College and Career Advantage

AUDIT REPORT
June 30, 2023

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FINANCIAL SECTION

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
College and Career Advantage
San Juan Capistrano, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the College and Career Advantage, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College and Career Advantage's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the College and Career Advantage, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College and Career Advantage'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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College and Career Advantage's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 on our consideration of the College and Career Advantage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College and Career Advantage's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College and Career Advantage's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
November 27, 2023

COLLEGE AND CAREER ADVANTAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

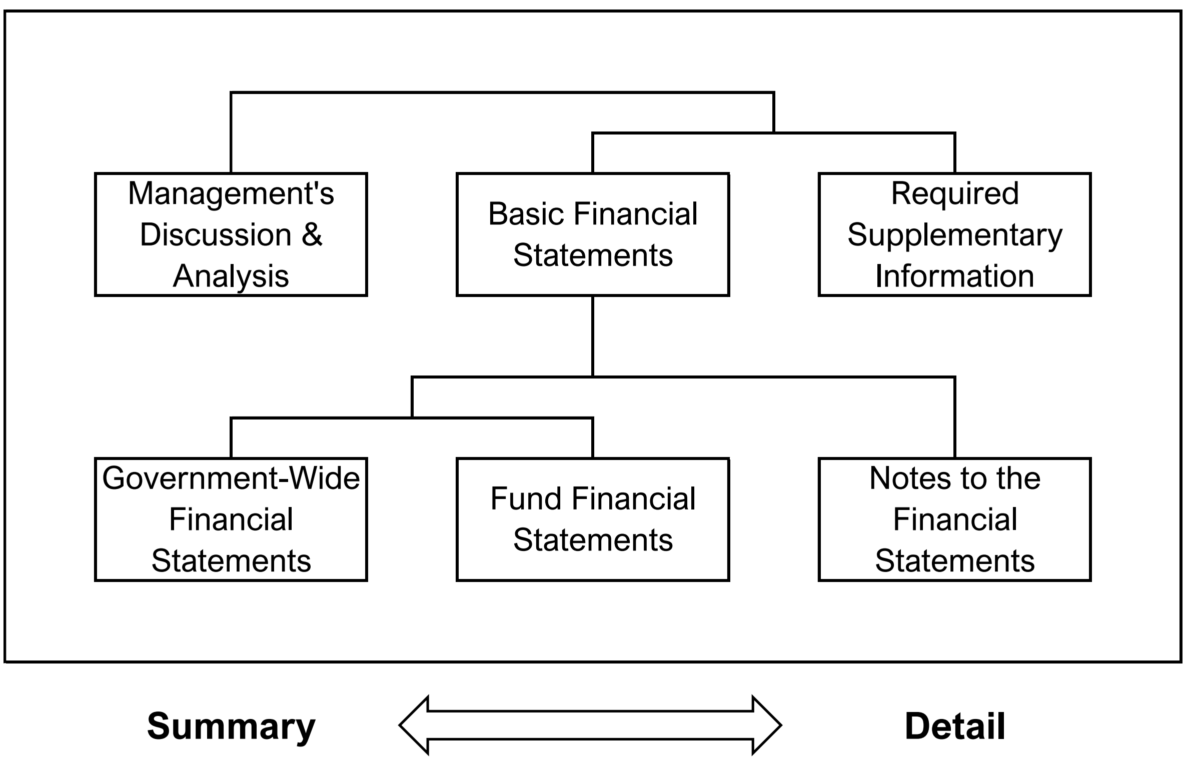
Our discussion and analysis of College and Career Advantage's (Program) financial performance provides an overview of the Program's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the Program's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Program's net position was $1,760,772 at June 30, 2023. This was a decrease of $3,912,694 from the prior year.
- Overall revenues were $5,037,489 which were exceeded by expenses of $8,950,183.
- The Program is utilizing one-time COVID-19 supplemental funding of $9,946,076, received in FY 2021/22, with a multi-year board approved expenditure plan with a remaining balance of $2,687,674 available at June 30, 2023.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of Program operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Program's programs.

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

Government-Wide Statements

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

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

The government-wide financial statements of the Program include governmental activities. All of the Program's basic services are included here, such as regular education, maintenance and general administration. State grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The Program's net position was $1,760,772 at June 30, 2023, as reflected in the table below. Of this amount, $(2,054,970) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	$ 6,915,276	$ 10,187,050	$ (3,271,774)
Capital assets	1,116,143	699,444	416,699
Total Assets	8,031,419	10,886,494	(2,855,075)
DEFERRED OUTFLOWS OF RESOURCES	2,343,197	1,232,970	1,110,227
LIABILITIES			
Current liabilities	3,901,566	2,632,934	1,268,632
Long-term liabilities	3,928,236	2,222,326	1,705,910
Total Liabilities	7,829,802	4,855,260	2,974,542
DEFERRED INFLOWS OF RESOURCES	784,042	1,590,738	(806,696)
NET POSITION			
Net investment in capital assets	1,116,143	699,444	416,699
Restricted	2,699,599	7,250,468	(4,550,869)
Unrestricted	(2,054,970)	(2,276,446)	221,476
Total Net Position	$ 1,760,772	$ 5,673,466	$ (3,912,694)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Operating grants and contributions	$ 3,794,294	$ 14,394,381	$ (10,600,087)
General revenues			
Other	1,243,195	1,935,677	(692,482)
Total Revenues	5,037,489	16,330,058	(11,292,569)
EXPENSES			
Instruction	5,896,885	4,273,039	1,623,846
Instruction-related services	446,698	446,376	322
Pupil services	605,499	142,594	462,905
General administration	781,421	685,964	95,457
Plant services	77,973	83,473	(5,500)
Other outgo	1,141,707	2,798,482	(1,656,775)
Total Expenses	8,950,183	8,429,928	520,255
Change in net position	(3,912,694)	7,900,130	(11,812,824)
Net Position - Beginning	5,673,466	(2,226,664)	7,900,130
Net Position - Ending	$ 1,760,772	$ 5,673,466	$ (3,912,694)

The cost of all our governmental activities this year was $8,950,183 (refer to the table above). These costs were paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2023	**2022**
Instruction	$ 3,815,958	$ (6,122,922)
Instruction-related services	427,947	349,557
Pupil services	158,508	3,823
General administration	675,503	(276,312)
Plant services	77,973	81,401
Total	$ 5,155,889	$ (5,964,453)

FINANCIAL ANALYSIS OF THE PROGRAM'S MAJOR FUND

The financial performance of the Program as a whole is reflected in its governmental funds as well. As the Program completed this year, its governmental funds reported a combined fund balance of $3,013,710, which is less than last year's ending fund balance of $7,554,116.

CURRENT YEAR BUDGET 2022-2023

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

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the Program had invested $1,116,143 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land improvements	$ 18,175	$ 18,175	$ -
Buildings & improvements	1,176,760	1,176,760	-
Furniture & equipment	1,273,716	701,760	571,956
Less: Accumulated depreciation	(1,352,508)	(1,197,251)	(155,257)
Total Capital Assets	$ 1,116,143	$ 699,444	$ 416,699

Long-Term Liabilities

At year-end, the Program had $3,928,236 in long-term liabilities, an increase of 76.76% from last year – as shown in the table below. More detailed information about the Program's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Compensated absences	$ 94,176	$ 94,176	$ -
Total OPEB liability	417,788	360,716	57,072
Net pension liability	3,416,272	1,767,434	1,648,838
Total Long-term Liabilities	$ 3,928,236	$ 2,222,326	$ 1,705,910

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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

Revenues for 2023/24 are projected to remain similar to 2022/23, with a slight increase from various grant sources and carry-over from 2022/23 to 2023/24. The budgeted increase in revenues will cover the step and salary increases effective 7/1/2023.

Expenditures for 2023/24 are projected to decrease for supplies, capital assets, services, and operating expenses to be closer to pre-COVID expenditure levels.

Additional K12 SWP Improvement Grants and other various grants have also been applied for and to be determined on revenue with approved expenditures, so not included in 2023/24 projected budget at time of budget adoption.

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

CONTACTING THE PROGRAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, students, and investors and creditors with a general overview of the Program's finances and to show the Program's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Dr. Paul Weir, Executive Director of College and Career Readiness, at College and Career Advantage, 33122 Valle Road, San Juan Capistrano, California, 92675.

COLLEGE AND CAREER ADVANTAGE
STATEMENT OF NET POSITION
JUNE 30, 2023

		Governmental Activities
ASSETS		
Cash and investments	$	4,958,088
Accounts receivable		1,957,079
Prepaid expenses		109
Capital assets, net of accumulated depreciation		1,116,143
Total Assets		8,031,419
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		2,273,087
Deferred outflows related to OPEB		70,110
Total Deferred Outflows of Resources		2,343,197
LIABILITIES		
Accrued liabilities		2,298,185
Unearned revenue		1,603,381
Long-term liabilities, non-current portion		3,928,236
Total Liabilities		7,829,802
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		648,391
Deferred inflows related to OPEB		135,651
Total Deferred Inflows of Resources		784,042
NET POSITION		
Net investment in capital assets		1,116,143
Restricted:		
Educational programs		2,699,599
Unrestricted		(2,054,970)
Total Net Position	$	1,760,772

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

COLLEGE AND CAREER ADVANTAGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES			
Instruction	$ 5,896,885	$ 2,080,927	$ (3,815,958)
Instruction-related services			
Instructional supervision and administration	321,962	18,751	(303,211)
Instructional library, media, and technology	11,000	-	(11,000)
School site administration	113,736	-	(113,736)
Pupil services			
All other pupil services	605,499	446,991	(158,508)
General administration			
Centralized data processing	27,500	-	(27,500)
All other general administration	753,921	105,918	(648,003)
Plant services	77,973	-	(77,973)
Other outgo	1,141,707	1,141,707	-
Total Governmental Activities	$ 8,950,183	$ 3,794,294	(5,155,889)
	General revenues		
	Interest and investment earnings		205,418
	Interagency revenues		537,390
	Miscellaneous		500,387
	Subtotal, General Revenue		1,243,195
	CHANGE IN NET POSITION		(3,912,694)
	Net Position - Beginning		5,673,466
	Net Position - Ending		$ 1,760,772

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

COLLEGE AND CAREER ADVANTAGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

		General Fund
ASSETS		
Cash and investments	$	4,958,088
Accounts receivable		1,957,079
Prepaid expenditures		109
Total Assets	$	6,915,276
LIABILITIES		
Accrued liabilities	$	2,298,185
Unearned revenue		1,603,381
Total Liabilities		3,901,566
FUND BALANCES		
Nonspendable		10,109
Restricted		2,699,599
Unassigned		304,002
Total Fund Balances		3,013,710
Total Liabilities and Fund Balances	$	6,915,276

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

COLLEGE AND CAREER ADVANTAGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds			$	3,013,710
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:				
Capital assets:				
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:				
Capital assets	$	2,468,651		
Accumulated depreciation		(1,352,508)		1,116,143
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:				
Compensated absences	$	94,176		
Total OPEB liability		417,788		
Net pension liability		3,416,272		(3,928,236)
Deferred outflows and inflows of resources relating to pensions:				
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.				
Deferred outflows of resources related to pensions	$	2,273,087		
Deferred inflows of resources related to pensions		(648,391)		1,624,696
Deferred outflows and inflows of resources relating to OPEB:				
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.				
Deferred outflows of resources related to OPEB	$	70,110		
Deferred inflows of resources related to OPEB		(135,651)		(65,541)
Total Net Position - Governmental Activities			$	1,760,772

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

COLLEGE AND CAREER ADVANTAGE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
REVENUES	
Other state sources	$ 4,110,431
Other local sources	1,243,195
Total Revenues	5,353,626
EXPENDITURES	
Current	
Instruction	6,807,802
Instruction-related services	
Instructional supervision and administration	380,758
Instructional library, media, and technology	11,000
School site administration	116,284
Pupil services	
All other pupil services	623,106
General administration	
Centralized data processing	27,500
All other general administration	705,371
Plant services	80,504
Transfers to other agencies	1,141,707
Total Expenditures	9,894,032
NET CHANGE IN FUND BALANCE	(4,540,406)
Fund Balance - Beginning	7,554,116
Fund Balance - Ending	$ 3,013,710

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

COLLEGE AND CAREER ADVANTAGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds			$	(4,540,406)
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:	$	571,956		
Depreciation expense:		(155,257)		416,699
Postemployment benefits other than pensions (OPEB):				
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:				(59,530)
Pensions:				
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:				270,543
Change in Net Position of Governmental Activities			$	(3,912,694)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The College and Career Advantage (the “Program”) was formed under a joint powers agreement between the Capistrano and Laguna Beach Unified School Districts in June 1970 under the laws of the State of California. The Program operates under a locally elected five-member Board form of government. The purpose of the Program is to provide career technical education to high school students and adults residing in the participating districts.

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

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

B. Component Units

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

C. Basis of Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Major Governmental Funds

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

D. Basis of Accounting – Measurement Focus

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Asset Class	Estimated Useful Life
Buildings	25-50 years
Improvements	20-50 years
Equipment	5-20 years

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance, continued

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

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New Accounting Pronouncements

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New Accounting Pronouncements (continued)

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

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

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	$ 4,997,722
Fair value adjustment	(49,634)
Cash in revolving fund	10,000
Total	$ 4,958,088

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices

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

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

C. General Authorizations

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Program manages its exposure to interest rate risk by investing in the County Treasury. The Program maintains a pooled investment with the County Treasury with a fair value of approximately $4,948,088. The average weighted maturity for this pool is 225 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were rated AAAm.

F. Custodial Credit Risk – Deposits

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

G. Fair Value

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

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value (continued)

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

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

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

	Uncategorized
Investment in county treasury	$ 4,948,088
Total	$ 4,948,088

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund
State Government	
Categorical aid	$ 1,424,551
Local Government	
Other local sources	532,527
Total	$ 1,957,078

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets being depreciated				
Land improvements	$ 18,175	$ -	$ -	$ 18,175
Buildings & improvements	1,176,760	-	-	1,176,760
Furniture & equipment	701,760	571,956	-	1,273,716
Total capital assets being depreciated	1,896,695	571,956	-	2,468,651
Less: Accumulated depreciation				
Land improvements	13,011	908	-	13,919
Buildings & improvements	1,056,958	31,434	-	1,088,392
Furniture & equipment	127,282	122,915	-	250,197
Total accumulated depreciation	1,197,251	155,257	-	1,352,508
Total capital assets being depreciated, net	699,444	416,699	-	1,116,143
Governmental Activities				
Capital Assets, net	$ 699,444	$ 416,699	$ -	$ 1,116,143

Depreciation expense was charged as a direct expense to the Instruction function.

NOTE 5 – ACCRUED LIABILITIES

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

	General Fund
Payroll	$ 166,565
Vendors payable	2,131,620
Total	$ 2,298,185

NOTE 6 – UNEARNED REVENUE

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

	General Fund
State categorical sources	$ 1,565,941
Local sources	37,440
Total	$ 1,603,381

NOTE 7 – LONG-TERM LIABILITIES

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

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
Compensated absences	$ 94,176	$ 29,369	$ 29,369	$ 94,176	$ -
Total OPEB liability	360,716	57,072	-	417,788	-
Net pension liability	1,767,434	1,648,838	-	3,416,272	-
Total	$ 2,222,326	$ 1,735,279	$ 29,369	$ 3,928,236	$ -

- Payments for compensated absences are liquidated in the General Fund.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $94,176. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Other Postemployment Benefits

The Program's beginning total OPEB liability was $360,716 and increased by $57,072 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was $417,788. See Note 9 for additional information regarding the total OPEB liability.

C. Net Pension Liability

The Program's beginning net pension liability was $1,767,434 and increased by $1,648,838 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $3,416,272. See Note 10 for additional information regarding the net pension liability.

NOTE 8 – FUND BALANCES

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

	General Fund
Non-spendable	
Revolving cash	$ 10,000
Prepaid expenditures	109
Total non-spendable	10,109
Restricted	
Educational programs	2,699,599
Total restricted	2,699,599
Unassigned	304,002
Total Fund Balance	$ 3,013,710

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

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	Per applicable retirement system
Minimum Age	Per applicable retirement system
Dependent Coverage	Surviving spouse only if retiree elected joint and survivor annuity
Program Contribution %	100% up to statutory minimum contribution
Program Cap	55% of minimum statutory contribution in 2022*
*increasing 5% per year to 100% in 2031	

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

For the measurement period, the Program contributed $3,598 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	4
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	33
Total number of participants**	37

*Information not provided
**As of the June 30, 2022 valuation date

E. Total OPEB Liability

The College and Career Advantage's total OPEB liability of $417,788 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:	
Inflation	2.50%
Salary increases	2.75%
Discount rate	3.65%
Healthcare cost trend rates	4.00%

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions:

Mortality:	
Certificated	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees
Retirement rates:	
Certificated Management	2020 CalSTRS 2.0%@62 Rates
Certificated	Hired 2012 and earlier: 2020 CalSTRS 2.0%@60 Rates Hired 2013 and later: 2020 CalSTRS 2.0%@62 Rates
Classified	Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for School Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for School Employees
Classified Management	2017 CalPERS 2.0%@62 Rates for School Employees

The actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

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

G. Changes in Total OPEB Liability

	June 30, 2023
Total OPEB Liability	
Service cost	$ 55,453
Interest on total OPEB liability	13,677
Difference between expected and actual experience	(602)
Changes of assumptions	(7,858)
Benefits payments	(3,598)
Net change in total OPEB liability	57,072
Total OPEB liability - beginning	360,716
Total OPEB liability - ending	$ 417,788
Covered-employee payroll	N/A*
Program's total OPEB liability as a percentage of covered-employee payroll	N/A*

*The OPEB plan is not administered through a trust and contributions are not made based on measure of pay, covered payroll is not presented.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

The following presents the total OPEB liability of the College and Career Advantage, as well as what the Program's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.65%)	Valuation Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 495,477	$ 417,788	$ 355,863

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

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

	1% Decrease (3.00%)	Valuation Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 339,956	$ 417,788	$ 519,848

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

For the year ended June 30, 2023, the College and Career Advantage recognized OPEB expense of $63,128. At June 30, 2023, the College and Career Advantage reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 48,442
Changes in assumptions	70,110	87,209
Total	$ 70,110	$ 135,651

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 8,565	$ 14,567
2025	8,565	14,567
2026	8,565	14,567
2027	8,565	14,567
2028	8,565	14,567
Thereafter	27,285	62,816
Total	$ 70,110	$ 135,651

NOTE 10 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 2,325,126	$ 1,793,599	$ 570,633	$ 179,885
PERS Pension	1,091,146	479,488	77,758	165,927
Total	$ 3,416,272	$ 2,273,087	$ 648,391	$ 345,812

A. <u>California State Teachers' Retirement System (CalSTRS)</u>

Plan Description
The Program contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided
The CalSTRS defined benefit plan has two benefit formulas:

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

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 10 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the Program is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the Program were $422,721 for the year ended June 30, 2023.

On-Behalf Payments

The Program was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $229,047 to CalSTRS.

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

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

Program's proportionate share of the net pension liability	$	2,325,126
State's proportionate share of the net pension liability associated with the Program		1,164,430
Total	$	3,489,556

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The Program's proportion of the net pension liability was based on a projection of the Program's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the Program's proportion was 0.003 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2021.

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the Program recognized pension expense of $179,885. In addition, the Program recognized pension expense and revenue of $(87,090) for support provided by the State. At June 30, 2023, the Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 113,670
Differences between expected and actual experience	1,907	174,336
Changes in assumptions	115,309	-
Changes in proportion and differences between Program contributions and proportionate share of contributions	1,253,662	282,627
Program contributions subsequent to the measurement date	422,721	-
Total	$ 1,793,599	$ 570,633

The $422,721 reported as deferred outflows of resources related to pensions resulting from Program contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 346,077	$ 189,294
2025	248,536	192,884
2026	248,534	178,441
2027	219,914	(162,635)
2028	153,907	29,198
2029	153,910	143,451
Total	$ 1,370,878	$ 570,633

NOTE 10 – PENSION PLANS (continued)

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

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

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

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

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

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

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

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

*20-year geometric average

NOTE 10 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Program's proportionate share of the net pension liability	$ 3,948,926	$ 2,325,126	$ 976,884

Pension Plan Fiduciary Net Position

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

NOTE 10 – PENSION PLANS (continued)

B. <u>California Public Employees' Retirement System (CalPERS)</u>

Plan Description

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

Benefits Provided

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

Contributions

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

The Program is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the Program were $193,634 for the year ended June 30, 2023.

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

At June 30, 2023, the Program reported a liability of $1,091,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The Program's proportion of the net pension liability was based on a projection of the Program's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the Program's proportion was 0.003 percent, which was the same as its proportion measured as of June 30, 2021.

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the Program recognized pension expense of $165,927. At June 30, 2023, the Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 128,835	$ -
Differences between expected and actual experience	4,931	27,149
Changes in assumptions	80,717	-
Changes in proportion and differences between Program contributions and proportionate share of contributions	71,371	50,609
Program contributions subsequent to the measurement date	193,634	-
Total	$ 479,488	$ 77,758

The $193,634 reported as deferred outflows of resources related to pensions resulting from Program contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 91,463	$ 27,063
2025	81,047	27,036
2026	34,785	23,659
2027	78,559	-
Total	$ 285,854	$ 77,758

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

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

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

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

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

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

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

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

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Program's proportionate share of the net pension liability	$ 1,576,216	$ 1,091,146	$ 690,254

Pension Plan Fiduciary Net Position

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The Program participates in three joint ventures under joint powers authorities (JPAs), the Northern Orange County Self-Funded Workers' Compensation Insurance Agency, the Northern Orange County Property Liability Self-Insurance Authority, and the California Schools Employee Benefit Association. The relationships between the Program and the JPAs are such that the JPAs are not component units of the Program for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the Program are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the Program recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the Program-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to pensions was $2,273,087 and total deferred inflows related to pensions was $648,391.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the Program recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the Program-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2023, total deferred outflows related to other postemployment benefits was $70,110 and total deferred inflows related to other postemployment benefits was $135,651.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE AND CAREER ADVANTAGE
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
Other state sources	$ 4,255,647	$ 5,556,888	$ 4,110,431	$ (1,446,457)
Other local sources	1,092,139	1,142,114	1,243,195	101,081
Total Revenues	5,347,786	6,699,002	5,353,626	(1,345,376)
EXPENDITURES				
Certificated salaries	2,222,341	2,278,741	2,414,894	(136,153)
Classified salaries	784,700	1,029,821	791,322	238,499
Employee benefits	1,372,179	1,513,487	1,518,393	(4,906)
Books and supplies	624,090	2,165,765	2,448,200	(282,435)
Services and other operating expenditures	742,787	887,725	1,007,560	(119,835)
Capital outlay	677,836	390,000	571,956	(181,956)
Other outgo				
Excluding transfers of indirect costs	1,310,554	1,427,896	1,141,707	286,189
Total Expenditures	7,734,487	9,693,435	9,894,032	(200,597)
Excess (Deficiency) of Revenues Over Expenditures	(2,386,701)	(2,994,433)	(4,540,406)	(1,545,973)
NET CHANGE IN FUND BALANCE	(2,386,701)	(2,994,433)	(4,540,406)	(1,545,973)
Fund Balance - Beginning	7,372,743	7,554,116	7,554,116	-
Fund Balance - Ending	$ 4,986,042	$ 4,559,683	$ 3,013,710	$ (1,545,973)

See accompanying notes to required supplementary information.

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	$ 55,453	$ 67,751	$ 65,294	$ 38,717	$ 34,919	$ 33,984
Interest on total OPEB liability	13,677	9,867	8,378	8,640	6,958	6,049
Difference between expected and actual experience	(602)	(41,533)	-	(20,308)	-	-
Changes of assumptions	(7,858)	(97,071)	3,292	95,427	5,854	-
Benefits payments	(3,598)	(2,445)	(1,947)	(1,707)	(1,394)	(1,340)
Net change in total OPEB liability	57,072	(63,431)	75,017	120,769	46,337	38,693
Total OPEB liability - beginning	360,716	424,147	349,130	228,361	182,024	143,331
Total OPEB liability - ending	$ 417,788	$ 360,716	$ 424,147	$ 349,130	$ 228,361	$ 182,024
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Program's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

*The OPEB Plan is not administered by a trust and contributions are not made based on measure of pay, covered payroll is not presented.

See accompanying notes to required supplementary information.

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF THE PROGRAM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Program's proportion of the net pension liability	0.003%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.003%
Program's proportionate share of the net pension liability	$ 2,325,126	$ 1,072,929	$ 2,292,521	$ 1,631,644	$ 1,839,865	$ 1,931,931	$ 1,510,194	$ 1,098,060	$ 1,496,113
State's proportionate share of the net pension liability associated with the Program	1,164,430	539,867	1,181,795	890,171	1,053,409	1,142,914	859,726	580,752	903,418
Total	$ 3,489,556	$ 1,612,796	$ 3,474,316	$ 2,521,815	$ 2,893,274	$ 3,074,845	$ 2,369,920	$ 1,678,812	$ 2,399,531
Program's covered payroll	$ 2,026,044	$ 1,289,647	$ 1,226,468	$ 1,000,326	$ 1,013,174	$ 1,173,426	$ 957,102	$ 1,012,387	$ 1,089,697
Program's proportionate share of the net pension liability as a percentage of its covered payroll	114.8%	83.2%	186.9%	163.1%	181.6%	164.6%	157.8%	108.5%	137.3%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

See accompanying notes to required supplementary information.

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF THE PROGRAM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Program's proportion of the net pension liability	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.002%	0.007%	0.007%
Program's proportionate share of the net pension liability	$ 1,091,146	$ 694,505	$ 892,586	$ 798,605	$ 706,208	$ 668,652	$ 416,571	$ 996,694	$ 802,263
Program's covered payroll	$ 486,024	$ 490,010	$ 413,995	$ 373,884	$ 342,463	$ 353,471	$ 341,538	$ 759,315	$ 781,217
Program's proportionate share of the net pension liability as a percentage of its covered payroll	224.5%	141.7%	215.6%	213.6%	206.2%	189.2%	122.0%	131.3%	102.7%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

See accompanying notes to required supplementary information.

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF PROGRAM CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 422,721	$ 331,091	$ 208,278	$ 209,726	$ 162,853	$ 146,201	$ 147,617	$ 102,697	$ 89,900
Contributions in relation to the contractually required contribution*	(422,721)	(331,091)	(208,278)	(209,726)	(162,853)	(146,201)	(147,617)	(102,697)	(89,900)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Program's covered payroll	$ 2,173,368	$ 2,026,044	$ 1,289,647	$ 1,226,468	$ 1,000,326	$ 1,013,174	$ 1,173,426	$ 957,102	$ 1,012,387
Contributions as a percentage of covered payroll	19.45%	16.34%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF PROGRAM CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 193,634	$ 111,348	$ 101,432	$ 81,644	$ 67,531	$ 53,188	$ 49,090	$ 40,462	$ 89,379
Contributions in relation to the contractually required contribution*	(193,634)	(111,348)	(101,432)	(81,644)	(67,531)	(53,188)	(49,090)	(40,462)	(89,379)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Program's covered payroll	$ 740,682	$ 486,024	$ 490,010	$ 413,995	$ 373,884	$ 342,463	$ 353,471	$ 341,538	$ 759,315
Contributions as a percentage of covered payroll	26.14%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Total OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation.

Changes in Assumptions

The discount rate changed from 3.54% in 2022 to 3.65% in 2023.

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Expenditures and Other Uses		
	Budget	**Actual**	**Excess**
General Fund			
Certificated salaries	$ 2,278,741	$ 2,414,894	$ 136,153
Employee benefits	$ 1,513,487	$ 1,518,393	$ 4,906
Books and supplies	$ 2,165,765	$ 2,448,200	$ 282,435
Services and other operating expenditures	$ 887,725	$ 1,007,560	$ 119,835
Capital outlay	$ 390,000	$ 571,956	$ 181,956

SUPPLEMENTARY INFORMATION

COLLEGE AND CAREER ADVANTAGE
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis				
Revenues And Other Financing Sources	$ 6,731,858	$ 5,353,626	$ 16,629,182	$ 4,397,355
Expenditures And Other Financing Uses	7,178,873	9,894,032	9,366,585	4,394,674
Net change in Fund Balance	$ (447,015)	$ (4,540,406)	$ 7,262,597	$ 2,681
Ending Fund Balance	$ 2,566,695	$ 3,013,710	$ 7,554,116	$ 291,519
Available Reserves*	$ 304,111	$ 304,002	$ 293,648	$ 265,071
Available Reserves As A Percentage Of Outgo	4.24%	3.07%	3.14%	6.03%
Long-term Liabilities	$ 3,928,236	$ 3,928,236	$ 2,222,326	$ 3,679,671

The General Fund ending fund balance has increased by $2,722,191 over the past two years. The fiscal year 2023-24 budget projects a decrease of $447,015. For a Program this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The Program has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by $248,565 over the past two years.

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

COLLEGE AND CAREER ADVANTAGE
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

There were no differences between the annual financial and budget report and the audited financial statements for the year ended June 30, 2023.

See accompanying notes to supplementary information.

The College and Career Advantage was established in June 1970 and is located in Orange County. The Program operates under a joint powers agreement for the purpose of providing occupational training for the Capistrano and Laguna Beach Unified School Districts.

GOVERNING BOARD

Member	Office	Term Expires
Lisa Davis	President	2024
Gila Jones	Vice President/Clerk	2026
Dee Perry	President	2026
Amy Hanacek	Member	2024
Jan Vickers	Member	2024

ADMINISTRATION

Dr. Paul Weir
Executive Director

See accompanying notes to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Local Education Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

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

Independent Auditors' Report

Governing Board
College and Career Advantage
San Juan Capistrano, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of College and Career Advantage, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College and Career Advantage's basic financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether College and Career Advantage'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*.

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Purpose of this Report

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

Christy White, Inc

San Diego, California
November 27, 2023

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
College and Career Advantage
San Juan Capistrano, California

Report on State Compliance

Opinion on State Compliance

We have audited College and Career Advantage's compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of College and Career Advantage's state programs for the fiscal year ended June 30, 2023, as identified below.

In our opinion, College and Career Advantage complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of State Compliance

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

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc

San Diego, California
November 27, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COLLEGE AND CAREER ADVANTAGE
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

The Program was not subject to Uniform Guidance Single Audit for the year ended June 30, 2023 because federal award expenditures did not exceed $750,000.

STATE AWARDS

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

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

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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

COLLEGE AND CAREER ADVANTAGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

There were no findings or questioned costs for the year ended June 30, 2022.