ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY

AUDIT REPORT
JUNE 30, 2023

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Independent Auditors' Report

Governing Board
Antelope Valley Schools Transportation Agency
Lancaster, 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 Antelope Valley Schools Transportation Agency, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Antelope Valley Schools Transportation Agency'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, and the aggregate remaining fund information of the Antelope Valley Schools Transportation Agency, 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 Antelope Valley Schools Transportation Agency 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 Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency'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 agency 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 Antelope Valley Schools Transportation Agency'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 January 11, 2024 on our consideration of the Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
January 11, 2024

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

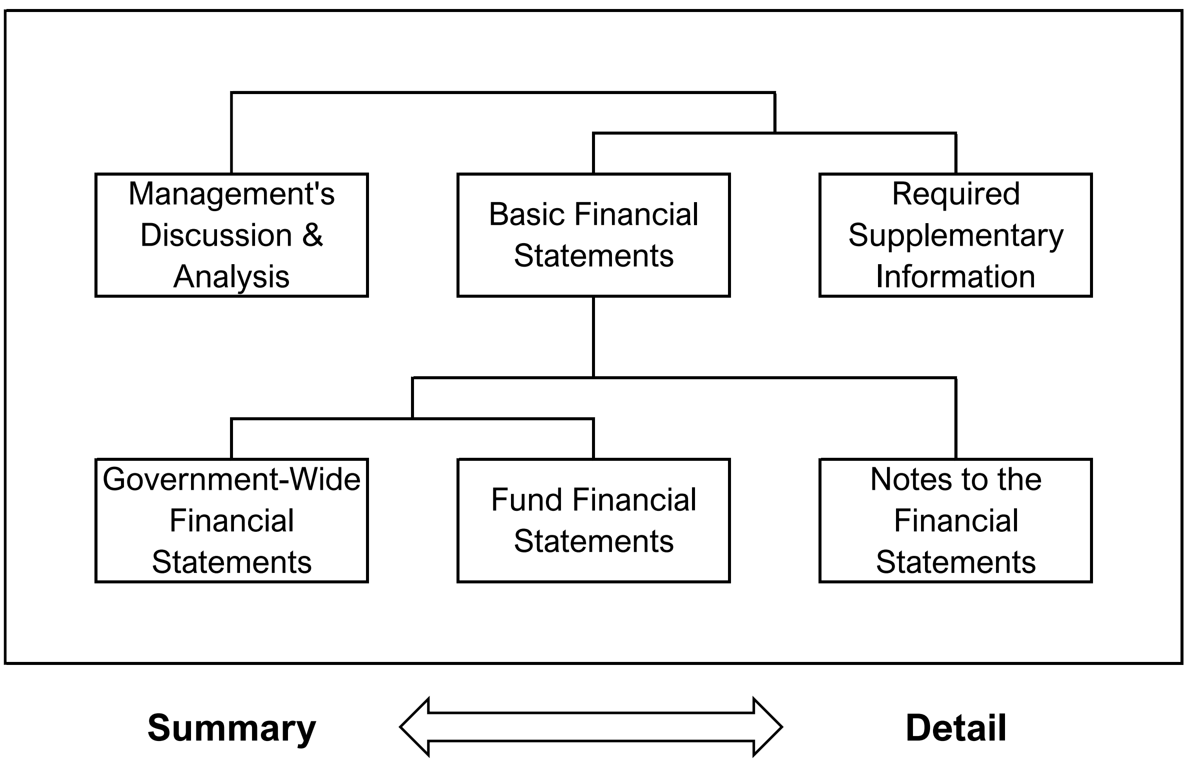
Our discussion and analysis of Antelope Valley Schools Transportation Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the Agency's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Agency's net position was $4,005,614 at June 30, 2023. This was an increase of $5,587,831 from the prior year.
- Overall revenues were $24,974,699 which exceeded expenses of $19,386,868.

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 Agency. 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 Agency 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 Agency'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 Agency 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 Agency's net position and how it has changed. Net position is one way to measure the Agency's financial health. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Agency include governmental activities. All of the Agency's basic services are included here, such as transportation, maintenance and general administration.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The Agency's net position was $4,005,614 at June 30, 2023, as reflected in the table below. Of this amount, $(2,822,954) 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	$ 9,993,509	$ 4,595,985	$ 5,397,524
Capital assets	7,537,470	8,404,167	(866,697)
Total Assets	17,530,979	13,000,152	4,530,827
DEFERRED OUTFLOWS OF RESOURCES	5,665,943	2,277,383	3,388,560
LIABILITIES			
Current liabilities	386,045	372,440	13,605
Long-term liabilities	16,321,228	11,490,590	4,830,638
Total Liabilities	16,707,273	11,863,030	4,844,243
DEFERRED INFLOWS OF RESOURCES	2,484,035	4,996,722	(2,512,687)
NET POSITION			
Net investment in capital assets	6,828,568	7,323,203	(494,635)
Unrestricted	(2,822,954)	(8,905,420)	6,082,466
Total Net Position	$ 4,005,614	$ (1,582,217)	$ 5,587,831

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the Agency 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			
Charges for services	$ 25,114,951	$ 16,898,023	$ 8,216,928
General revenues			
Other	(140,252)	(147,044)	6,792
Total Revenues	24,974,699	16,750,979	8,223,720
EXPENSES			
Pupil services	16,044,024	13,600,272	2,443,752
General administration	617,852	284,759	333,093
Plant services	39,585	16,587	22,998
Ancillary and community services	1,252,308	913,578	338,730
Debt service	-	22,076	(22,076)
Depreciation	1,433,099	1,513,198	(80,099)
Total Expenses	19,386,868	16,350,470	3,036,398
Change in net position	5,587,831	400,509	5,187,322
Net Position - Beginning	(1,582,217)	(1,982,726)	400,509
Net Position - Ending	$ 4,005,614	$ (1,582,217)	$ 5,587,831

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 Agency's functions.

	Net Cost of Services	
	2023	2022
Pupil services	$ (9,070,927)	$ (3,297,751)
General administration	617,852	284,759
Plant services	39,585	16,587
Ancillary and community services	1,252,308	913,578
Debt service	-	22,076
Depreciation	1,433,099	1,513,198
Total	$ (5,728,083)	$ (547,553)

FINANCIAL ANALYSIS OF THE AGENCY'S MAJOR FUND

The financial performance of the Agency as a whole is reflected in its governmental funds as well. As the Agency completed this year, its General Fund reported a fund balance of $9,993,509, which is more than last year's ending fund balance of $4,595,607.

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 Agency'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 Agency had invested $7,537,470 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	$ 1,308,598	$ 1,308,598	$ -
Construction in progress	61,903	61,903	-
Buildings & improvements	2,412,442	2,412,442	-
Furniture & equipment	23,417,563	22,851,161	566,402
Less: Accumulated depreciation	(19,663,036)	(18,229,937)	(1,433,099)
Total Capital Assets	$ 7,537,470	$ 8,404,167	$ (866,697)

CAPITAL ASSETS AND LONG-TERM LIABILITIES (continued)

Long-Term Liabilities

At year-end, the Agency had $16,321,228 in long-term liabilities, an increase of 42.04% from last year – as shown in the table below. More detailed information about the Agency's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Financed purchases	$ 708,902	$ 1,080,964	$ (372,062)
Compensated absences	320,929	346,466	(25,537)
Total OPEB liability	3,250,588	3,542,123	(291,535)
Net pension liability	12,426,854	6,893,099	5,533,755
Less: current portion of long-term liabilities	(386,045)	(372,062)	(13,983)
Total Long-term Liabilities	$ 16,321,228	$ 11,490,590	$ 4,830,638

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Agency 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.

The Agency participates in the state employee pensions plan, California Public Employees' Retirement System (CalPERS) which currently underfunded. The Agency'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 Agency. 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.

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

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, 670 W. Ave. L-8, Lancaster, California 93534.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	$ 9,553,136
Accounts receivable	61,551
Inventory	377,421
Other current assets	1,401
Capital assets, not depreciated	1,370,501
Capital assets, net of accumulated depreciation	6,166,969
Total Assets	17,530,979
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,128,189
Deferred outflows related to OPEB	537,754
Total Deferred Outflows of Resources	5,665,943
LIABILITIES	
Long-term liabilities, current portion	386,045
Long-term liabilities, non-current portion	16,321,228
Total Liabilities	16,707,273
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,443,143
Deferred inflows related to OPEB	1,040,892
Total Deferred Inflows of Resources	2,484,035
NET POSITION	
Net investment in capital assets	6,828,568
Unrestricted	(2,822,954)
Total Net Position	$ 4,005,614

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues: Charges for Services	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES			
Pupil services			
Home-to-school transportation	$ 16,044,024	$ 25,114,951	$ 9,070,927
General administration			
Centralized data processing	587,470	-	(587,470)
All other general administration	30,382	-	(30,382)
Plant services	39,585	-	(39,585)
Ancillary services	1,252,308	-	(1,252,308)
Depreciation (unallocated)	1,433,099	-	(1,433,099)
Total Governmental Activities	$ 19,386,868	$ 25,114,951	5,728,083
General revenues			
Interest and investment earnings			(358,562)
Interagency revenues			39,603
Miscellaneous			178,707
Subtotal, General Revenue			(140,252)
CHANGE IN NET POSITION			5,587,831
Net Position - Beginning			(1,582,217)
Net Position - Ending			$ 4,005,614

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

		General Fund
ASSETS		
Cash and investments	$	9,553,136
Accounts receivable		61,551
Stores inventory		377,421
Other current assets		1,401
Total Assets	$	9,993,509
FUND BALANCES		
Nonspendable	$	379,921
Assigned		1,829,261
Unassigned		7,784,327
Total Fund Balances	$	9,993,509

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds		$ 9,993,509
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	$ 27,200,506	
Accumulated depreciation	(19,663,036)	7,537,470
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:		
Financed purchases	$ 708,902	
Compensated absences	320,929	
Total OPEB liability	3,250,588	
Net pension liability	12,426,854	(16,707,273)
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	$ 5,128,189	
Deferred inflows of resources related to pensions	(1,443,143)	3,685,046
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	$ 537,754	
Deferred inflows of resources related to OPEB	(1,040,892)	(503,138)
Total Net Position - Governmental Activities		$ 4,005,614

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
REVENUES	
Other local sources	$ 24,974,699
Total Revenues	24,974,699
EXPENDITURES	
Pupil services	
Home-to-school transportation	17,290,922
General administration	
Centralized data processing	587,470
All other general administration	30,382
Plant services	39,585
Ancillary services	1,256,376
Debt service	
Principal	372,062
Total Expenditures	19,576,797
NET CHANGE IN FUND BALANCE	5,397,902
Fund Balance - Beginning	4,595,607
Fund Balance - Ending	$ 9,993,509

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
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		$	5,397,902
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:	$ 566,402		
Depreciation expense:	(1,521,185)		(954,783)
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			372,062
Gain or loss from the disposal of capital assets:			
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:			88,086
Compensated absences:			
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:			25,537
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:			(73,137)
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:			732,164
Change in Net Position of Governmental Activities		$	5,587,831

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Antelope Valley Schools Transportation Agency (the "Agency") 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 Agency conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

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 Agency consists of all funds, departments and agencies that are not legally separate from the Agency. For the Agency, this includes general operations, student transportation, and other related activities.

B. Component Units

Component units are legally separate organizations for which the Agency is financially accountable. Component units may also include organizations that are fiscally dependent on the Agency in that the Agency 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 Agency is not financially accountable but the nature and significance of the organization's relationship with the Agency is such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Agency 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 Agency). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Agency'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. 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 Agency.

Fund Financial Statements. The fund financial statements provide information about the Agency's funds. 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 include transportation of pupils and other related activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the Agency. 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 Agency's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. The Agency 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.

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 Agency 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 Agency must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Agency 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 Agency prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency 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 Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position</u>

Cash and Cash Equivalents
The Agency'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 valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

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 Agency maintains a capitalization threshold of $5,000. The Agency 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 and Improvements	5 – 50 years
Furniture and Equipment	5 – 15 years

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

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

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

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	July 1, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

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)

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

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan (the Plan) of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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 Agency 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, 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.

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

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

The Agency 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. 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.

G. 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 Agency 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)

H. 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 Agency 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 Agency 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 Agency 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.

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 Agency 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 Agency 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	$ 9,970,001
Fair value adjustment	(481,832)
Cash on hand and in banks	62,467
Cash in revolving fund	2,500
Total	$ 9,553,136

B. Policies and Practices

The Agency 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 Agency maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Los Angeles 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 Agency's investment in the pool is based upon the Agency'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 Agency 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.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations (continued)

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

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 Agency manages its exposure to interest rate risk by investing in the County Treasury. The Agency maintains a pooled investment with the County Treasury with a fair value of approximately $9,488,169. The average weighted maturity for this pool is 753 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 not rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency 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 Agency's bank balance was not exposed to custodial credit risk.

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

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

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

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

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

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool is not measured using the input levels above because the Agency'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 Agency's fair value measurements at June 30, 2023 were as follows:

	Uncategorized
Investment in county treasury	$ 9,488,169
Total	$ 9,488,169

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund
Local Government	
Other local sources	$ 61,551
Total	$ 61,551

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,308,598	$ -	$ -	$ 1,308,598
Construction in progress	61,903	-	-	61,903
Total capital assets not being depreciated	1,370,501	-	-	1,370,501
Capital assets being depreciated				
Buildings & improvements	2,412,442	-	-	2,412,442
Furniture & equipment	22,851,161	566,402	-	23,417,563
Total capital assets being depreciated	25,263,603	566,402	-	25,830,005
Less: Accumulated depreciation				
Buildings & improvements	1,839,561	98,724	88,086	1,850,199
Furniture & equipment	16,390,376	1,422,461	-	17,812,837
Total accumulated depreciation	18,229,937	1,521,185	88,086	19,663,036
Total capital assets being depreciated, net	7,033,666	(954,783)	(88,086)	6,166,969
Governmental Activities				
Capital Assets, net	$ 8,404,167	$ (954,783)	$ (88,086)	$ 7,537,470

NOTE 5 – 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					
Financed purchases	$ 1,080,964	$ -	$ 372,062	$ 708,902	$ 386,045
Compensated absences	346,466	-	25,537	320,929	-
Total OPEB liability	3,542,123	-	291,535	3,250,588	-
Net pension liability	6,893,099	5,533,755	-	12,426,854	-
Total	$ 11,862,652	$ 5,533,755	$ 689,134	$ 16,707,273	$ 386,045

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

NOTE 5 – LONG-TERM LIABILITIES (continued)

A. Financed Purchases

The Agency entered into various agreements with options to purchase. Future minimum payments are as follows:

Year Ended June 30,		Payment
2024	$	416,043
2025		173,117
2026		173,117
Total minimum payments		762,277
Less amount representing interest		(53,375)
Present value of minimum payments	$	708,902

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $320,929. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The Agency's beginning total OPEB liability was $3,542,123 and decreased by $291,535 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was $3,250,588. See Note 7 for additional information regarding the total OPEB liability.

D. Net Pension Liability

The Agency's beginning net pension liability was $6,893,099 and increased by $5,533,755 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $12,426,854. See Note 8 for additional information regarding the net pension liability.

NOTE 6 – FUND BALANCES

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

	General Fund
Non-spendable	
Revolving cash	$ 2,500
Stores inventory	377,421
Total non-spendable	379,921
Assigned	
Board reserve for economic uncertainty	904,394
CNG compressor	924,867
Total assigned	1,829,261
Unassigned	7,784,327
Total Fund Balance	$ 9,993,509

The Agency 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 Agency's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 5 percent of General Fund expenditures and other financing uses.

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

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

B. Benefits Provided

Both classified bargaining unit employees and management/confidential employees must have attained age 55 and completed at least 15 years of service to be eligible for Agency paid retiree healthcare benefits. For classified bargaining unit employees hired on or after July 1, 2009, the service requirement is 20 years rather than 15. The Agency pays a percentage of the cost of single or two-party coverage for an eligible retiree.

Classified retirees retiring before age 60 receive an Agency contribution of 50% of their medical premiums. Classified retirees retiring at or after age 60 receive an Agency contribution of 100% of their medical premiums. Management/confidential retirees receive an Agency contribution of 100% of their medical and dental premiums. Agency paid benefits end at age 65 for both groups.

Effective July 1, 2013, members receiving disability retirement form CalPERS and who have attained age 50 and completed 25 years of service are eligible to receive a contribution of 50% of premiums for medical benefits for the lesser of 10 years or until age 65.

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Contributions

For the measurement period, the Agency contributed $109,498 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	9
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	180
Total number of participants**	189

*Information not provided
**As of the July 1, 2021 valuation date

E. Total OPEB Liability

The Antelope Valley Schools Transportation Agency's total OPEB liability of $3,250,588 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Economic assumptions:	
Inflation	3.00%
Salary increases	3.00%
Discount rate	3.69%
Healthcare cost trend rates	5.75% for 2022, 5.50% for 2023, 5.20% for 2024-2069, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years.

Non-economic assumptions:	
Preretirement Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study
Postretirement Mortality	Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study

The actuarial assumptions used in the July 1, 2021, valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	June 30, 2023
Total OPEB Liability	
Service cost	$ 248,891
Interest on total OPEB liability	71,741
Changes of assumptions	(502,669)
Benefits payments	(109,498)
Net change in total OPEB liability	(291,535)
Total OPEB liability - beginning	3,542,123
Total OPEB liability - ending	$ 3,250,588
Covered-employee payroll	$ 8,718,670
Agency's total OPEB liability as a percentage of covered-employee payroll	37.28%

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

The following presents the total OPEB liability of the Antelope Valley Schools Transportation Agency, as well as what the Agency'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 (2.70%)	Valuation Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB liability	$ 3,523,182	$ 3,250,588	$ 3,005,432

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

The following presents the total OPEB liability of the Antelope Valley Schools Transportation Agency, as well as what the Agency'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 (4.50%)	Valuation Trend Rate (5.50%)	1% Increase (6.50%)
Total OPEB liability	$ 2,913,067	$ 3,250,588	$ 3,649,443

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

For the year ended June 30, 2023, the Antelope Valley Schools Transportation Agency recognized OPEB expense of $226,777. At June 30, 2023, the Antelope Valley Schools Transportation Agency 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	$ -	$ 552,388
Changes in assumptions	405,447	488,504
Agency contributions subsequent to the measurement date	132,307	-
Total	$ 537,754	$ 1,040,892

The $132,307 reported as deferred outflows of resources related to OPEB resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other 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	$ 77,671	$ 171,526
2025	77,671	171,526
2026	77,671	171,522
2027	77,671	156,987
2028	54,053	124,228
Thereafter	40,710	245,103
Total	$ 405,447	$ 1,040,892

NOTE 8 – PENSION PLANS

Qualified employees are covered under a multiple-employer contributory retirement plan maintained by an agency of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS). The Agency 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
PERS Pension	$ 12,426,854	$ 5,128,189	$ 1,443,143	$ 1,085,860
Total	$ 12,426,854	$ 5,128,189	$ 1,443,143	$ 1,085,860

A. California Public Employees' Retirement System (CalPERS)

Plan Description
The Agency 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 Agency 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 Agency were $1,818,024 for the year ended June 30, 2023.

NOTE 8 – PENSION PLANS (continued)

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

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

At June 30, 2023, the Agency reported a liability of $12,426,854 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.

For the year ended June 30, 2023, the Agency recognized pension expense of $1,085,860. At June 30, 2023, the Agency 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	$ 2,200,215	$ -
Differences between expected and actual experience	43,963	1,443,143
Changes in assumptions	1,065,987	-
Agency contributions subsequent to the measurement date	1,818,024	-
Total	$ 5,128,189	$ 1,443,143

The $1,818,024 reported as deferred outflows of resources related to pensions resulting from Agency 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	$ 933,794	$ 736,792
2025	876,749	706,351
2026	164,004	-
2027	1,335,618	-
Total	$ 3,310,165	$ 1,443,143

NOTE 8 – PENSION PLANS (continued)

A. 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 (11-60 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 8 – PENSION PLANS (continued)

A. 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 Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Agency'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%)
Agency's proportionate share of the net pension liability	$ 19,455,257	$ 12,426,854	$ 6,596,065

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 9 – COMMITMENTS AND CONTINGENCIES

A. Grants

The Agency 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 Agency at June 30, 2023.

B. Litigation

The Agency 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 Agency at June 30, 2023.

C. Construction Commitments

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

NOTE 10 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The Agency participates in four joint ventures under joint powers authorities (JPAs), SISC III, SIRMA I, SIRMA II, and SIRMA III. The relationships between the Agency and the JPAs are such that the JPAs are not component units of the Agency 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 Agency are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the Agency recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the government-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 8. At June 30, 2023, total deferred outflows related to pensions was $5,128,189 and total deferred inflows related to pensions was $1,443,143.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the Agency recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the government-wide financial statements. Further information regarding the def erred outflows of resources and deferred inflows of resources can be found at Note 7. At June 30, 2023, total deferred outflows related to other postemployment benefits was $537,754 and total deferred inflows related to other postemployment benefits was $1,040,892.

REQUIRED SUPPLEMENTARY INFORMATION

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual* (Budgetary Basis)	Variances - Final to Actual
REVENUES				
Other local sources	$ 24,135,260	$ 23,087,208	$ 25,277,824	$ 2,190,616
Total Revenues	24,135,260	23,087,208	25,277,824	2,190,616
EXPENDITURES				
Classified salaries	8,438,223	8,438,223	8,624,647	(186,424)
Employee benefits	6,258,601	6,258,601	4,441,030	1,817,571
Books and supplies	2,268,770	2,268,770	2,140,480	128,290
Services and other operating expenditures	2,507,217	2,507,217	3,537,019	(1,029,802)
Capital outlay	1,977,500	1,977,500	566,402	1,411,098
Other outgo				
Excluding transfers of indirect costs	826,390	826,390	267,219	559,171
Total Expenditures	22,276,701	22,276,701	19,576,797	2,699,904
NET CHANGE IN FUND BALANCE	1,858,559	810,507	5,701,027	4,890,520
Fund Balance - Beginning	4,774,314	4,774,314	4,774,314	-
Fund Balance - Ending	$ 6,632,873	$ 5,584,821	$ 10,475,341	$ 4,890,520

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because the expenditures listed above do not include the audit adjustment.

See accompanying notes to required supplementary information.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
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	$ 248,891	$ 211,433	$ 211,562	$ 179,536	$ 201,834	$ 195,954
Interest on total OPEB liability	71,741	92,176	105,965	120,251	97,835	94,957
Difference between expected and actual experience	-	(456,000)	-	(388,396)	-	-
Changes of assumptions	(502,669)	208,325	184,243	252,351	(116,308)	-
Benefits payments	(109,498)	(128,567)	(120,911)	(143,060)	(190,286)	(207,508)
Net change in total OPEB liability	(291,535)	(72,633)	380,859	20,682	(6,925)	83,403
Total OPEB liability - beginning	3,542,123	3,614,756	3,233,897	3,213,215	3,220,140	3,136,737
Total OPEB liability - ending	$ 3,250,588	$ 3,542,123	$ 3,614,756	$ 3,233,897	$ 3,213,215	$ 3,220,140
Covered-employee payroll	$ 8,718,670	$ 6,008,112	$ 7,006,388	$ 7,285,146	$ 6,875,974	$ 6,192,501
Agency's total OPEB liability as a percentage of covered-employee payroll	37.28%	58.96%	51.59%	44.39%	46.73%	52.00%

See accompanying notes to required supplementary information.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
SCHEDULE OF THE AGENCY'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
Agency's proportionate share of the net pension liability	$ 12,426,854	$ 6,893,099	$ 12,347,639	$ 11,528,555	$ 10,085,904	$ 10,251,588	$ 8,436,975	$ 6,134,545	$ 4,642,997
Agency's covered payroll	$ 8,718,670	$ 8,539,670	$ 7,114,115	$ 6,669,938	$ 7,295,176	$ 6,960,150	$ 6,509,676	$ 6,432,953	$ 5,990,791
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	142.5%	80.7%	173.6%	172.8%	138.3%	147.3%	129.6%	95.4%	77.5%
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.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
SCHEDULE OF AGENCY 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	$ 1,818,024	$ 1,494,380	$ 1,504,519	$ 1,344,189	$ 1,194,178	$ 997,038	$ 931,419	$ 708,957	$ 681,886
Contributions in relation to the contractually required contribution*	(1,818,024)	(1,494,380)	(1,504,519)	(1,344,189)	(1,194,178)	(997,038)	(931,419)	(708,957)	(681,886)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's covered payroll	$ 5,474,006	$ 8,718,670	$ 8,539,670	$ 7,114,115	$ 6,669,938	$ 7,295,176	$ 6,960,150	$ 6,509,676	$ 6,432,953
Contributions as a percentage of covered payroll	33.21%	17.14%	17.62%	18.89%	17.90%	13.67%	13.38%	10.89%	10.60%

*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 Agency'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 1.92% to 3.69% since the previous measurement period.

Schedule of the Agency'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 Agency's proportionate share of the net pension liability, the Agency's covered payroll, the Agency'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 CalPERS.

Changes in Assumptions
There were no changes in economic assumptions since the previous valuations for 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.

Schedule of Agency 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 Agency'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 Agency'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 Agency's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the Agency 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			
Classified salaries	$ 8,438,223	$ 8,624,647	$ 186,424

SUPPLEMENTARY INFORMATION

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
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	$ 23,190,936	$ 25,277,824	$ 16,929,686	$ 16,477,860
Expenditures And Other Financing Uses	23,190,936	19,576,797	16,848,214	15,864,497
Net change in Fund Balance	$ -	$ 5,701,027	$ 81,472	$ 613,363
Ending Fund Balance	$ 10,475,341	$ 10,475,341	$ 4,774,314	$ 4,964,729
Available Reserves*	$ 6,646,080	$ 8,266,159	$ 2,378,397	$ 2,562,250
Available Reserves As A Percentage Of Outgo	28.66%	42.22%	14.12%	16.15%
Long-term Liabilities	$ 16,321,228	$ 16,707,273	$ 11,862,652	$ 16,995,385

The General Fund ending fund balance has increased by $5,510,612 over the past two years. The fiscal year 2023-24 budget projects no change. For an Agency this size, the State recommends available reserves of at least 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The Agency has incurred operating surpluses in each of the past three years and anticipates no change in fund balance during the 2023-24 fiscal year. Total long-term obligations have decreased by $288,112 over the past two years.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the expenditures on that schedule include the audit adjustment.

See accompanying notes to supplementary information.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
June 30, 2023, annual financial and budget report fund balance	$ 10,475,341
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Fair value adjustment - cash in county treasury	(481,832)
Net adjustments and reclassifications	(481,832)
June 30, 2023, audited financial statement fund balance	$ 9,993,509

See accompanying notes to supplementary information.

The Antelope Valley Schools Transportation Agency began operating on July 1, 1980, as a joint powers agency. The Agency serves two elementary school districts and one high school district by providing student transportation for regular education, special needs education, and field trips to its members. Each member district appoints one representative and an alternate to serve as a member of the Board of Directors for the Agency.

GOVERNING BOARD

Member	Office	Representing
Brian Hawkins	President	Antelope Valley High School District
Diane Grooms	Vice President	Lancaster School District
Shawn Cabey	Clerk	Westside Union School District

AGENCY ADMINISTRATORS

Morris Fuselier III
Chief Executive Officer (CEO)

See accompanying notes to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

This schedule discloses the Agency's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Agency'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.

History and Agency Organization Structure

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

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Governing Board
Antelope Valley Schools Transportation Agency
Lancaster, 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 and the major fund of Antelope Valley Schools Transportation Agency, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Antelope Valley Schools Transportation Agency's basic financial statements, and have issued our report thereon dated January 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Antelope Valley Schools Transportation Agency'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 Antelope Valley Schools Transportation Agency'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*.

348 Olive Street
San Diego, CA
92103

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F: 619-260-9085
christywhite.com

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
January 11, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
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 Agency was not subject to Uniform Guidance Single Audit for the year ended June 30, 2023 because federal award expenditures did not exceed $750,000.

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.

ANTELOPE VALLEY SCHOOLS TRANSPORTATION AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

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