets	178,729,791	152,951,789	25,778,002	16.85%
Total assets	<u>333,336,229</u>	<u>331,014,330</u>	<u>2,321,899</u>	<u>0.70%</u>
<b>Deferred Outflows of Resources</b>				
	<u>57,519,473</u>	<u>26,283,569</u>	<u>31,235,904</u>	<u>118.84%</u>
<b>Liabilities</b>				
Current liabilities	27,684,671	28,706,951	(1,022,280)	-3.56%
Long-term liabilities	303,646,191	285,836,502	17,809,689	6.23%
Total liabilities	<u>331,330,862</u>	<u>314,543,453</u>	<u>16,787,409</u>	<u>5.34%</u>
<b>Deferred Inflows of Resources</b>				
	<u>57,813,215</u>	<u>55,252,145</u>	<u>2,561,070</u>	<u>4.64%</u>
<b>Net Position</b>				
Invested in capital assets	42,909,072	16,592,978	26,316,094	158.60%
Restricted	131,308,843	76,920,465	54,388,378	70.71%
Unrestricted	(172,506,290)	(106,011,142)	(66,495,148)	62.72%
Total net position	<u>\$ 1,711,625</u>	<u>\$ (12,497,699)</u>	<u>\$ 14,209,324</u>	<u>-113.70%</u>

At the end of fiscal year 2022-2023, the District had a total value of \$300,886,549 in capital assets. Total accumulated depreciation amounted to \$122,156,758. Net capital assets totaled \$178,729,791, an increase of \$25,778,002 from the prior year. This is a result of more capital projects being completed using Measure M General Obligation Bond proceeds.

Other assets include cash, investments, receivables, and stores inventory. A net decrease in other assets of \$23,456,103 is mostly a result of spending Measure M proceeds on capital projects.

Current and other liabilities include accounts payable and unearned revenue, which decreased \$1,022,280 from the prior year due to the completion of construction of capital projects.

The District ended the year with a total of \$331,330,862 in outstanding obligations. The increase in total liabilities of \$16,787,409 was from increases in net pension and total other post-employment benefit liabilities, as a result of market rate changes, offset by debt payments, and reclassification of Premiums to Deferred In-flow of Resources.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

**Condensed Statement of Activities for the Fiscal Years Ended June 30, 2023**

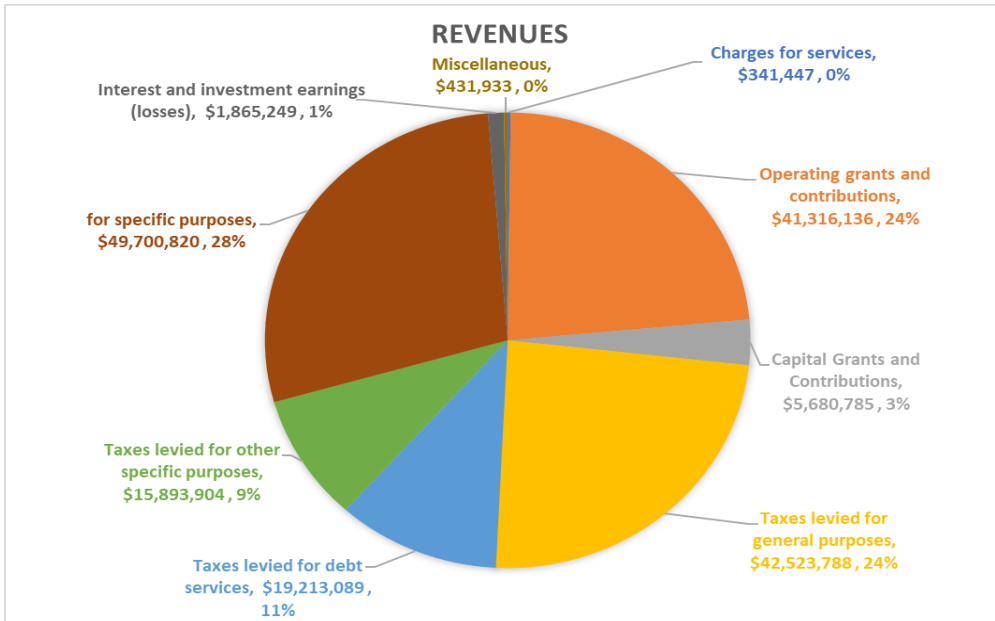
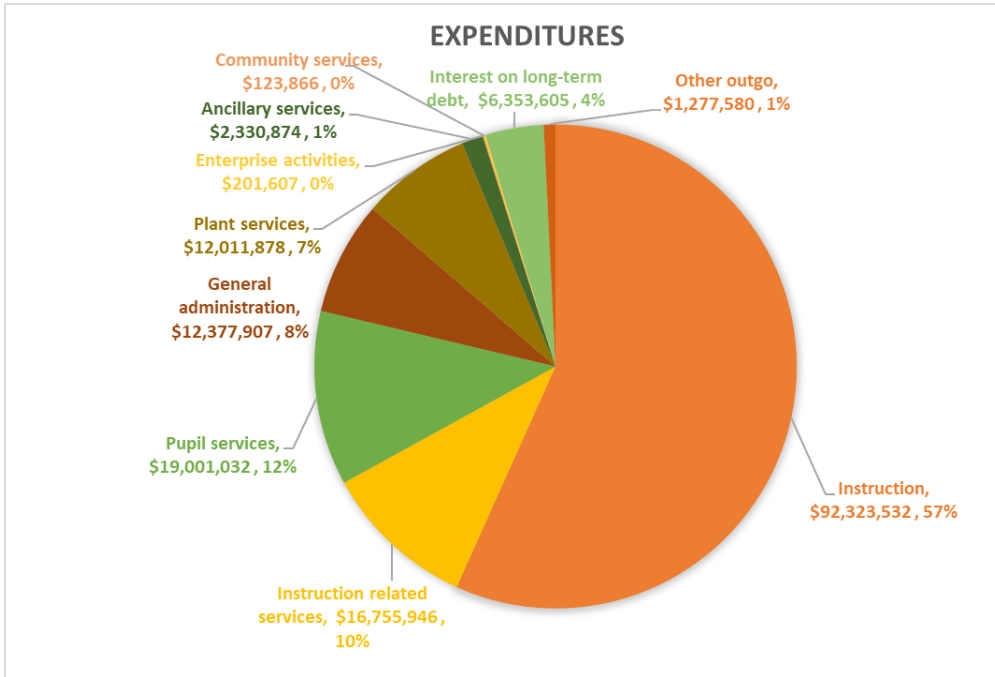
	2023	2022	Change	Percentage Change
<b>Revenues</b>				
Charges for services	\$ 341,447	\$ 2,256,793	\$ (1,915,346)	-84.9%
Operating grants and contributions	41,316,136	44,646,316	(3,330,180)	-7.5%
Capital Grants and Contributions	5,680,785	2,191,429	3,489,356	159.2%
Taxes levied for general purposes	42,523,788	40,479,110	2,044,678	5.1%
Taxes levied for debt services	19,213,089	18,199,497	1,013,592	5.6%
Taxes levied for other specific purposes	15,893,904	15,021,852	872,052	5.8%
Federal and state aid not restricted for specific purposes	49,700,820	40,216,951	9,483,869	23.6%
Interest and investment earnings (losses)	1,865,249	(4,526,791)	6,392,040	-141.2%
Miscellaneous	431,933	815,183	(383,250)	-47.0%
Total revenues	<u>176,967,151</u>	<u>159,300,340</u>	<u>17,666,811</u>	<u>11.1%</u>
<b>Expenses</b>				
Instruction	92,323,532	71,097,018	21,226,514	29.9%
Instruction related services	16,755,946	13,395,016	3,360,930	25.1%
Pupil services	19,001,032	16,034,251	2,966,781	18.5%
General administration	12,377,907	11,227,917	1,149,990	10.2%
Plant services	12,011,878	12,252,742	(240,864)	-2.0%
Ancillary services	2,330,874	2,381,193	(50,319)	-2.1%
Community services	123,866	100,018	23,848	23.8%
Enterprise activities	201,607	-	201,607	100%
Interest on long-term debt	6,353,605	6,601,394	(247,789)	-3.8%
Other outgo	1,277,580	983,222	294,358	29.9%
Total expenses	<u>162,757,827</u>	<u>134,072,771</u>	<u>28,685,056</u>	<u>21.4%</u>
Change in net position	<u>\$ 14,209,324</u>	<u>\$ 25,227,569</u>	<u>\$ (11,018,245)</u>	<u>-43.7%</u>
Net Position - Beginning	<u>(12,497,699)</u>	<u>(37,725,268)</u>	<u>25,227,569</u>	<u>-66.9%</u>
Net Position - Ending	<u>\$ 1,711,625</u>	<u>\$ (12,497,699)</u>	<u>\$ 14,209,324</u>	<u>-113.7%</u>

The District overall experienced a \$14,209,324 increase in net position. Total revenues increased 11.1%, or \$17,666,811, as compared to 2022-2023, while total expenditures increased by 21.4%, or \$28,685,056.

This year's increases in Instruction and Instruction-Related and Pupil Services' spending is attributed to the district's negotiations with member units for salary increases, both one-time and ongoing. Instruction also saw an increase in the depreciation allocated to its function. The charts below show the percentage share of expenditures by function and revenues by source as shown in the Statement of Activities.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for specific purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund, the Self-Insurance Fund.
- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**General Fund Financial and Budgetary Highlights**

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

The following table summarizes the General Fund budget to actual information for the year ended June 30, 2023:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$122,405,766	\$131,693,050	\$131,943,517
Total Expenditures	\$123,555,700	\$131,752,453	\$128,621,191
Total Other Financing Sources (Uses)	\$3,494,607	(\$70,000)	(\$20,000)

The net revenue increase between Adopted and Year End Budget was \$9,287,284, due to current year budgets for categorical funds, which are budgeted as grant award documents are received, including one-time resources. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year.

The net increase to the total expenditure budget between Adopted and Year End Budget was \$8,196,753, due to revisions to set up expenditures related to the one-time funds described above and the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

Actual revenues were \$250,467 greater than the Year End Budget, due to the timing of revenue recognition. Actual expenditures were \$3,131,262 below Year End Budget, due to unspent categorical revenue and one-time resources with multiyear expenditure periods that were budgeted to be spent in 2022-2023.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2023:

Total Revenues	\$ 131,943,517
Total Expenditures	\$ 128,621,191
Total Other Financing Sources/(Uses)	\$ (20,000)
Net Change	\$ 3,302,326

**District Reserves and Net Ending Balance**

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District’s “Net Ending Balance.” Included within the projected net ending balance is a “reserve for economic uncertainties.” The State requires districts of our size to retain an amount equal to 3% of our budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budgeted. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These “restricted” resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue.

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board did not take any action in 2022-2023 to commit funds. Assigned ending balances are constrained by the District’s

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

The chart below represents the District’s financial analysis of its Governmental and Proprietary Funds:

<b>Ending Fund Balances</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>	<b>Variance</b>
Fund 01 General	\$ 21,320,031	\$ 18,017,705	\$ 3,302,326
Fund 08 Student Activity Special Revenue	158,237	181,268	(23,031)
Fund 09 Charter Schools	1,593,017	1,172,650	420,367
Fund 11 Adult Education	187,137	233,111	(45,974)
Fund 12 Child Development	153,745	72,138	81,607
Fund 13 Cafeteria	2,488,144	730,842	1,757,302
Fund 21 Building	54,951,490	76,143,620	(21,192,130)
Fund 25 Capital Facilities	3,691,909	5,381,224	(1,689,315)
Fund 35 County School Facilities	8,698,268	11,054,347	(2,356,079)
Fund 40 Special Reserve	28,085,359	27,657,757	427,602
Fund 49 Capital Project for Blended Component Units	1,460,849	1,857,134	(396,285)
Fund 51 Bond Interest and Redemption	7,801,701	6,529,655	1,272,046
Fund 52 Debt Service for Blended Component Units	8,160,374	12,788,812	(4,628,438)
Fund 67 Self Insurance	244,931	283,987	(39,056)

**Capital Projects**

In 2018, voters approved Measure M, a \$150 million general obligation bond measure. By 2021, the District issued all of the authorized bonds at a savings to taxpayers. The District continues facility improvements, modernization and construction projects that enhance the learning environment. The proceeds are intended to:

- Improve campus safety and security at all schools
- Modernize science, technology, engineering, arts and math classrooms and labs
- Update classrooms, science labs, innovation labs, athletic and other school facilities to meet current academic and safety standards
- Keep schools clean, well-maintained and in good condition
- Replace aging plumbing and electrical systems
- Improve school access for students and staff with disabilities and inclusiveness for all students

On March 19, 2020, the Board of Education reprioritized the Bond Program projects as Signature Projects to be completed from Measure M funding prior to 2025. Signature Projects include:

- Emerson/Da Vinci Junior High School Science Classrooms\*
- Birch Lane\*, César Chávez\*, North Davis\*, and Willett\* Elementary Multipurpose Rooms
- Early Learning Center at the Korematsu Campus\*
- DaVinci High School Tech Hub\*
- Davis High School STEM Building
- Davis High School Aquatic Center



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2023**

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All other Bond Program projects were prioritized beyond 2025. As of June 30, 2023, the District spent \$98,567,301 to date of Measure M funds on these projects and completed the projects noted with an asterisk (\*) above.

**District Indebtedness**

As of June 30, 2023, the District incurred \$313,155,360 in long-term liabilities. Of this amount, \$148,665,000 are General Obligation Bonds backed by property tax increases voted on by District residents in 2000 and 2018 (reported in the Bond Interest and Redemption Fund), and \$36,755,003 are Certificates of Participation, backed by community facility funds (reported in the Capital Project for Blended Component Units Fund).

Over 32% of the long-term debt is related to the investment in employees' post-retirement. The District offers postretirement health benefits (OPEB) to eligible retirees until age 65. The recognized total OPEB liability decreased by \$1,061,268 to \$19,700,366, while the net pension liability for State Teacher's and Public Employer's Retirement Funds increased by \$39,040,825 to \$101,730,825.

**Financial Outlook**

Issues facing the District in the years ahead include declining enrollment, increasing operating expenditures such as mandated pension contributions, facilities for program expansion for early learners, staffing shortages, and reducing expenditures to balance the budget with reduced revenues and fund balance. The development of future budgets will be influenced by external variables such as enrollment changes, the State Budget, and renewal of a parcel tax that currently supports quality schools and maintains educational programs and services on every campus.

The District's 2023-2024 First Interim multiyear projections indicate that the District will be able to meet its financial obligations for the current and subsequent two years.

**Contacting the District's Financial Management**

If you have any questions regarding this report or need additional financial information, please contact Bruce Colby, Deputy Superintendent of Business Services, at (530) 757-5300 ext. 122, or email [business@djud.net](mailto:business@djud.net).

## **BASIC FINANCIAL STATEMENTS**

DAVIS JOINT UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 143,377,093
Investments	-
Receivables	11,054,574
Prepaid expenses	151,013
Stores inventory	23,758
Capital assets, net of accumulated depreciation (Note 4)	<u>178,729,791</u>
Total Assets	<u>333,336,229</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss from refunding of debt	475,903
Deferred outflows on pensions (Note 7)	53,239,639
Deferred outflows on OPEB (Note 8)	<u>3,803,931</u>
Total Deferred Outflows	<u>57,519,473</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	16,698,544
Unearned revenue	1,476,958
Long-term liabilities:	
Due within one year	9,509,169
Due in more than one year	<u>303,646,191</u>
Total Liabilities	<u>331,330,862</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred COP premium revenue	221,583
Deferred bond premium revenue	6,840,006
Deferred inflows on pensions (Note 7)	43,570,947
Deferred inflows on OPEB (Note 8)	<u>7,180,679</u>
Total Deferred Inflows	<u>57,813,215</u>
<b>NET POSITION</b>	
Net investment in capital assets	42,909,072
Restricted	131,308,843
Unrestricted	<u>(172,506,290)</u>
Total Net Position	<u>\$ 1,711,625</u>

See accompanying notes to the basic financial statements.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Program Revenues			Governmental Activities	Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Instruction	\$ 92,323,532	\$ 257,260	\$ 26,504,827	\$ 5,680,785	\$ (59,880,660)
Instruction-related services:					
Instructional supervision and administration	4,890,538	123	1,403,184	-	(3,487,231)
Instructional library, media and technology	2,778,120	446	101,969	-	(2,675,705)
School site administration	9,087,288	2,151	966,652	-	(8,118,485)
Pupil Services:					
Home-to-school transportation	1,189,130	-	258,662	-	(930,468)
Food services	4,343,354	33,463	4,932,804	-	622,913
All other pupil services	13,468,548	2,194	2,091,021	-	(11,375,333)
General administration:					
Centralized data processing	2,498,507	-	10,793	-	(2,487,714)
All other general administration	9,879,400	10,906	1,375,475	-	(8,493,019)
Plant services	12,011,878	28,139	553,346	-	(11,430,393)
Ancillary services	2,330,874	5,902	748,047	-	(1,576,925)
Community services	123,866	-	-	-	(123,866)
Enterprise activities	201,607	-	-	-	(201,607)
Interest on long-term debt	6,353,605	-	-	-	(6,353,605)
Other outgo	1,277,580	863	2,369,356	-	1,092,639
Total governmental activities	<u>\$ 162,757,827</u>	<u>\$ 341,447</u>	<u>\$ 41,316,136</u>	<u>\$ 5,680,785</u>	<u>(115,419,459)</u>
General Revenues					
Taxes and subventions:					
					42,523,788
					19,213,089
					15,893,904
					49,700,820
					1,865,249
					431,933
Total General Revenues					<u>129,628,783</u>
Change in Net Position					<u>14,209,324</u>
Net Position, July 1, 2022					<u>(12,497,699)</u>
Net Position, June 30, 2023					<u>\$ 1,711,625</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2023**

	<b>General Fund</b>	<b>Charter School Fund</b>	<b>Building Fund</b>	<b>Special Reserve for Capital Outlay Projects Fund</b>	<b>Non-Major Funds</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 20,391,216	\$ 6,534,598	\$ 55,178,842	\$ 28,085,359	\$ 32,980,147	\$ 143,170,162
Accounts receivable	9,202,562	202,130	2,351	-	1,647,531	11,054,574
Due from other funds	8,184,943	988,363	240,573	-	6,031,068	15,444,947
Prepaid expenses	151,013	-	-	-	-	151,013
Stores inventory	-	-	-	-	23,758	23,758
Total Assets	<u>\$ 37,929,734</u>	<u>\$ 7,725,091</u>	<u>\$ 55,421,766</u>	<u>\$ 28,085,359</u>	<u>\$ 40,682,504</u>	<u>\$ 169,844,454</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 12,740,693	\$ 158,621	\$ 364,587	\$ -	\$ 859,535	\$ 14,123,436
Due to other funds	2,585,950	5,857,562	105,689	-	6,934,246	15,483,447
Unearned revenue	1,283,060	115,891	-	-	78,007	1,476,958
Total Liabilities	<u>16,609,703</u>	<u>6,132,074</u>	<u>470,276</u>	<u>-</u>	<u>7,871,788</u>	<u>31,083,841</u>
<b>Fund balances</b>						
Nonspendable	201,013	-	-	-	34,545	235,558
Restricted	15,539,751	842,433	54,951,490	27,202,079	32,773,090	131,308,843
Assigned	1,732,715	750,584	-	883,280	3,081	3,369,660
Unassigned	3,846,552	-	-	-	-	3,846,552
Total Fund Balances	<u>21,320,031</u>	<u>1,593,017</u>	<u>54,951,490</u>	<u>28,085,359</u>	<u>32,810,716</u>	<u>138,760,613</u>
Total liabilities and fund balances	<u>\$ 37,929,734</u>	<u>\$ 7,725,091</u>	<u>\$ 55,421,766</u>	<u>\$ 28,085,359</u>	<u>\$ 40,682,504</u>	<u>\$ 169,844,454</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2023**

Total fund balances - governmental funds		\$ 138,760,613
<p>Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:</p>		
<p>Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets at historical cost	\$ 300,886,549	
Accumulated depreciation	<u>(122,156,758)</u>	
Net		178,729,791
<p>Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:</p>		
		244,931
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.</p>		
		(2,574,608)
<p>Unamortized premiums and discounts: In governmental funds, bond premiums are recognized as revenues in the period they are received while bond discounts are recognized as expenditures in the period they are incurred. In the government-wide statements, premiums and discounts are amortized over the life of the debt. Unamortized premiums and discounts at year-end consist of:</p>		
Unamortized portion of COP premiums		(221,583)
Unamortized portion of bond premiums		(6,840,006)
Unamortized portion of loss on refunding		475,903
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
Net pension liabilities	\$ 101,730,825	
General obligation bonds payable:		
Current Interest	148,665,000	
Net OPEB liability	19,700,360	
Lease payable	888,672	
Certificates of Participation	36,755,003	
Compensated absences payable	724,614	
Special Tax Bonds	4,060,000	
PG&E Energy Loan	<u>630,886</u>	
		(313,155,360)
<p>Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.</p>		
Deferred outflows of resources relating to OPEB		3,803,931
Deferred inflows of resources relating to OPEB		(7,180,679)
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.</p>		
Deferred outflows of resources relating to pensions		53,239,639
Deferred inflows of resources relating to pensions		<u>(43,570,947)</u>
Total net position - governmental activities		<u>\$ 1,711,625</u>

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

	General Fund	Charter School Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Funds	Total
<b>REVENUES</b>						
LCFF sources	\$ 82,567,167	\$ 6,331,916	\$ -	\$ -	\$ -	\$ 88,899,083
Federal revenue	5,816,078	-	-	-	2,525,815	8,341,893
Other state revenues	20,095,402	1,017,518	-	-	10,092,171	31,205,091
Other local revenues	23,464,870	249,401	1,894,505	427,602	22,472,023	48,508,401
Total revenues	<u>131,943,517</u>	<u>7,598,835</u>	<u>1,894,505</u>	<u>427,602</u>	<u>35,090,009</u>	<u>176,954,468</u>
<b>EXPENDITURES</b>						
Certificated salaries	53,418,495	2,862,770	-	-	688,935	56,970,200
Classified salaries	22,986,783	529,633	513,061	-	2,964,176	26,993,653
Employee benefits	28,452,777	1,225,097	195,088	-	1,371,049	31,244,011
Books and supplies	4,551,834	228,007	220,114	-	2,471,176	7,471,131
Services and other operating expenditures	16,608,986	2,320,007	1,153,997	-	858,807	20,941,797
Capital outlay	909,222	-	21,004,375	-	11,796,751	33,710,348
Other outgo	1,044,023	11,329	-	-	323,072	1,378,424
Debt service expenditures						
Principal	612,348	-	-	-	13,571,607	14,183,955
Interest	36,723	-	-	-	7,338,059	7,374,782
Total expenditures	<u>128,621,191</u>	<u>7,176,843</u>	<u>23,086,635</u>	<u>-</u>	<u>41,383,632</u>	<u>200,268,301</u>
Excess (deficiency) of revenues over expenditures	<u>3,322,326</u>	<u>421,992</u>	<u>(21,192,130)</u>	<u>427,602</u>	<u>(6,293,623)</u>	<u>(23,313,833)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	-	1,920,000	1,920,000
Operating transfers out	(20,000)	-	-	-	(1,900,000)	(1,920,000)
Proceeds from lease liabilities	1,681,275	-	-	-	-	1,681,275
Proceeds from certificates of participation	349,562	-	-	-	-	349,562
Other sources	(2,030,837)	-	-	-	-	(2,030,837)
Total other financing sources (uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	3,302,326	421,992	(21,192,130)	427,602	(6,273,623)	(23,313,833)
Fund balances, July 1, 2022	18,017,705	1,171,025	76,143,620	27,657,757	39,084,339	162,074,446
Fund balances, June 30, 2023	<u>\$ 21,320,031</u>	<u>\$ 1,593,017</u>	<u>\$ 54,951,490</u>	<u>\$ 28,085,359</u>	<u>\$ 32,810,716</u>	<u>\$ 138,760,613</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES**

**JUNE 30, 2023**

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Total net change in fund balances - governmental funds	\$(23,313,833)
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Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

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

Expenditures for capital outlay	\$ 33,581,050	
Depreciation expense	<u>(7,803,048)</u>	25,778,002

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	14,945,243
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Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The net amount of accreted interest recognized in the current year was:	(46,787)
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Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	254,182
---	---------

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	(1,092,450)
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Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(3,158,137)
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Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	(39,056)
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Compensated absences in governmental funds are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	236,825
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Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt.	<u>645,335</u>
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Total change in net position - governmental activities	<u><u>\$ 14,209,324</u></u>
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**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES**

**JUNE 30, 2023**

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	<b>Self-Insurance Fund</b>
<b>ASSETS</b>	
Current Assets	
Cash in County Treasury (Note 2)	\$ 206,931
Due from other funds	<u>50,000</u>
Total Current Assets	<u><u>256,931</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Due to other funds	<u>12,000</u>
Total Current Liabilities	<u><u>12,000</u></u>
<b>NET POSITION</b>	
Unrestricted	<u>244,931</u>
Net Position	<u><u>\$ 244,931</u></u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**STATEMENT OF CHANGE IN NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2023**

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	<b>Self-Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Interdistrict premiums	\$ 5,727
Total operating revenues	<u>5,727</u>
<b>OPERATING EXPENSES</b>	
Insurance expense	38,148
Claims expense	<u>6,635</u>
Total operating expenses	44,783
Operating Income (loss)	<u>(39,056)</u>
<b>NONOPERATING REVENUES</b>	
Transfers in	<u>-</u>
Total non-operating revenues	<u>-</u>
Change in Net Position	(39,056)
Net Position - Beginning, July 1, 2022	<u>283,987</u>
Net Position - Ending, June 30, 2023	<u><u>\$ 244,931</u></u>

DAVIS JOINT UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

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	<u>Self-Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from premiums	\$ 5,727
Cash payments for insurance and claims	(44,641)
Net Cash Provided by Operating Activities	<u>(38,914)</u>
Net Increase (decrease) in Cash and Cash Equivalents	(38,914)
Cash and Cash Equivalents - Beginning	<u>245,845</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 206,931</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ (39,056)
Adjustments to reconcile net income to net cash provided by operations:	
Increase/(Decrease) in:	
Due to other funds	973
Accounts payables	(831)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ (38,914)</u></u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**TRUST FUND**  
**JUNE 30, 2023**

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	<u>Foundation Trust</u>
<b>ASSETS</b>	
Cash in county treasury (note 2)	\$ 121,840
Receivables	11,500
Due from other funds	500
Total assets	<u>\$ 133,840</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ 3,500</u>
Total liabilities	<u>\$ 3,500</u>
<b>NET POSITION</b>	
Restricted for scholarships	<u>\$ 130,340</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	<b>Foundation Trust</b>
Additions	
Donations	\$ 37,850
Interest income	1,768
Total additions	39,618
Deductions	
Scholarships	28,400
Change in net position	11,218
Net position, beginning of year	119,122
Net position, end of year	\$ 130,340

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ACCOUNTING POLICIES**

Davis Joint Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. For state entitlement programs, the District has elected to match the revenues in the period that program expenditures are made to be consistent with the accounting for grants and other revenues.

**B. REPORTING ENTITY**

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The District and Davis Schools Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a blended component unit of the District. The financial activity of the Corporation has been included in the basic financial statements of the District as the Debt Service Fund.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB Codification Section 2100 criteria:

**A - Manifestations of Oversight**

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent functions as an agent of the Corporation. This individual receives no additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

**B - Accountability for Fiscal Matters**

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payment of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

C - Scope of Public Service

1. The Corporation was created for the sole purpose of financially assisting the District.

**C. BASIS OF PRESENTATION**

Government-wide Financial Statements

The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

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**C. BASIS OF PRESENTATION (CONTINUED)**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

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

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
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**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Governmental Fund Financial Statements

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**E. FUND ACCOUNTING**

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

Governmental Funds

*General Fund* is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

1. *Student Activity Fund* is used to account for the raising and expending of ASB money to promote the general welfare, morale, and educational experience of the student body.
2. *Charter School Fund* is a special revenue fund used to account for the resources of charter school operations.
3. *Adult Education Fund* is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
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**E. FUND ACCOUNTING (CONTINUED)**

4. *Child Development Fund* is used to account for revenues received and expenditures made to operate the child development program.
5. *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeterias.

*Capital Projects Funds* are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the following capital projects funds:

1. *Building Fund* is used 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.
2. *Capital Facilities Fund* is used to account for community redevelopment agency revenues and capital outlay expenditures.
3. *County School Facilities Fund* is used to primarily to account 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 17070.10 et seq.).
4. *Special Reserve Fund for Capital Outlay Projects Fund* exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (Education Code Section 42840).
5. *Capital Projects Fund for Blended Component Units 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 LEA under generally accepted accounting principles (GAAP).

*Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District maintains the following debt service funds:

1. *Bond Interest and Redemption Fund is debt service fund maintained by the County Treasurer* and is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.
2. *Debt Service Fund for Blended Component Units Fund* 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 LEA under generally accepted accounting principles (GAAP).

The *Self-Insurance Fund* is an internal service fund which is used to cover deductibles and other insurance liability risks. The principal operating revenues for the self-insurance fund are premiums received and related income.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**E. FUND ACCOUNTING (CONTINUED)**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Private Purpose Trust Funds are used to account for assets held by the District as trustee. This fund's activities are reported in a separate statement of fiduciary net position. This fund is custodial in nature and do not involve measurement of results of operations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The Trust Funds are used to account separately for gifts or bequests that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs. This classification consists of the Scholarship Trust Funds.

**F. BUDGETS AND BUDGETARY ACCOUNTING**

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

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budget for the General Fund is presented as required supplementary information.

**G. INVENTORY**

Inventory in the Cafeteria fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The cafeteria fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
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**H. CAPITAL ASSETS**

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over 3-30 years.

**I. COMPENSATED ABSENCES**

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

**J. ACCUMULATED SICK LEAVE**

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

**K. LONG-TERM OBLIGATIONS**

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period.

**L. RESTRICTED NET POSITION**

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

**M. UNEARNED REVENUE**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that the qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**N. PROPERTY TAX**

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Solano bills and collects the taxes for the District.

Tax revenues are recognized by the District when received.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the state apportionment.

**O. ENCUMBRANCES**

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

**P. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Q. ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the government-wide statements, some amounts reported as interfund activity and balances in the fund financial statements were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**R. FUND BALANCE RESERVES AND DESIGNATIONS**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for *specific purposes*.

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**S. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

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

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

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**T. 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 Davis Joint Unified School District’s California Public Employees’ Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**U. FINANCING LEASES**

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District’s lease capitalization threshold is met, \$3,000,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any financial leases that met the threshold.

**V. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)**

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District’s capitalization threshold is met, \$3,000,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2023, the District did not have any financial leases that met the threshold.

**2. CASH AND INVESTMENTS**

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

	Governmental Funds	Proprietary Activities	Total Governmental Activities	Fiduciary Activities	Total
Cash in County Treasury	\$ 142,942,107	\$ 206,931	\$143,149,038	\$ 121,840	\$ 143,270,878
Cash in revolving fund	50,000	-	50,000	-	50,000
Cash on hand and in banks	177,280	-	177,280	-	177,280
Cash awaiting deposit	775	-	775	-	775
Total cash and investments	<u>\$ 143,170,162</u>	<u>\$ 206,931</u>	<u>\$143,377,093</u>	<u>\$ 121,840</u>	<u>\$ 143,498,158</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONTINUED)**

**Pooled Funds - Cash in County Treasury:** In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Yolo County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorata 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.

**Pooled Funds - Local Agency Investment Fund:** The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's prorata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

**Deposits - Custodial Credit Risk:** The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2023, the carrying amount of the District's accounts were \$168,553 and the bank balances were \$161,623, of which \$0 was uninsured.

**Cash with Fiscal Agent:** Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of debt. The District holds their funds with the Yolo County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Interest Rate Risk:** The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to cash and investments held.

**Credit Risk:** The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

**Concentration of Credit Risk:** The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**3. INTERFUND TRANSACTIONS**

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

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

	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	\$ 8,184,943	\$ 2,585,950
Charter School Fund	988,363	5,857,562
Building Fund	240,573	105,689
Nonmajor Funds:		
Adult Education Fund	43,977	206,984
Capital Projects for Blended Component Units Fund	1,902,248	1,914,631
Capital Facilities Fund	2,800,894	1,165,811
Debt Service for Blended Component Units Fund	-	1,900,000
Child Development Fund	130,924	205,518
Cafeteria Fund	1,153,025	1,541,302
Total Governmental Funds	15,444,947	15,483,447
Self-Insurance Fund	50,000	12,000
Foundation Private-Purpose Trust Fund	500	-
Total	\$ 15,495,447	\$ 15,495,447

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the year ended June 30, 2023 are as follows:

Transfer from the General Fund to the Cafeteria Fund for program costs.	\$ 20,000
Transfer from the Debt Service for Blended Component Units Fund Fund to the Capital Project for Blended Component Units Fund for operating funds.	1,900,000
Total Transfers	\$ 1,920,000

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**4. CAPITAL ASSETS**

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

	Balance July 1, 2022	Additions and Transfers	Deletions and Transfers	Balance June 30, 2023
Non-depreciable assets:				
Land	\$ 10,055,899	\$ -	\$ -	\$ 10,055,899
Work-in-progress	49,504,654	22,958,299	43,976,897	28,486,056
Subtotal	<u>59,560,553</u>	<u>22,958,299</u>	<u>43,976,897</u>	<u>38,541,955</u>
Depreciable assets:				
Improvements Sites	10,217,097	1,544,715	-	11,761,812
Buildings	187,579,914	51,760,774	-	239,340,688
Equipment	9,947,935	1,294,159	-	11,242,094
Subtotal	<u>207,744,946</u>	<u>54,599,648</u>	<u>-</u>	<u>262,344,594</u>
Totals, at cost	<u>267,305,499</u>	<u>77,557,947</u>	<u>43,976,897</u>	<u>300,886,549</u>
Less accumulated depreciation:				
Improvements Sites	(5,659,609)	(451,305)	-	(6,110,914)
Buildings	(101,532,510)	(6,916,192)	-	(108,448,702)
Equipment	(7,161,591)	(435,551)	-	(7,597,142)
Total accumulated depreciation	<u>(114,353,710)</u>	<u>(7,803,048)</u>	<u>-</u>	<u>(122,156,758)</u>
Depreciable assets, net	<u>93,391,236</u>	<u>46,796,600</u>	<u>43,976,897</u>	<u>140,187,836</u>
Capital assets, net	<u>\$ 152,951,789</u>	<u>\$ 69,754,899</u>	<u>\$ 43,976,897</u>	<u>\$ 178,729,791</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 7,319,260
Instructional library and technology	15,607
School site administration	7,803
Food services	31,211
Data processing services	23,409
Other general administration	226,288
Plant services	<u>179,470</u>
Total depreciation expense	<u>\$ 7,803,048</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**5. LONG-TERM LIABILITIES**

Special Tax Bonds: On May 16, 2012, the District issued a Special Tax Bond, Refunding Series 2012 totaling \$17,450,000. This serial bond has interest rates ranging from 2.00% to 3.50% maturing on August 15, 2028. As of June 30, 2023, no amounts of the refunded bonds were outstanding. In November 2022, the District prepaid the remaining balance of \$4,845,000.

In June 2015, the District issued a Special Tax Bond, Refunding Series 2015 totaling \$7,385,000. This serial bond has interest rates ranging from 2.0% to 4.0% maturing on August 15, 2029. As of June 30, 2023, no amounts of the refunded bonds were outstanding.

The annual requirements to amortize the Special Tax Bonds outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 520,000	\$ 137,000	\$ 657,000
2025	540,000	115,800	655,800
2026	560,000	95,200	655,200
2027	580,000	75,250	655,250
2028	600,000	54,600	654,600
2029-2033	1,260,000	44,450	1,304,450
	\$ 4,060,000	\$ 522,300	\$ 4,582,300

General Obligation Bonds: A summary of General Obligation Bonds payable as follows June 30, 2023 follows:

Series	Interest Rate	Original Maturity	Balance July 1, 2022	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2023
Election of 2018, Series 2019	3.5-5.0%	2049	\$ 43,405,000	\$ -	\$ -	\$ 43,405,000
Election of 2018, Series 2020	3.0-5.0%	2043	100,600,000	-	970,000	99,630,000
2020 GO Bond Refunding	2.0-5.0%	2027	6,885,000	-	1,255,000	5,630,000
Totals			\$ 150,890,000	\$ -	\$ 2,225,000	\$ 148,665,000

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**5. LONG-TERM LIABILITIES (Continued)**

The annual payments required to amortize the Series 2010 General Obligation Refunding Bonds outstanding as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,505,000	\$ 5,115,631	\$ 7,620,631
2025	2,870,000	4,981,256	7,851,256
2026	3,270,000	4,827,756	8,097,756
2027	2,855,000	4,674,631	7,529,631
2028	3,245,000	4,533,306	7,778,306
2029-2033	18,730,000	20,540,931	39,270,931
2034-2038	30,535,000	16,752,706	47,287,706
2039-2043	46,540,000	10,827,356	57,367,356
2044-2048	31,955,000	3,753,684	35,708,684
2049-2051	6,160,000	111,650	6,271,650
	<u>\$ 148,665,000</u>	<u>\$ 76,118,910</u>	<u>\$ 224,783,910</u>

In March 2019, the District issued General Obligation Bonds, Election of 2018, Series 2019, in the amount of \$50,300,000. The bonds have interest rates ranging from 3.5% to 5.0%, maturing on August 1, 2047.

In May 2020, the District issued General Obligation Bonds, Election of 2018, Series 2020, in the amount of \$100,600,000. The bonds have interest rates ranging from 3.5% to 5.0%, maturing on August 1, 2047. The District also issued the 2020 General Obligation Refunding Bonds, in the amount of \$8,135,000, for the purpose of refunding certain outstanding general obligation bond. The refunding bonds have interest rates ranging from 2% to 5%, maturing on August 1, 2027.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**5. LONG-TERM LIABILITIES (Continued)**

Certificates of Participation: The District issued Certificates of Participation (COPs) totaling \$4,994,311 on May 1, 2009. The COPs have an interest rate of 4.17% and mature on August 1, 2019.

The District issued Certificates of Participation (COPs) totaling \$25,967,063 on August 7, 2014. The COPs have an interest rate ranging from 2.0% to 4.0% and mature on August 1, 2024.

The District issued Certificates of Participation (COPs) totaling \$24,720,000 on May 25, 2022. The COPs have an interest rates ranging from 3.25% to 5.00% and mature on August 1, 2032.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 5,800,000	\$ 1,299,575	\$ 7,099,575
2025	6,235,000	1,058,875	7,293,875
2026	6,600,000	769,175	7,369,175
2027	2,230,000	559,575	2,789,575
2028	2,380,000	467,375	2,847,375
2029-2033	13,510,003	1,108,000	14,618,003
	<u>\$ 36,755,003</u>	<u>\$ 5,262,575</u>	<u>\$ 42,017,578</u>

Lease Obligations: The District leases equipment under five lease agreements. The annual requirement to amortize the lease obligations at June 30, 2023 is as follows:

Year Ending June 30,	Lease Payments
2024	\$ 568,758
2025	187,867
2026	187,866
Total	<u>944,491</u>
Less amount representing interest	<u>(55,820)</u>
Present value of net minimum lease payments	<u>\$ 888,671</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**5. LONG-TERM LIABILITIES (Continued)**

PG&E Energy Loan: The District entered interest-free loans to replace old equipment with more energy efficient equipment. The annual requirement to amortize the energy loans at June 30, 2023 is as follows:

Year Ending June 30,	Lease Payments
2024	\$ 147,688
2025	147,688
2026	145,470
2027	132,938
2028	57,102
Total	<u>\$ 630,886</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2023 is shown below:

	<b>Balance</b>			<b>Balance</b>	<b>Due</b>
	<b>July 1, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2023</b>	<b>Within</b>
					<b>One Year</b>
Special Tax Bonds	\$ 10,650,000	\$ -	\$ 6,590,000	\$ 4,060,000	\$ 520,000
General Obligation Bonds	150,890,000	-	2,225,000	148,665,000	2,505,000
Certificates of Participation	41,511,609	-	4,756,606	36,755,003	5,800,000
Accreted Interest	626,606	46,787	673,393	-	-
Lease Liabilities	1,441,227	-	552,555	888,672	536,481
PG&E Energy Loan (direct placement)	778,574	-	147,688	630,886	147,688
Total OPEB Liability	18,639,092	1,831,459	770,191	19,700,360	-
Net Pension Liability	62,690,000	39,040,825	-	101,730,825	-
Compensated Absences	961,439	-	236,825	724,614	-
Totals	<u>\$ 288,188,547</u>	<u>\$ 40,919,071</u>	<u>\$ 15,952,258</u>	<u>\$ 313,155,360</u>	<u>\$ 9,509,169</u>

Payments on the Special Tax Bonds are made from the Debt Service Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Debt Service Fund. Payments on the lease obligations are made from the General Fund. Payments on the PG&E Energy loan are made from the General and Capital Facilities funds.

Payments on the compensated absences, net pension liability and other postemployment benefits are made from the fund for which the related employee worked.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**5. FUND BALANCES**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	General Fund	Charter School Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Funds	Total
<b>Nonspendable:</b>						
Revolving Cash	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Stores	-	-	-	-	23,758	23,758
Prepaid Items	151,013	-	-	-	-	151,013
Total Nonspendable	201,013	-	-	-	23,758	224,771
<b>Restricted:</b>						
Educator Effectiveness, FY 2021-22	1,069,016	13,144	-	-	-	1,082,160
Lottery: Instructional Materials	1,359,422	115,159	-	-	-	1,474,581
Special Education	366,192	-	-	-	-	366,192
Special Education Early Intervention Preschool Grant	852,617	-	-	-	-	852,617
Arts, Music, and Instructional Materials Discretionary Block Grant	3,458,575	323,679	-	-	-	3,782,254
A-G Access/Success Grant	320,652	29,922	-	-	-	350,574
A-G Learning Loss Mitigation Grant	55,606	-	-	-	-	55,606
State School Facilities Projects	-	-	-	-	1,751,387	1,751,387
Expanded Learning Opportunities (ELO) Grant	1,880,593	6,866	-	-	-	1,887,459
Learning Recovery Emergency Block Grant	2,208,220	161,968	-	-	-	2,370,188
Other Restricted State	3,848	8,923	-	-	-	12,771
Ongoing & Major Maintenance Account	249,931	-	-	-	-	249,931
California Clean Energy Jobs Act	-	35,314	-	-	-	35,314
Adult Education Program	-	-	-	-	20,390	20,390
Child Development: Center-Based Reserve Account	-	-	-	-	37,101	37,101
Child Development: ARP California State Preschool Program One-time Stipend	-	-	-	-	21,000	21,000
Child Nutrition: School Programs	-	-	-	-	1,162,373	1,162,373
Child Nutrition: Kitchen Infrastructure Upgrade Funds	-	-	-	-	39,656	39,656
Child Nutrition: SNP COVID-19 Emergency Operation Costs Reimbursement (ECR)	-	-	-	-	1,761	1,761
Child Nutrition: Supply Chain Assistance (SCA) Funds	-	-	-	-	465,280	465,280
Child Nutrition: Kitchen Infrastructure and Training Funds - 2022 KIT Funds	-	-	-	-	758,237	758,237
Student Activity Funds	-	10,316	-	-	158,237	168,553
Other Restricted Local	3,715,079	138,767	54,951,490	27,202,079	28,368,455	114,375,870
Total Restricted	15,539,751	844,058	54,951,490	27,202,079	32,783,877	131,321,255
<b>Assigned:</b>						
Other assignments	1,732,715	748,959	-	883,280	3,081	3,368,035
Total Assigned	1,732,715	748,959	-	883,280	3,081	3,368,035
<b>Unassigned:</b>						
Reserve for Economic Uncertainties	3,846,552	-	-	-	-	3,846,552
Total Unassigned	3,846,552	-	-	-	-	3,846,552
Total Fund Balances	\$ 21,320,031	\$ 1,593,017	\$ 54,951,490	\$ 28,085,359	\$ 32,810,716	\$ 138,760,613

DAVIS JOINT UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

7. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description

**California Public Employees' Retirement System (CalPERS)**

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

**State Teachers' Retirement System (STRS)**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

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

	CalPERS		CalSTRS	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	8%	10.25%	10.205%
Required employer contribution rates	25.370%	25.370%	19.10%	19.10%



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Contributions

**CalPERS**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2023, the contributions reported as deferred outflows of resources related to pensions recognized as part of pension expense for each Plan were as follows:

	<b>CalPERS</b>	<b>STRS</b>	<b>Total</b>
Contributions - employer	\$ 6,237,762	\$ 9,931,649	\$ 16,169,411
On behalf contributions - state	-	4,338,106	4,338,106
Total	\$ 6,237,762	\$ 14,269,755	\$ 20,507,517

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

As of June 30, 2023, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<b><u>Proportionate Share of Net Pension Liability</u></b>
CalPERS	\$ 47,732,656
STRS	53,998,169
Total Net Pension Liability	\$ 101,730,825

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

<b>Measurement</b>	<b>Dates</b>	<b>Fiscal Year</b>	<b>CalPERS</b>	<b>STRS</b>
	June 30, 2021	2021-22	0.14319%	0.08725%
	June 30, 2022	2022-23	0.13872%	0.07771%
	Change - Increase (Decrease)		<u>-0.00447%</u>	<u>-0.00954%</u>

For the year ended June 30, 2023, the District recognized pension expense of \$3,158,137. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalPERS</b>		<b>STRS</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 6,237,762	\$ -	\$ 14,269,755	\$ -	\$ 20,507,517	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2021-22	213,277	1,393,015	1,303,815	1,785,298	1,517,092	3,178,313
Changes of Assumptions	2,712,592	-	19,800,759	-	22,513,351	-
Differences between Expected and Actual Experience	1,219,649	932,299	370,017	9,108,895	1,589,666	10,041,194
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,317,389	116,402	5,794,624	7,700,196	7,112,013	7,816,598
Net differences between projected and actual investment earnings on pension plan investments	-	1,779,274	-	20,755,568	-	22,534,842
Total	<u>\$ 11,700,669</u>	<u>\$ 4,220,990</u>	<u>\$ 41,538,970</u>	<u>\$ 39,349,957</u>	<u>\$ 53,239,639</u>	<u>\$ 43,570,947</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ 723,059	\$ (2,353,650)	\$ (1,630,591)
2025	127,131	(3,049,241)	(2,922,110)
2026	(771,758)	(5,371,572)	(6,143,330)
2027	1,163,485	382,047	1,545,532
2028	-	(292,748)	(292,748)
Thereafter	-	(1,395,578)	(1,395,578)
<b>Total</b>	<b>\$ 1,241,917</b>	<b>\$ (12,080,742)</b>	<b>\$ (10,838,825)</b>

Actuarial Assumptions

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

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	6.90%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

STRS changed the mortality assumptions based on the July 1, 2015 through June 30, 2018, experience study adopted by the board in January 2020. STRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

**Discount Rate**

**CalPERS**

The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members 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 those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. These discount rates are equal to the long-term expected rate of return of the respective plan assets and are net of investment expense but not reduced for administrative expenses.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account 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 expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are on the following table:

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Asset Class	CalPERS	
	Assumed Asset Allocation	Real Return <sup>(a)(b)</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

<sup>(a)</sup> An expected inflation of 2.30% used for this period.

<sup>(b)</sup> Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

**STRS**

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases actuarially determined. 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 expenses occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term investment rate of return assumption 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 STRS investment staff and investment consultants as inputs 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, STRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of the June 30, 2022 measurement date, are summarized in the following table:

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**7. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(a)</sup>
Public Equity	42.0%	4.80%
Real Estate	15.0%	3.60%
Private Equity	13.0%	6.30%
Fixed Income	12.0%	1.30%
Risk Mitigating Strategies	10.0%	1.80%
Inflation Sensitive	6.0%	3.30%
Cash/Liquidity	2.0%	-0.40%
Total	100%	

<sup>(a)</sup> 20-year average.

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

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

	CalPERS		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 68,952,239	\$ 47,732,656	\$ 30,195,451

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability/(Asset)	\$ 91,708,918	\$ 53,998,169	\$ 22,686,909

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS comprehensive annual financial reports available on the CalPERS' and STRS' websites.

**Payable to the Pension Plan**

As of June 30, 2023, the District had no outstanding required contributions to the pension plans.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**8. OTHER POSTEMPLOYMENT BENEFITS**

**General Information About the OPEB Plan**

*Plan description:* The District provides post-employment health care benefits, under a single employer defined benefit OPEB plan, until age 65 for certain groups of employees who retire from the District and after attaining age 55 with at least 15 years of service. These postemployment health care benefit provisions are established per contractual agreement with employee groups. The District pays up to \$125 per month for health benefits of these retirees to the age of 65. The plan does not issue separate financial statements.

The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to continue health coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2022 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

	Classified*	Certificated*
Benefit types provided	Medical and dental	Medical, dental, and vision
Duration of Benefits	To 65**	To 65**
Required Service	15 years**	15 years**
Minimum Age	55	55**
Dependent Coverage	Yes (self-paid if above cap)	Yes (self-paid if above cap)
District Contribution %	100% up to cap	100% up to cap
District Cap	\$1,500 per year**	\$1,500 per year**

\*Non-bargained follow benefits for appropriate bargaining unit

\*\*Statutory minimum CalPERS contributions exceed the nominal District-paid benefit.

Therefore, the \$1,500 cap applies only to retirees who waive medical benefits and take dental and/or vision benefits only. For all other retirees, statutory minimum benefits apply regardless of the eligibility criteria shown above.

*Employees covered by benefit terms:* At June 30, 2022 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	230
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	926
	1,156

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability was used to calculate the net OPEB liability was determined by an actuarial valuation as of the June 30, 2022 date.

*Actuarial Assumptions:* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Mortality Rate	2020 CalSTRS for certified employees and 2017 CalPERS Mortality tables Mortality for Miscellaneous Employees
Discount Rate	3.65% Based on the Bond Buyer 20-Bond Index
Retirement Rate	2017 CalSTRS Retirement Rates for school employees Hired before 2013: 2012 CalPERS 2.0% @ 55 Rates Hired after 2012: 2012 CalPERS 2.0% @ 62 Rates  2020 CalSTRS Retirement Rates for certified employees Hired before 2013: 2020 CalPERS 2.0% @ 60 Rates Hired after 2012: 2020 CalPERS 2.0% @ 62 Rates
Inflation rate	2.50% per year
Salary Increases	2.75% per year
Medicare Coverage	All current and future participating retirees will qualify for Medicare coverage and enroll in Parta A and B upon age 65
Health Care Inflation	4.0% per year
Termination Rate	2020 CalSTRS Termination Rates for certified employees 2017 CalPERS Termination Rates for school employees
Funding Method	Entry Age Cost Method (Level Percentage of Pay)

The discount rate of 3.65% is based on the applicable municipal bond index. We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The mortality assumptions are based on the Scale MP-2020.



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2022	\$ 18,639,092	\$ -	\$ 18,639,092
Changes for the year:			
Service cost	1,158,499	-	1,158,499
Interest	672,960	-	672,960
Differences between expected and actual experience	-	-	-
Contributions - employer	-	416,340	(416,340)
Net investment income	-	-	-
Changes of Assumptions	(353,851)	-	(353,851)
Benefit payments	(416,340)	(416,340)	-
Administrative expense	-	-	-
Net changes	1,061,268	-	1,061,268
Balances at June 30, 2023	\$ 19,700,360	\$ -	\$ 19,700,360

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability (asset)	\$ 23,182,909	\$ 19,700,360	\$ 16,932,259

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	-1% Decrease	Healthcare Cost Trend Rates	+1% Increase
Net OPEB liability (asset)	\$ 16,268,506	\$ 19,700,360	\$ 24,174,135

*OPEB plan fiduciary net position:* The plan has no assets.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,092,450. As June 30, 2023, the District had the following deferred outflows and deferred inflows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made after measurement date	\$ -	\$ -
Changes of assumptions	3,803,931	4,225,662
Difference between expected and actual experience	-	2,955,017
Total	\$ 3,803,931	\$ 7,180,679

Below is the schedule of the total deferred outflows and inflows amortized.

<b>Year ended June 30</b>	<b>Total Deferred Outflows/(Inflows) of Resources</b>
2024	\$ (322,669)
2025	(322,669)
2026	(322,669)
2027	(322,669)
2028	(322,669)
Thereafter	(1,763,403)
Total	\$ (3,376,748)

**Payable to the OPEB Plan**

The District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**9. JOINT VENTURE**

Davis Joint Unified School District participates in one joint venture under joint powers agreement (JPA) with North Bay Schools Insurance Authority (NBSIA). The relationship between Davis Joint Unified School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

NBSIA arranges for and provides property, liability, and workers' compensation insurance coverage for its members. The JPA's governing board consist of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district is obligated to pay an amount commensurate with the level of coverage requested and may be subject to assessments. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. have been no significant reductions in insurance coverage in the prior year.

The most recently available audited, condensed financial information for the JPAs is as follows:

	<b>6/30/2022*</b>
Total assets	\$ 89,684,884
Total Deferred Outflows	691,102
Total Assets and Deferred Outflows	\$ 90,375,986
Total liabilities	\$ 34,068,321
Total Deferred Inflows	717,694
Net position	55,589,971
Total Liabilities, Deferred Inflows, and Net Position	\$ 90,375,986
Total revenues	\$ 30,065,437
Total expenses	29,097,313
Change in net position	\$ 968,124

\* Most recent information available

Audited financial statements for the JPAs are prepared annually and can be obtained from management of the individual JPAs.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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**10. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2023 were as follows:

	<u>Excess Expenditures</u>
General Fund	
Services and other operating expenditures	\$ 1,755,555
Charter School Fund	
Services and other operating expenditures	\$ 304,105
Other outgo	5,131

The excess is not in accordance with Education Code 42600.

**11. COMMITMENTS AND CONTINGENCIES**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

As of June 30, 2023, the District has approximately \$39.7 million in outstanding commitments on ongoing construction contracts.

**12. SUBSEQUENT EVENTS**

The District's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2023 through March 8, 2024, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
LCFF sources	\$ 79,571,446	\$ 82,450,164	\$ 82,567,167	\$ 117,003
Federal revenue	5,289,936	6,671,121	5,816,078	(855,043)
Other state revenues	15,141,611	19,378,785	20,095,402	716,617
Other local revenues	22,402,773	23,192,980	23,464,870	271,890
Total revenues	<u>122,405,766</u>	<u>131,693,050</u>	<u>131,943,517</u>	<u>250,467</u>
<b>EXPENDITURES</b>				
Certificated salaries	53,348,377	54,629,102	53,418,495	1,210,607
Classified salaries	21,132,123	23,742,963	22,986,783	756,180
Employee benefits	26,011,124	30,507,210	28,452,777	2,054,433
Books and supplies	5,574,481	4,954,320	4,551,834	402,486
Services and other operating expenditures	14,761,422	14,853,431	16,608,986	(1,755,555)
Capital outlay	1,152,639	1,125,252	909,222	216,030
Other outgo	1,575,534	1,940,175	1,693,094	247,081
Total expenditures	<u>123,555,700</u>	<u>131,752,453</u>	<u>128,621,191</u>	<u>3,131,262</u>
Excess (deficiency) of revenues over expenditures	(1,149,934)	(59,403)	3,322,326	3,381,729
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(237,439)	(70,000)	(20,000)	50,000
Contribution	3,732,046	-	-	-
Total other financing sources (uses)	<u>3,494,607</u>	<u>(70,000)</u>	<u>(20,000)</u>	<u>50,000</u>
Net change in fund balances	2,344,673	(129,403)	3,302,326	3,431,729
Fund balances, July 1, 2022	<u>18,017,705</u>	<u>18,017,705</u>	<u>18,017,705</u>	<u>-</u>
Fund balances, June 30, 2023	<u>\$ 20,362,378</u>	<u>\$ 17,888,302</u>	<u>\$ 21,320,031</u>	<u>\$ 3,431,729</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**CHARTER SCHOOL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
LCFF sources	\$ 5,630,331	\$ 6,331,916	\$ 6,331,916	\$ -
Other state revenues	457,021	998,064	1,017,518	19,454
Other local revenues	51,759	106,303	249,401	143,098
Total revenues	<u>6,139,111</u>	<u>7,436,283</u>	<u>7,598,835</u>	<u>162,552</u>
<b>EXPENDITURES</b>				
Certificated salaries	2,562,294	2,958,205	2,862,770	95,435
Classified salaries	420,424	555,680	529,633	26,047
Employee benefits	1,239,752	1,316,333	1,225,097	91,236
Books and supplies	230,370	240,622	228,007	12,615
Services and other operating expenditures	1,881,378	2,015,902	2,320,007	(304,105)
Capital outlay	-	-	-	-
Other outgo	7,778	6,198	11,329	(5,131)
Total expenditures	<u>6,341,996</u>	<u>7,092,940</u>	<u>7,176,843</u>	<u>(83,903)</u>
Net change in fund balances	(202,885)	343,343	421,992	246,455
Fund balances, July 1, 2022	<u>1,172,650</u>	<u>1,172,650</u>	<u>1,171,025</u>	<u>1,625</u>
Fund balances, June 30, 2023	<u>\$ 969,765</u>	<u>\$ 1,515,993</u>	<u>\$ 1,593,017</u>	<u>\$ 248,080</u>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
<b>Total OPEB liability</b>						
Service cost	\$ 1,158,499	\$ 1,529,655	\$ 1,472,592	\$ 1,230,447	\$ 1,103,389	\$ 1,073,858
Interest	672,960	499,368	470,991	645,442	569,211	568,248
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(719,753)	-	(3,759,878)	-	-
Changes of assumptions	(353,851)	(4,781,641)	156,207	5,131,404	825,502	-
Benefit payments, including refunds of member contributions	(416,340)	(458,643)	(404,183)	(397,772)	(369,456)	(355,246)
<b>Net change in total OPEB liability</b>	<u>1,061,268</u>	<u>(3,931,014)</u>	<u>1,695,607</u>	<u>2,849,643</u>	<u>2,128,646</u>	<u>1,286,860</u>
<b>Total OPEB liability - beginning</b>	<u>18,639,092</u>	<u>22,570,106</u>	<u>20,874,499</u>	<u>18,024,856</u>	<u>15,896,210</u>	<u>14,609,350</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 19,700,360</u>	<u>\$ 18,639,092</u>	<u>\$ 22,570,106</u>	<u>\$ 20,874,499</u>	<u>\$ 18,024,856</u>	<u>\$ 15,896,210</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 416,340	\$ 458,643	\$ 404,183	\$ 397,772	\$ 369,456	\$ 355,246
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(416,340)	(458,643)	(404,183)	(397,772)	(369,456)	(355,246)
Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>District's net OPEB liability - ending (a) - (b)</b>	<u>\$ 19,700,360</u>	<u>\$ 18,639,092</u>	<u>\$ 22,570,106</u>	<u>\$ 20,874,499</u>	<u>\$ 18,024,856</u>	<u>\$ 15,896,210</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 64,268,514	\$ 73,638,544	\$ 75,240,572	\$ 58,192,882	\$ 48,476,376	\$ 45,601,512
District's net OPEB liability as a percentage of covered-employee payroll	30.7%	25.3%	30.0%	35.9%	37.2%	34.9%

\* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the sixth year of implementation, only results for fiscal years 2018 through 2023 are shown in this table.



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<b>CalPERS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>	<b>June 30, 2019 <sup>(1)</sup></b>	<b>June 30, 2020 <sup>(1)</sup></b>	<b>June 30, 2021 <sup>(1)</sup></b>	<b>June 30, 2022 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.12890%	0.13513%	0.13284%	0.13171%	0.13672%	0.13657%	0.13506%	0.14319%	0.13872%
Proportionate share of the net pension liability (asset)	\$ 14,633,660	\$ 19,918,708	\$ 26,236,458	\$ 31,442,181	\$ 36,454,247	\$ 39,803,079	\$ 41,439,905	\$ 29,116,532	\$ 47,732,656
Covered payroll <sup>(2)</sup>	\$ 13,153,419	\$ 14,864,514	\$ 13,595,003	\$ 15,018,614	\$ 15,506,489	\$ 17,325,359	\$ 24,432,599	\$ 18,561,353	\$ 19,199,708
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%	229.74%	169.61%	156.87%	248.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 1,548,289	\$ 1,760,999	\$ 1,888,074	\$ 2,332,541	\$ 2,800,782	\$ 3,416,734	\$ 5,057,548	\$ 4,252,406	\$ 4,870,966
<b>STRS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>	<b>June 30, 2018 <sup>(1)</sup></b>	<b>June 30, 2019 <sup>(1)</sup></b>	<b>June 30, 2020 <sup>(1)</sup></b>	<b>June 30, 2021 <sup>(1)</sup></b>	<b>June 30, 2022 <sup>(1)</sup></b>
Proportion of the net pension liability (asset)	0.07962%	0.08367%	0.08072%	0.07753%	0.08200%	0.07859%	0.08142%	0.08725%	0.07771%
Proportionate share of the net pension liability (asset)	\$ 46,525,139	\$ 56,330,245	\$ 65,287,768	\$ 71,701,380	\$ 75,360,450	\$ 70,975,512	\$ 78,906,111	\$ 39,707,974	\$ 53,998,169
Covered payroll <sup>(2)</sup>	\$ 32,945,315	\$ 32,139,590	\$ 34,312,933	\$ 35,823,216	\$ 38,687,869	\$ 40,214,795	\$ 49,354,186	\$ 52,902,470	\$ 45,068,806
Proportionate Share of the net pension liability (asset) as a percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%	176.49%	159.88%	75.06%	119.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 2,925,544	\$ 3,448,578	\$ 4,316,567	\$ 5,169,290	\$ 6,298,385	\$ 6,876,730	\$ 7,970,701	\$ 8,951,098	\$ 8,608,142

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report.

<sup>(2)</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

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

<b>CalPERS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>	<b>Fiscal Year 2019-20 <sup>(1)</sup></b>	<b>Fiscal Year 2020-21 <sup>(1)</sup></b>	<b>Fiscal Year 2021-22 <sup>(1)</sup></b>	<b>Fiscal Year 2022-23 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 1,548,289	\$ 1,760,999	\$ 1,888,074	\$ 2,332,541	\$ 2,800,782	\$ 3,416,734	\$ 5,057,548	\$ 4,252,406	\$ 4,870,966
Contributions in relation to the contractually required contribution <sup>(2)</sup>	<u>(1,759,547)</u>	<u>(1,888,245)</u>	<u>(2,331,676)</u>	<u>(2,807,154)</u>	<u>(3,420,427)</u>	<u>(3,850,421)</u>	<u>(4,262,607)</u>	<u>(4,984,610)</u>	<u>(6,237,762)</u>
Contribution deficiency (excess)	<u>\$ (211,258)</u>	<u>\$ (127,246)</u>	<u>\$ (443,602)</u>	<u>\$ (474,613)</u>	<u>\$ (619,645)</u>	<u>\$ (433,687)</u>	<u>\$ 794,941</u>	<u>\$ (732,204)</u>	<u>\$ (1,366,796)</u>
Covered payroll <sup>(3)</sup>	\$ 13,153,419	\$ 14,864,514	\$ 13,595,003	\$ 15,018,614	\$ 15,506,489	\$ 17,325,359	\$ 24,432,599	\$ 18,561,353	\$ 19,199,708
Contributions as a percentage of covered payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%	25.370%
<b>STRS</b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>	<b>Fiscal Year 2017-18 <sup>(1)</sup></b>	<b>Fiscal Year 2018-19 <sup>(1)</sup></b>	<b>Fiscal Year 2019-20 <sup>(1)</sup></b>	<b>Fiscal Year 2020-21 <sup>(1)</sup></b>	<b>Fiscal Year 2021-22 <sup>(1)</sup></b>	<b>Fiscal Year 2022-23 <sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 2,925,544	\$ 3,448,578	\$ 4,316,567	\$ 5,169,290	\$ 6,298,385	\$ 6,876,730	\$ 7,970,701	\$ 8,951,098	\$ 8,608,142
Contributions in relation to the contractually required contribution <sup>(2)</sup>	<u>(3,409,992)</u>	<u>(4,281,476)</u>	<u>(5,196,394)</u>	<u>(6,248,751)</u>	<u>(7,183,395)</u>	<u>(7,445,584)</u>	<u>(7,647,404)</u>	<u>(7,384,394)</u>	<u>(9,931,649)</u>
Contribution deficiency (excess)	<u>\$ (484,448)</u>	<u>\$ (832,898)</u>	<u>\$ (879,827)</u>	<u>\$ (1,079,461)</u>	<u>\$ (885,010)</u>	<u>\$ (568,854)</u>	<u>\$ 323,297</u>	<u>\$ 1,566,704</u>	<u>\$ (1,323,507)</u>
Covered payroll <sup>(3)</sup>	\$ 32,945,315	\$ 32,139,590	\$ 34,312,933	\$ 35,823,216	\$ 38,687,869	\$ 40,214,795	\$ 49,354,186	\$ 52,902,470	\$ 45,068,806
Contributions as a percentage of covered payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%	16.280%	17.100%	16.150%	16.920%	19.100%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

<sup>(3)</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

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

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**1. PURPOSE OF SCHEDULES**

**A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund and Charter School Fund**

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

**B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability**

The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The changes in assumptions for the total OPEB liability included a change in the discount rate, from 3.54% to 3.65% in the June 30, 2022 and 2023 actuarial report to actuarial reports, respectively.

Mortality Rate	2020 CalSTRS for certified employees and 2017 CalPERS Mortality tables Mortality for Miscellaneous Employees
Discount Rate	3.65% Based on the Bond Buyer 20-Bond Index
Retirement Rate	2017 CalSTRS Retirement Rates for school employees Hired before 2013: 2012 CalPERS 2.0% @55 Rates Hired after 2012: 2012 CalPERS 2.0% @62 Rates
Inflation rate	2020 CalSTRS Retirement Rates for certified employees Hired before 2013: 2020 CalPERS 2.0% @60 Rates Hired after 2012: 2020 CalPERS 2.0% @62 Rates
Salary Increases	2.50% per year
Medicare Coverage	2.75% per year
Health Care Inflation	All current and future participating retirees will qualify for Medicare coverage and enroll in Parta A and B upon age 65
Termination Rate	4.0% per year
Funding Method	2020 CalSTRS Termination Rates for certified employees 2017 CalPERS Termination Rates for school employees Entry Age Cost Method (Level Percentage of Pay)

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

**1. PURPOSE OF SCHEDULES (CONTINUED)**

**C - Schedule of 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 Assumptions

The discount rate changed for CalPERS from 7.15% to 6.90%. The inflation rate for CalPERS changed from 2.50% to 2.30%. The payroll growth rate for CalPERS changed from 2.75% to 2.80%. There were no changes in assumptions for CalSTRS..

Changes in Benefit Terms

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

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

**D - Schedule of Pension Contributions**

If an employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plans (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2015 was the first year of implementation, therefore only nine years are shown.

	<u>CalPERS</u>	<u>STRS</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.10%
Inflation	2.30%	2.75%
Payroll Growth Rate	2.80%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	6.90%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> Net of pension plan investment expenses, including inflation.

## **SUPPLEMENTARY INFORMATION**

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR FUNDS**

**JUNE 30, 2023**

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects for Blended Component Units Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 168,589	\$ 39,216	\$ 80,588	\$ 2,026,225	\$ 2,529,011	\$ 8,698,268	\$ 1,576,175	\$ 7,801,701	\$ 10,060,374	\$ 32,980,147
Accounts receivable	-	330,857	219,950	1,083,188	-	-	13,536	-	-	1,647,531
Due from other funds	-	43,977	130,924	1,153,025	2,800,894	-	1,902,248	-	-	6,031,068
Stores inventory	-	-	-	23,758	-	-	-	-	-	23,758
<b>Total Assets</b>	<b>\$ 168,589</b>	<b>\$ 414,050</b>	<b>\$ 431,462</b>	<b>\$ 4,286,196</b>	<b>\$ 5,329,905</b>	<b>\$ 8,698,268</b>	<b>\$ 3,491,959</b>	<b>\$ 7,801,701</b>	<b>\$ 10,060,374</b>	<b>\$ 40,682,504</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities</b>										
Accounts payable	\$ -	\$ 19,929	\$ 16,822	\$ 234,120	\$ 472,185	\$ -	\$ 116,479	\$ -	\$ -	\$ 859,535
Due to other funds	-	206,984	205,518	1,541,302	1,165,811	-	1,914,631	-	1,900,000	6,934,246
Unearned revenue	-	-	55,377	22,630	-	-	-	-	-	78,007
<b>Total Liabilities</b>	<b>-</b>	<b>226,913</b>	<b>277,717</b>	<b>1,798,052</b>	<b>1,637,996</b>	<b>-</b>	<b>2,031,110</b>	<b>-</b>	<b>1,900,000</b>	<b>7,871,788</b>
<b>Fund balances</b>										
Nonspendable	-	-	-	23,758	-	-	-	-	-	23,758
Restricted	168,589	185,771	152,030	2,464,386	3,691,909	8,698,268	1,460,849	7,801,701	8,160,374	32,783,877
Assigned	-	1,366	1,715	-	-	-	-	-	-	3,081
<b>Total Fund Balances</b>	<b>168,589</b>	<b>187,137</b>	<b>153,745</b>	<b>2,488,144</b>	<b>3,691,909</b>	<b>8,698,268</b>	<b>1,460,849</b>	<b>7,801,701</b>	<b>8,160,374</b>	<b>32,810,716</b>
<b>Total liabilities and fund balances</b>	<b>\$ 168,589</b>	<b>\$ 414,050</b>	<b>\$ 431,462</b>	<b>\$ 4,286,196</b>	<b>\$ 5,329,905</b>	<b>\$ 8,698,268</b>	<b>\$ 3,491,959</b>	<b>\$ 7,801,701</b>	<b>\$ 10,060,374</b>	<b>\$ 40,682,504</b>

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**ALL NON-MAJOR FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Student Activity Fund</b>	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Capital Projects for Blended Component Units Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Debt Service for Blended Component Units Fund</b>	<b>Total</b>
<b>REVENUES</b>										
Federal revenue	\$ -	\$ -	\$ -	\$ 2,525,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,525,815
Other state revenues	-	487,015	518,135	3,360,341	-	5,680,785	-	45,895	-	10,092,171
Other local revenues	305,443	266,158	471,614	226,462	1,729,334	275,392	35,697	8,484,534	10,677,389	22,472,023
Total revenues	305,443	753,173	989,749	6,112,618	1,729,334	5,956,177	35,697	8,530,429	10,677,389	35,090,009
<b>EXPENDITURES</b>										
Certificated salaries	-	369,623	319,312	-	-	-	-	-	-	688,935
Classified salaries	-	129,499	281,895	1,599,453	-	-	953,329	-	-	2,964,176
Employee benefits	-	166,795	205,878	607,017	-	-	391,359	-	-	1,371,049
Books and supplies	173,574	33,090	23,997	1,949,043	285,132	-	6,340	-	-	2,471,176
Services and other operating expenditures	154,900	58,555	18,594	97,626	161,795	-	367,337	-	-	858,807
Capital outlay	-	-	-	-	2,870,878	8,312,256	613,617	-	-	11,796,751
Other outgo	-	41,585	58,466	122,177	100,844	-	-	-	-	323,072
Debt service expenditures										
Principal	-	-	-	-	-	-	-	2,225,000	11,346,607	13,571,607
Interest	-	-	-	-	-	-	-	5,235,331	2,102,728	7,338,059
Total expenditures	328,474	799,147	908,142	4,375,316	3,418,649	8,312,256	2,331,982	7,460,331	13,449,335	41,383,632
Excess (deficiency) of revenues over expenditures	(23,031)	(45,974)	81,607	1,737,302	(1,689,315)	(2,356,079)	(2,296,285)	1,070,098	(2,771,946)	(6,293,623)
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in	-	-	-	20,000	-	-	1,900,000	-	-	1,920,000
Operating transfers out	-	-	-	-	-	-	-	-	(1,900,000)	(1,900,000)
Total other financing sources (uses)	-	-	-	20,000	-	-	1,900,000	-	(1,900,000)	20,000
Net change in fund balances	(23,031)	(45,974)	81,607	1,757,302	(1,689,315)	(2,356,079)	(396,285)	1,070,098	(4,671,946)	(6,273,623)
Fund balances, July 1, 2022	191,620	233,111	72,138	730,842	5,381,224	11,054,347	1,857,134	6,731,603	12,832,320	39,084,339
Fund balances, June 30, 2023	\$ 168,589	\$ 187,137	\$ 153,745	\$ 2,488,144	\$ 3,691,909	\$ 8,698,268	\$ 1,460,849	\$ 7,801,701	\$ 8,160,374	\$ 32,810,716

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**JUNE 30, 2023**

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Davis Joint Unified School District was established on July 1, 1962 and comprises an area located in Solano and Yolo Counties. There were no changes in District boundaries during the current year. The District covers an area of approximately 15 square miles. The District operated nine elementary schools (three TK-6, five K-6, and one K-3 grades schools), three junior high schools (grades 7-9), one comprehensive high school (grades 10-12), and one dependent charter school (grades 7-12). The District also operated an independent study program, a continuation high school, an adult education school, a preschool program, and a teacher credentialing program.

**BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Elizabeth Moon	President	2026
Joe DiNunzio	Vice-President/Clerk	2026
Lea Darrah	Trustee	2024
Cecilia Escamilla Greenwald	Trustee	2027
Hiram Jackson	Trustee	2026

**ADMINISTRATION**

Matthew Best  
Superintendent

Rody Boonchouy, Ed.D.  
Associate Superintendent, Instructional Services

Julie Corona, Ed.D  
Associate Superintendent, Administrative Services

Laura Juanitas  
Associate Superintendent, Student Support Services

Amari Watkins  
Associate Superintendent, Business Services



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

<u>District</u>	<b>Second Period Report</b>	<b>Revised Second Period Report*</b>	<b>Revised Second Period Report**</b>	<b>Annual Report</b>
TK through Third	2,198.71	2,199.08	2,199.64	2,211.17
Fourth through Sixth	1,667.62	1,668.23	1,668.59	1,673.63
Seventh through Eighth	1,035.64	1,035.64	1,037.74	1,038.01
Ninth through Twelfth	2,297.27	2,297.19	2,301.49	2,296.34
Total	7,199.24	7,200.14	7,207.46	7,219.15

<u>Charter School</u>	<b>Second Period Report</b>	<b>Annual Report</b>
Seventh through Eighth	213.26	211.93
Ninth through Twelfth	348.05	346.06
Total	561.31	557.99

\* The revision to the Second Period Report of Attendance was not the result of the audit.

\*\* On February 24, 2024, the California Department of Education approved the District's Request for Allowance of Attendance Due to Emergency Conditions (Fiscal Year 2022–23), Form J-13A due to circumstances that resulted in a material decrease in attendance on September 22, 2022 for the following sites: Fairfield Elementary School, Marguerite Montgomery Elementary School, North Davis Elementary School, Ralph Waldo Emerson Junior High School, Frances Ellen Watkins Harper Junior High School, Oliver Wendell Holmes Junior High School, and Davis Senior High School.

DAVIS JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2022-23 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	In compliance
Grade 1	50,400	50,565	180	In compliance
Grade 2	50,400	50,565	180	In compliance
Grade 3	50,400	50,565	180	In compliance
Grade 4	54,000	54,585	180	In compliance
Grade 5	54,000	54,585	180	In compliance
Grade 6	54,000	54,585	180	In compliance
Grade 7	54,000	65,410	180	In compliance
Grade 8	54,000	65,410	180	In compliance
Grade 9	64,800	65,410	180	In compliance
Grade 10	64,800	64,800	180	In compliance
Grade 11	64,800	64,800	180	In compliance
Grade 12	64,800	64,800	180	In compliance
<u>Classroom-based Charter School</u>				
Grade 7	54,000	65,800	180	In compliance
Grade 8	54,000	65,800	180	In compliance
Grade 9	64,800	65,800	180	In compliance
Grade 10	64,800	64,800	180	In compliance
Grade 11	64,800	64,800	180	In compliance
Grade 12	64,800	64,800	180	In compliance

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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<b>Charter School ID Number</b>	<b>Charter Schools Chartered by the District</b>	<b>Included in the District Financial Statements, or Separate Report</b>
1079	Da Vinci Charter Academy	Included in the District's Financial Statements as the Charter School Fund

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

	<u>General Fund</u>	<u>Student Activity Fund</u>	<u>Charter School Fund</u>	<u>Cafeteria Fund Fund</u>
<b>FUND BALANCE</b>				
Balance, June 30, 2023, Unaudited Actuals	\$ 21,332,714	\$ 339,046	\$ 1,595,098	\$ 2,498,931
Decrease in:				
To adjust cash balances due to error	(12,683)	(170,457)	-	-
To adjust store inventory	-	-	-	(10,787)
To agree beginning net position to prior year audit	-	-	(2,081)	-
Balance, June 30, 2023, Audited Financial Statements	<u>\$ 21,320,031</u>	<u>\$ 168,589</u>	<u>\$ 1,593,017</u>	<u>\$ 2,488,144</u>

There were no adjustments to any other funds of the District.

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

Assistance Listing Number	Grantor and Program Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
<b><u>Education Stabilization Fund (ESF) Cluster</u></b>			
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	* \$ 624,060
84.425	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	15620	* 141,723
84.425U	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	* 784,086
84.425	American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	15566	* 15,897
	Subtotal Education Stabilization Fund (ESF) Cluster		1,565,766
<b><u>Special Education Cluster (IDEA)</u></b>			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	* 1,740,783
84.027	Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	* 13,626
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	* 29,117
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	15197	* 94,140
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	* 349
	Subtotal Special Education Cluster (IDEA)		1,878,015
84.010	ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	14329	* 928,931
84.048	Perkins Career and Technical Education Improvement Act of 2006 Rural Community Equipment Grants	15294	44,384
84.367	ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	14341	207,619
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	7,423
84.365	ESEA (ESSA) : Title III, English Learner Student Program	14346	103,068
	Total U.S. Department of Education		4,735,206
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	53,903
10.555	Child Nutrition: School Programs (NSL Sec 11)	13524	2,208,856
	Subtotal Cash Assistance		2,262,759
10.555	School Lunch Program - Nonmonetary Assistance	13524	263,058
	Subtotal Non-Cash Assistance		263,058
	Total U.S. Department of Agriculture		2,525,817
<u>U.S. Department of Homeland Security - Federal Emergency Management Agency</u>			
<i>Passed through California Governor's Office of Emergency Services</i>			
97.036	Public Assistance Grants	10014	1,080,870
	Total U.S. Department of Homeland Security - Federal Emergency Management Agency		1,080,870
	Total Federal Programs		\$ 8,341,893

\* Tested as a major program.

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

	<b>Adopted Budget 2023/2024</b>	<b>Actuals 2022/2023</b>	<b>Actuals 2021/2022</b>	<b>Actuals 2020/2021</b>
<b><u>General Fund</u></b>				
Revenues and Other Financial Sources	\$ 123,136,216	\$ 131,943,517	\$ 120,875,711	\$ 118,129,430
Expenditures	128,144,126	128,621,191	117,374,480	111,549,607
Other Uses and Transfers Out	70,000	20,000	370,000	1,428,142
Total Outgo	128,214,126	128,641,191	117,744,480	112,977,749
Change in Fund Balance	(5,077,910)	3,302,326	3,131,231	5,151,681
Ending Fund Balance	\$ 9,213,520	\$ 14,291,430	\$ 10,989,104	\$ 7,857,873
Available Reserves	\$ 3,846,424	\$ 3,859,235	\$ 3,520,254	\$ 3,376,401
Designated for Economic Uncertainties	\$ 3,846,424	\$ 3,859,235	\$ 3,520,254	\$ 3,376,401
Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
<b><u>All Funds</u></b>				
Total Long-Term Debt	\$ 303,646,191	\$ 313,155,360	\$ 296,010,554	\$ 339,114,020
Average Daily Attendance at P-2 (District only)	7,164	7,207	7,207	7,637

The general fund balance has increased by \$11,585,238 over the past three years. Fiscal year 2023-24 projects a decrease of \$5,077,910. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating surplus in each of the past three years and anticipates incurring an operating deficit during fiscal year 2023-2024.

Total long-term liabilities have decreased by \$25,958,660 over the past two years primarily due to principal payments towards the District General Obligation and Capital Leases and changes in the Net Pension Liability and OPEB.

Average Daily Attendance (ADA) has decreased by 430 over the past two years. The District anticipates a decrease in the fiscal year 2023-24.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule Of Average Daily Attendance**

Average daily attendance 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.

**B. Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes at the State's standard requirements as required by Education Code Section 46201(b).

**C. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The May 2023 Edition of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**1. PURPOSE OF STATEMENTS AND SCHEDULES (CONTINUED)**

**D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Annual Financial and Budget Report to the audited financial statements.

**E. 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.

**F. Schedule of Charter Schools**

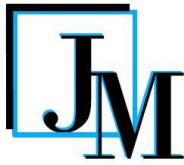
This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

**2. EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2023, the District has not adopted such a program.



**OTHER INDEPENDENT AUDITOR'S REPORTS**



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees  
Davis Joint Unified School District  
Davis, California

### **Report on Compliance**

#### **Qualified Opinion**

We have audited the Davis Joint Unified School District (the "District") compliance with the requirements specified in the 2022-23 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.

#### ***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding **2023-01** in the accompanying Schedule of Audit Finding, Davis Joint Unified School District did not comply with requirements regarding School Accountability Report Card. Compliance with such requirements is necessary, in our opinion, for Davis Joint Unified School District to comply with state laws and regulations applicable to that program.

#### ***Qualified Opinion on Compliance with State Laws and Regulations***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Davis Joint Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2023.

#### ***Unmodified Opinion on Each of the Other State Programs***

In our opinion, Davis Joint Unified School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2023. In our opinion, Davis Joint Unified School District complied, in all material respects, with 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, and the 2022-23 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 *2022-23 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 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:

**Local Education Agencies Other Than Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	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	No, see below
Independent Study Certification for ADA Loss Mitigation	Yes

**School Districts, County Offices of Education and Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	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	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes

## Charter Schools

Description	Procedures Performed
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

We did not perform any procedures related to Early Retirement Incentive, Juvenile Court Schools, Middle or Early College High Schools, Apprenticeship: Related and Supplemental Instruction, District of Choice, After/Before Schools Education and Safety Program, and Independent Study-Course Based because the District does not offer these programs.

We did not perform any procedures related to Continuation Education as the ADA was below the materiality threshold.

We did not perform any procedures related to California Clean Energy Jobs Act because the District already completed all projects in the past.

We did not perform any procedures related to Immunizations as none of the District's schools appeared on the lists of schools that did not submit immunization assessment reports to the California Department of Public Health or those that reported combined conditional admission and overdue rates greater than 10 percent in kindergarten and in 7th grade.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study, Determination of Funding for Nonclassroom-Based Instruction, and Charter School Facility Grant Program because the Charter School does not offer these programs.

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

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items **2023-01**.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control over Compliance

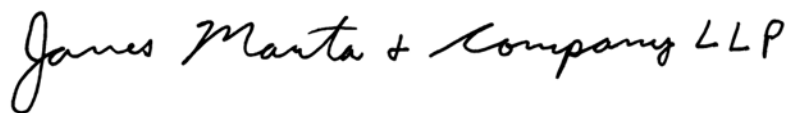
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance

requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

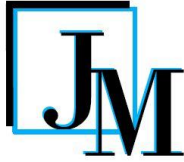
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
March 8, 2024



**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Davis Joint Unified School District  
Davis, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Davis Joint 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 March 8, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

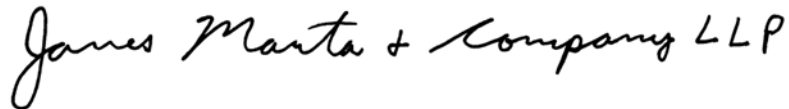
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **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.

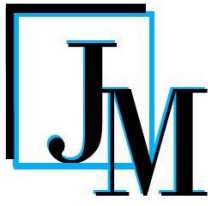
## **Purpose of this Report**

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
March 8, 2024





**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Davis Joint Unified School District  
Davis, California

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

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the May 2023 Edition of the 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.

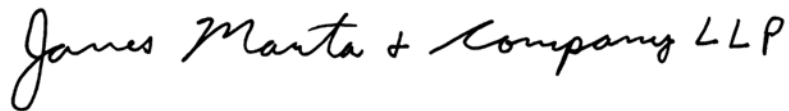
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Davis Joint Unified School District as of and for the year ended June 30, 2023, and have issued our report thereon dated March 8, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
March 8, 2024

## **FINDINGS AND RECOMMENDATIONS**

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

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes   X   No  
 Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes   X   No  
 Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   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, Section 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425U	Education Stabilization Fund (ESF) Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
84.010	Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**State Awards**

Internal control over state programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes   X   No  
 Significant deficiency(ies) identified?   X   Yes \_\_\_\_\_ None reported

Type of auditor’s report issued on compliance for state programs: Qualified

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

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**Section II – Financial Statement Findings**

No matters were reported.

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

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

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

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**Section IV – State Award Findings and Questioned Costs**

**2023-01 SIGNIFICANT DEFICIENCY– State Compliance – School Accountability Report Card (72000)**

**Criteria:**

Annually each school site must prepare a School Accountability Report Card (SARC) that includes complaints related to teacher misassignment or vacancies, facility inspection, sufficiency of instructional materials.

**Condition:**

There is an inconsistency between Facility Inspection Tool and School Accountability Report Card report in the following sites: Davis Senior High School, DaVinci Charter Academy - High School, Emerson Junior High School, Patwin Elementary School, and Cesar Chavez Elementary School. The overall rating of Facility Inspection Tool and School Accountability Report Card report did not match for all five sites. The site calculated as Excellent, but the SARC showed Good.

**Context:**

We performed the audit procedures enumerated in the State of California 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting and identified errors. For example, the Davis HS Fit report items all rated as good so based on rating the result should be Exemplary, however on the SARC Davis HS was only rated as Good. For Emerson Junior High School, the FIT report reflected the Structural category rating is good, however; on the SARC report it has a rating of fair.

**Effect:**

Misleading information to the user.

**Cause:**

Those preparing the SARC should be adequately trained on the completion and the SARC should be sufficiently reviewed.

**Recommendations:**

The district should review the FIT report before it gets embedded into the SARC report and make sure it is correct before getting published for the users.

**Corrective Action Plan:**

The district will review and record the FIT report before it gets embedded into the SARC report.



**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**2022-001 MATERIAL WEAKNESS – FINANCIAL REPORTING/CASH IN COUNTY TREASURY (30000)**

**Criteria:**

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District assesses the market to book value of Cash in County Treasury at June 30, 2022.

**Condition:**

The District's controls over financial reporting failed to detect the GASB No. 31 fair market value adjustment was recorded incorrectly. As a result, the District financial position was overstated by \$8,817,926.

**Recommendation:**

The District's internal control procedures related to financial close and financial reporting should include procedures to ensure journal entries are recorded correctly. Financial review procedures should be enhanced to ensure financial results of the District are accurate.

**Status:**

Implemented.

**DAVIS JOINT UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**2022-002 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)**

**Criteria:**

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Sections 44809 - Each LEA must develop and maintain accurate and adequate records to support attendance reported to the State.

**Condition:**

The District did not report ADA for Students in Continuation Education included in Section A, Grades 9-12 only on line B-6 and did not appropriately classify students grade on the Extended Year Special Education [E.C. 56345(b)(3)] on line A-2 of the Second Period and Annual Reports of Attendance.

**Recommendation:**

The District should submit revised P2 and Annual reports.

**Status:**

Implemented.