

**SANTA PAULA UNIFIED SCHOOL DISTRICT
VENTURA COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024**

SANTA PAULA UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Governing Board
Santa Paula Unified School District
Santa Paula, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Paula Unified School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Paula Unified School District, as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to the materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
November 13, 2024

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SANTA PAULA UNIFIED SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

This discussion and analysis of Santa Paula Unified School District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District’s overall financial status improved from last year as the net position increased to \$25.6 million, or 3.9%.
- Total governmental revenues were about \$122.8 million, almost \$1.0 million more than expenses.
- The total cost of basic programs was \$121.9 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just \$80.6 million.
- Governmental funds decreased by \$3.7 million due to deficits in the General Fund.
- Reserves for the General Fund increased by \$3.1 million, or 33.5%. Revenues were \$106.5 million, and expenditures were \$111.1 million.

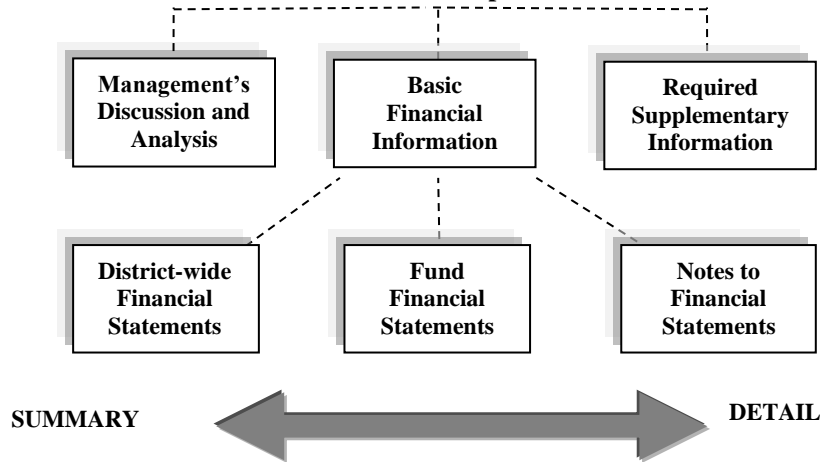
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statement is *fund financial* statements that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

Figure A-1. Organization of Santa Paula Unified School District’s Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



SANTA PAULA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District'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 District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has one kind of fund:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2024, than it was the year before – increasing to \$25.6 million (See Table A-1)

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2024	2023*	Increase (Decrease)
Assets			
Current assets	\$ 117,529,226	\$ 124,255,727	\$ (6,726,501)
Capital assets	71,794,741	68,162,041	3,632,700
Total assets	<u>189,323,967</u>	<u>192,417,768</u>	<u>(3,093,801)</u>
Total Deferred outflows of resources	<u>36,723,477</u>	<u>29,097,719</u>	<u>7,625,758</u>
Liabilities			
Current liabilities	9,359,970	12,398,697	(3,038,727)
Long-term liabilities	177,571,069	169,295,609	8,275,460
Total liabilities	<u>186,931,039</u>	<u>181,694,306</u>	<u>5,236,733</u>
Total Deferred inflows of resources	<u>13,560,314</u>	<u>15,223,199</u>	<u>(1,662,885)</u>
Net position			
Net investment in capital assets	36,849,884	31,429,414	5,420,470
Restricted	47,958,660	49,625,848	(1,667,188)
Unrestricted	(59,252,453)	(56,457,280)	(2,795,173)
Total net position	<u>\$ 25,556,091</u>	<u>\$ 24,597,982</u>	<u>\$ 958,109</u>

* *As restated*

Changes in net position, governmental activities. The District's total revenues decreased 1.3% to \$122.8 million (See Table A-2). The decrease is due primarily to lower operating grants and contributions.

The total cost of all programs and services increased 15.6% to \$121.9 million. The District's expenses are predominantly related to educating and caring for students, 77.0%. The purely administrative activities of the District accounted for just 7.7% of total costs. A significant contributor to the increase in costs was due to pension expense.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance
	2024	2023	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	\$ 2,394,061	\$ 1,466,698	\$ 927,363
Operating grants and contributions	36,625,292	40,840,254	(4,214,962)
Capital grants and contributions	2,243,687	4,307,696	(2,064,009)
General Revenues:			
Property taxes	15,038,607	14,278,688	759,919
Federal and state aid not restricted	63,209,534	62,114,586	1,094,948
Other general revenues	3,325,129	1,409,111	1,916,018
Total Revenues	122,836,310	124,417,033	(1,580,723)
Expenses			
Instruction-related	80,735,237	69,340,584	11,394,653
Pupil services	13,055,240	11,137,698	1,917,542
Administration	9,393,240	9,453,680	(60,440)
Plant services	11,602,137	10,193,059	1,409,078
All other activities	7,092,347	5,350,586	1,741,761
Total Expenses	121,878,201	105,475,607	16,402,594
Increase (decrease) in net position	958,109	18,941,426	\$ (17,983,317)
Total Net Position	\$ 25,556,091	\$ 24,597,982	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$109.2 million, which is less than last year's ending fund balance of \$112.9 million. The primary cause of the decreased fund balance is increased spending on instructional and pupil services.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2023	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2024
General Fund	\$ 36,434,969	\$ 106,518,169	\$ 111,138,612	\$ (193,207)	\$ 31,621,319
Student Activity Special Revenue Fund	462,338	705,015	644,636	-	522,717
Adult Education Fund	41,811	413,994	448,077	400	8,128
Child Development Fund	287	1,757,590	1,727,218	192,807	223,466
Cafeteria Fund	2,342,096	5,554,665	4,778,011	-	3,118,750
Deferred Maintenance Fund	5,289,318	681,394	1,069,018	-	4,901,694
Building Fund	42,930,959	1,985,722	1,780,455	-	43,136,226
Capital Facilities Fund	7,252,557	1,021,451	4,024,020	-	4,249,988
County School Facilities Fund	7,246,794	2,667,082	-	-	9,913,876
Special Reserve Fund (Capital Outlay)	6,601,561	1,795,815	600,601	-	7,796,775
Bond Interest and Redemption Fund	4,328,525	3,513,829	4,112,931	-	3,729,423
Total	\$ 112,931,215	\$ 126,614,726	\$ 130,323,579	\$ -	\$ 109,222,362

SANTA PAULA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$0.5 million primarily to reflect increases in projected revenues.
- Salaries and benefits costs – increased by approximately \$1.6 million due to negotiated increase in pay.
- Other costs – decreased by \$2.0 million to re-budget carryover funds and revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$5.9 million, the actual results for the year show that expenditures exceeded revenues by roughly \$4.6 million. Actual revenues were \$4.4 million more than anticipated, and expenditures were \$3.1 million more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023-24, the District had invested \$7.3 million in new capital assets, related to capital projects throughout the District. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$3.7 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance Increase (Decrease)
	2024	2023*	
Land	\$ 5,419,245	\$ 5,229,651	\$ 189,594
Artwork	25,795	25,795	-
Land improvements	5,800,226	6,128,106	(327,880)
Buildings and improvements	55,589,212	47,527,894	8,061,318
Equipment and vehicles	1,037,725	874,081	163,644
Construction in progress	3,922,538	8,376,514	(4,453,976)
Total	\$ 71,794,741	\$ 68,162,041	\$ 3,632,700

* As restated

Long-Term Debt

At year-end the District had \$177.6 million in long-term liabilities – an increase of 4.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

SANTA PAULA UNIFIED SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance
	2024	2023	Increase (Decrease)
General obligation bonds	\$ 80,777,658	\$ 82,172,014	\$ (1,394,356)
Compensated absences	656,277	468,633	187,644
Other postemployment benefits	18,986,823	21,136,549	(2,149,726)
Net pension liability	77,150,311	65,518,413	11,631,898
Total	\$ 177,571,069	\$ 169,295,609	\$ 8,275,460

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget on June 15, 2024. The main structural difference between the legislative package and the May Revision was that the legislative package started the proposed limitation on NOLs and tax credits one year earlier—resulting in roughly \$5 billion in additional revenue. The Legislature’s budget used that additional budget capacity to reject some of the Governor’s spending solutions and/or provide other augmentations. The legislative package also included a large number of other smaller changes across a variety of programs. The legislative package used slightly more (nearly \$1 billion) in general purpose reserves than the May Revision.

K-14 Education

Funds Modest COLA and a Few Smaller Augmentations

For 2024-25, the budget provides \$1 billion to cover a 1.07 percent COLA for existing school and community college programs. For schools, the budget also provides an increase of \$300 million (\$179 million ongoing and \$121 million one time) to cover cost increases related to universal school meals. A small portion of the budget’s remaining funds are allocated to cover enrollment- and caseload-driven increases in a few specific areas.

Implements Small Payment Deferral

The budget reduces spending in 2024-25 by deferring \$487 million in payments to 2025-26. Of this deferral, half applies to schools and half applies to community colleges. The state will implement the deferral by delaying a portion of the payment districts ordinarily would receive in June 2025 to July 2025. The law allows school districts to be exempt from this deferral (meaning they would receive all of their funding on time) if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in 2024-25 to the minimum level required by Proposition 98.

Suspends Proposition 98 Requirement and Reduces Spending

For 2023-24, the budget invokes a provision allowing the state to suspend the minimum Proposition 98 requirement and reduce spending on schools and community colleges by \$8.3 billion relative to the level otherwise required that year. Separate from this action, the budget makes a \$2.6 billion reduction attributable to 2022-23. Both of these reductions lower the Proposition 98 requirement on an ongoing basis. The combined effect of these reductions is to reduce General Fund spending by \$12.7 billion over the 2022-23 through 2024-25 period. As required by the State Constitution, the budget also withdraws the entire balance from the Proposition 98 Reserve (\$8.4 billion) in 2023-24 to supplement the funding provided to schools and community colleges. In 2024-25, the budget begins to build back the Proposition 98 Reserve by making a discretionary deposit of nearly \$1.1 billion.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Bond Funds

The state is seeking approval of two bond measures on the November 2024 ballot: Proposition 2 and Proposition 4. Proposition 2 would allow the state to borrow \$10 billion to build new facilities and renovate existing facilities at school districts and community colleges. The cost to repay this bond would be about \$500 million each year for 35 years. Proposition 4 would allow the state to borrow \$10 billion to pay for various natural resources and climate activities. The cost to repay this bond would be about \$400 million each year for 40 years. The cost to repay both bonds would total about \$900 million each year.

Scores Savings Related to Attendance and a Few Other Adjustments

In response to significant declines in attendance over the past several years, the state adopted a series of policies temporarily funding school districts based on the attendance they reported prior to the COVID-19 pandemic. For 2024-25, the budget assumes savings of \$1.8 billion as these higher pre-pandemic attendance levels phase out of district funding calculations. In addition, the budget obtains \$1.2 billion in savings by (1) deferring some payments from 2024-25 to 2025-26, (2) reducing funding for State Preschool that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. Under the Constitution, the state must dedicate all of these savings to other school and community college purposes.

All of these factors were considered in preparing the Santa Paula Unified School District budget for the 2024-25 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Assistant Superintendent, Business Services at Santa Paula Unified School District, Santa Paula, California at (805) 933-8819.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 108,688,514
Accounts receivable	8,715,337
Inventories	60,701
Prepaid expenses	64,674
Capital assets:	
Non-depreciable capital assets	9,367,578
Depreciable capital assets	116,864,714
Less, accumulated depreciation	<u>(54,437,551)</u>
 Total assets	 <u>189,323,967</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	433,366
Deferred outflows related to OPEB	2,456,906
Deferred outflows related to pensions	<u>33,833,205</u>
 Total deferred outflows	 <u>36,723,477</u>
LIABILITIES	
Accounts payable	7,413,722
Accrued interest payable	1,053,106
Unearned revenue	893,142
Noncurrent liabilities	
Portion due or payable within one year	1,476,796
Portion due or payable after one year:	
Other than OPEB and pensions	79,957,139
Total OPEB liability	18,986,823
Net pension liability	<u>77,150,311</u>
 Total liabilities	 <u>186,931,039</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	6,044,053
Deferred inflows related to pensions	<u>7,516,261</u>
 Total deferred inflows	 <u>13,560,314</u>
NET POSITION	
Net investment in capital assets	36,849,884
Restricted for:	
Capital projects	21,960,639
Debt service	3,729,423
Student activities	522,717
Categorical programs	21,745,881
Unrestricted	<u>(59,252,453)</u>
 Total net position	 <u>\$ 25,556,091</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instructional Services:					
Instruction	\$ 68,678,020	\$ 185,418	\$ 20,902,457	\$ 2,243,687	\$ (45,346,458)
Instruction-Related Services:					
Supervision of instruction	3,641,465	819	965,974	-	(2,674,672)
Instructional library, media and technology	974,343	-	172,395	-	(801,948)
School site administration	7,441,409	1,985	1,237,935	-	(6,201,489)
Pupil Support Services:					
Home-to-school transportation	1,165,584	12,240	525,527	-	(627,817)
Food services	4,880,112	869,481	4,673,489	-	662,858
All other pupil services	7,009,544	12,094	1,573,992	-	(5,423,458)
General Administration Services:					
Data processing services	2,082,942	-	-	-	(2,082,942)
Other general administration	7,310,298	57,815	1,345,695	-	(5,906,788)
Plant services	11,602,137	9,580	539,747	-	(11,052,810)
Ancillary services	1,697,160	705,015	(2,153)	-	(994,298)
Community services	736	-	-	-	(736)
Enterprise activities	741	-	-	-	(741)
Interest on long-term debt	2,761,788	-	-	-	(2,761,788)
Other outgo	2,631,922	539,614	4,690,234	-	2,597,926
Total Governmental Activities	\$ 121,878,201	\$ 2,394,061	\$ 36,625,292	\$ 2,243,687	(80,615,161)
General Revenues:					
Property taxes					15,038,607
Federal and state aid not restricted to specific purpose					63,209,534
Interest and investment earnings					2,585,459
Miscellaneous					739,670
Total general revenues					81,573,270
Change in net position					958,109
Net position - July 1, 2023					24,667,734
Adjustment for restatement					(69,752)
Net position - July 1, 2023, as restated					24,597,982
Net position - June 30, 2024					\$ 25,556,091

SANTA PAULA UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 33,664,206	\$ 42,821,098	\$ 32,203,210	\$ 108,688,514
Accounts receivable	5,603,140	660,915	2,451,282	8,715,337
Due from other funds	599,340	-	646,267	1,245,607
Inventories	-	-	60,701	60,701
Prepaid expenditures	64,674	-	-	64,674
Total Assets	<u>\$ 39,931,360</u>	<u>\$ 43,482,013</u>	<u>\$ 35,361,460</u>	<u>\$ 118,774,833</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,770,632	\$ 345,787	\$ 297,303	\$ 7,413,722
Due to other funds	646,267	-	599,340	1,245,607
Unearned revenue	893,142	-	-	893,142
Total Liabilities	<u>8,310,041</u>	<u>345,787</u>	<u>896,643</u>	<u>9,552,471</u>
Fund Balances				
Nonspendable	71,314	-	60,701	132,015
Restricted	18,395,537	43,136,226	29,502,422	91,034,185
Committed	-	-	4,901,694	4,901,694
Assigned	1,000,000	-	-	1,000,000
Unassigned	12,154,468	-	-	12,154,468
Total Fund Balances	<u>31,621,319</u>	<u>43,136,226</u>	<u>34,464,817</u>	<u>109,222,362</u>
Total Liabilities and Fund Balances	<u>\$ 39,931,360</u>	<u>\$ 43,482,013</u>	<u>\$ 35,361,460</u>	<u>\$ 118,774,833</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2024

Total fund balances - governmental funds \$ 109,222,362

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:

Capital assets at historical cost	126,232,292	
Accumulated depreciation	<u>(54,437,551)</u>	71,794,741

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (1,053,106)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the year were: 433,366

In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.

Deferred outflows of resources	2,456,906	
Deferred inflows of resources	<u>(6,044,053)</u>	(3,587,147)

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	33,833,205	
Deferred inflows of resources	<u>(7,516,261)</u>	26,316,944

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:

General obligation bonds payable	(80,777,658)	
Compensated absences payable	(656,277)	
Other post employment benefits	(18,986,823)	
Net pension liability	<u>(77,150,311)</u>	<u>(177,571,069)</u>

Total net position - governmental activities \$ 25,556,091

SANTA PAULA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 71,883,045	\$ -	\$ 440,000	\$ 72,323,045
Federal sources	10,782,085	-	3,765,265	14,547,350
Other state sources	14,697,813	-	6,662,266	21,360,079
Other local sources	9,155,226	1,985,722	7,243,304	18,384,252
Total Revenues	106,518,169	1,985,722	18,110,835	126,614,726
EXPENDITURES				
Current:				
Instruction	66,717,303	-	1,495,005	68,212,308
Instruction-related services:				
Supervision of instruction	3,628,406	-	153,131	3,781,537
Instructional library, media and technology	927,049	-	-	927,049
School site administration	7,438,186	-	321,304	7,759,490
Pupil support services:				
Home-to-school transportation	1,164,777	-	-	1,164,777
Food services	166,680	-	4,721,604	4,888,284
All other pupil services	7,441,117	-	-	7,441,117
Ancillary services	1,121,954	-	644,636	1,766,590
Community services	736	-	-	736
Enterprise activities	741	-	-	741
General administration services:				
Data processing services	2,062,385	-	-	2,062,385
Other general administration	7,040,339	-	7,149	7,047,488
Plant services	10,608,087	-	872,834	11,480,921
Transfers of indirect costs	(216,844)	-	216,844	-
Capital outlay	405,774	1,780,455	4,859,074	7,045,303
Intergovernmental transfers	2,631,922	-	-	2,631,922
Debt service:				
Principal	-	-	1,355,000	1,355,000
Interest	-	-	2,757,931	2,757,931
Total Expenditures	111,138,612	1,780,455	17,404,512	130,323,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,620,443)	205,267	706,323	(3,708,853)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	193,207	193,207
Interfund transfers out	(193,207)	-	-	(193,207)
Total Other Financing Sources and Uses	(193,207)	-	193,207	-
Net Change in Fund Balances	(4,813,650)	205,267	899,530	(3,708,853)
Fund Balances, July 1, 2023	36,434,969	42,930,959	33,565,287	112,931,215
Fund Balances, June 30, 2024	\$ 31,621,319	\$ 43,136,226	\$ 34,464,817	\$ 109,222,362

SANTA PAULA UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Total net change in fund balances - governmental funds \$ (3,708,853)

Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is 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	7,313,264	
Depreciation expense	<u>(3,680,564)</u>	
Net:		3,632,700

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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 1,355,000

In governmental funds, postemployment benefits (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 contributions were: (923,490)

In governmental funds, if debt is issued at a premium or a discount, the premium or discount is recorded as an other financing source or use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of the premium and discount for the period is: 291,795

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest paid exceeded the accreted interest earned by: (252,439)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between the accrual-basis pension costs and actual employer contributions was: 794,253

Deferred charges on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The amortization of deferred charges on refunding for the current period is: (64,292)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 21,079

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (187,644)

Change in net position of governmental activities \$ 958,109

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Santa Paula Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Santa Paula School and Golden West Schools Financing Authorities (the Authorities) were formerly presented in the financial statements as the Debt Service for Blended Component Units Fund, but there was no financial activity reported for the year ended June 30, 2024. Individually prepared financial statements are not prepared for the Authorities.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements

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

Major Governmental Funds

The District maintains the following major governmental funds:

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

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

Non-Major Governmental Funds

The District reports the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

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

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

C. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

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

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Land Improvements	25-50 years
Furniture and Equipment	5-15 years

4. Unearned Revenue

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Deferred Outflows/Inflows of Resources (continued)

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

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

If material, lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

If material, the District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Postemployment Benefits Other Than Pensions (OPEB) (continued)

Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

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

11. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of revenue shortfalls or unanticipated expenditures. Pursuant to the Criteria and Standards for fiscal solvency adopted by the State Governing Board, the Reserve for Economic Uncertainties (REU) required for districts this size is 3% of total General Fund operating expenditures, including other financing sources and uses.

The District has adopted a minimum fund balance policy, which states that the Board intends to maintain a minimum fund balance equal to at least two months of General Fund operating expenditures, or 17 percent of General Fund expenditures and other financing uses. If the unassigned balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance.

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

SANTA PAULA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

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

I. Change in Accounting Principle

For the fiscal year ended June 30, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net positions, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Governmental Funds/Activities	\$ 108,688,514
Total deposits and investments	<u>\$ 108,688,514</u>

Deposits and investments as of June 30, 2024 consist of the following:

Cash on hand and in banks	\$ 524,394
Cash in revolving fund	6,640
Investments	108,157,480
Total deposits and investments	<u>\$ 108,688,514</u>

Pooled Funds

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the interest-bearing Ventura County Treasurer’s Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District’s investment in the pool is reported in the financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Ventura 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 Ventura County Treasurer, which is recorded on the amortized basis.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 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, 2024, \$289,795 of the District’s bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District’s investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2024, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
Ventura County Pool	N/A	\$ 108,157,480	\$ 108,157,480	-	Uncategorized

Investments - Credit Risk

The District’s investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2024, all investments represented governmental securities which were issued, registered and held by the District’s agent in the District’s name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no investments outside of the County Treasury.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements

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

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Totals
Federal Government:				
Categorical aid programs	3,205,156	\$ -	\$ -	\$ 3,205,156
Child nutrition	-	-	762,043	762,043
State Government:				
Lottery	311,375	-	-	311,375
Categorical aid programs	1,063,398	-	858,458	1,921,856
Child nutrition	-	-	192,226	192,226
Local:				
Interest	573,571	660,915	638,555	1,873,041
Miscellaneous	449,640	-	-	449,640
Total	<u>\$ 5,603,140</u>	<u>\$ 660,915</u>	<u>\$ 2,451,282</u>	<u>\$ 8,715,337</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 4 – INTERFUND ACTIVITIES

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2024, consisted of the following:

	Due from other funds		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 646,267	\$ 646,267
Non-Major Governmental Funds	599,340	-	599,340
Total	\$ 599,340	\$ 646,267	\$ 1,245,607

General Fund due to Deferred Maintenance Fund to transfer LCFF revenues	\$ 440,000
Cafeteria Fund due to General Fund for indirect costs	136,265
Child Development Fund due to General Fund for loan to support preschool program	463,075
General Fund due to Cafeteria Fund for catering costs	13,460
General Fund due to Child Development Fund for contribution	192,807
Total	\$ 1,245,607

B. Transfers To/From

General Fund to Child Development Fund for contribution	\$ 192,807
General Fund to Adult Education Fund to cover deficit	400
Total	\$ 193,207

NOTE 5 – FUND BALANCES

At June 30, 2024, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 6,640	\$ -	\$ -	\$ 6,640
Stores inventories	-	-	60,701	60,701
Prepaid expenditures	64,674	-	-	64,674
Total Nonspendable	71,314	-	60,701	132,015
Restricted:				
Categorical programs	18,395,537	-	3,289,643	21,685,180
Student activity funds	-	-	522,717	522,717
Capital projects	-	43,136,226	21,960,639	65,096,865
Debt service	-	-	3,729,423	3,729,423
Total Restricted	18,395,537	43,136,226	29,502,422	91,034,185
Committed:				
Deferred maintenance program	-	-	4,901,694	4,901,694
Total Committed	-	-	4,901,694	4,901,694
Assigned:				
Other assigned	1,000,000	-	-	1,000,000
Total Assigned	1,000,000	-	-	1,000,000
Unassigned:				
Reserve for economic uncertainties	7,774,928	-	-	7,774,928
Remaining unassigned balances	4,379,540	-	-	4,379,540
Total Unassigned	12,154,468	-	-	12,154,468
Total	\$ 31,621,319	\$ 43,136,226	\$ 34,464,817	\$ 109,222,362

SANTA PAULA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023	Restatements	Restated Balance July 1, 2023	Additions	Retirements	Balance, June 30, 2024
Capital assets not being depreciated:						
Land	\$ 5,487,346	\$ (257,695)	\$ 5,229,651	\$ 189,594	\$ -	\$ 5,419,245
Artwork	25,795	-	25,795	-	-	25,795
Construction in progress	8,376,514	-	8,376,514	1,425,188	5,879,164	3,922,538
Total capital assets not being depreciated	13,889,655	(257,695)	13,631,960	1,614,782	5,879,164	9,367,578
Capital assets being depreciated:						
Land improvements	8,841,420	-	8,841,420	24,571	-	8,865,991
Buildings and improvements	89,860,187	310,539	90,170,726	11,164,877	-	101,335,603
Equipment and vehicles	6,412,629	(137,707)	6,274,922	388,198	-	6,663,120
Total capital assets being depreciated	105,114,236	172,832	105,287,068	11,577,646	-	116,864,714
Accumulated depreciation for:						
Land improvements	(2,721,195)	7,881	(2,713,314)	(352,451)	-	(3,065,765)
Buildings and improvements	(42,654,969)	12,137	(42,642,832)	(3,103,559)	-	(45,746,391)
Equipment and vehicles	(5,395,934)	(4,907)	(5,400,841)	(224,554)	-	(5,625,395)
Total accumulated depreciation	(50,772,098)	15,111	(50,756,987)	(3,680,564)	-	(54,437,551)
Total capital assets being depreciated, net	54,342,138	187,943	54,530,081	7,897,082	-	62,427,163
Governmental activity capital assets, net	\$ 68,231,793	\$ (69,752)	\$ 68,162,041	\$ 9,511,864	\$ 5,879,164	\$ 71,794,741

Depreciation expense is allocated to the instruction function in the Statement of Activities.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term liabilities other than OPEB or pensions for the year ended June 30, 2024, were as follows:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 74,607,856	\$ -	\$ 1,355,000	\$ 73,252,856	\$ 1,185,000
Accreted interest component	2,010,770	252,439	-	2,263,209	-
Unamortized issuance premium	5,596,027	-	298,902	5,297,125	298,903
Unamortized issuance discount	(42,639)	-	(7,107)	(35,532)	(7,107)
Total - Bonds	82,172,014	252,439	1,646,795	80,777,658	1,476,796
Compensated Absences	468,633	187,644	-	656,277	-
Totals	\$ 82,640,647	\$ 440,083	\$ 1,646,795	\$ 81,433,935	\$ 1,476,796

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

2008 General Obligation Bonds (Measure Q)

On November 4, 2008, the District was authorized at an election of the registered voters of Santa Paula Union High School District to issue \$39,000,000 in general obligation bonds. The bonds were authorized in order to finance the acquisition, construction, improvement, furnishing and equipping of school facilities for the District. On December 3, 2009, the District issued \$7,800,000 of Series A bonds. On May 16, 2012, the District issued \$6,999,546 of Series B bonds. On October 27, 2016, the District issued \$3,000,000 of Series C bonds. On August 20, 2019, the District issued \$10,000,000 of Series D bonds. On December 16, 2021 the District issued \$11,200,000 of Series E Bonds.

2016 Election General Obligation Bonds (Measure P)

On June 7, 2016, the District was authorized at an election of the registered voters of the Improvement District to issue \$39,600,000 principal amount of general obligation bonds. The bonds were authorized for the purpose of financing the acquiring, constructing, improving, furnishing and equipping school facilities within the Improvement District. On October 27, 2016, the District issued \$10,000,000 of Series A bonds (2016A). On August 20, 2019 the District issued \$20,000,000 of Series B bonds (2016B). On December 17, 2020 the District issued \$9,600,000 of Series C bonds (2016C).

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2024, the principal balance on the defeased bonds have been paid.

Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2024 of \$433,366 remain to be amortized.

Source of Repayment on Bonds

The Bonds are general obligations of the District only. The Board of Supervisors of the County has the power and is obligated to levy and collect ad valorem property taxes for each fiscal year upon the taxable property of the District to pay the principal and interest on each bond as they become due and payable.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Following is a summary of bonds issued by the District and outstanding as of June 30, 2024:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Outstanding, July 1, 2023	Additions	Deductions	Outstanding, June 30, 2024
HIGH SCHOOL DISTRICT								
Measure Q (2008)								
Series B	2.5%-3.25%	5/16/2012	8/1/2041	\$ 6,999,546	\$ 6,167,856	\$ -	\$ 85,000	\$ 6,082,856
Series C	3.25%-5.0%	10/27/2016	8/1/2044	3,000,000	3,000,000	-	-	3,000,000
Series D	3.0%-4.0%	8/20/2019	8/1/2049	10,000,000	9,825,000	-	-	9,825,000
Series E	0.45%-4.0%	12/16/2021	8/1/2048	11,200,000	10,650,000	-	175,000	10,475,000
SANTA PAULA UNIFIED SCHOOL DISTRICT								
Refunding Issue								
2016 Refunding	2.0%-4.0%	10/27/2016	8/1/2034	6,545,000	5,460,000	-	375,000	5,085,000
2017 Refunding	2.0%-5.0%	9/14/2017	8/1/2028	6,560,000	3,980,000	-	590,000	3,390,000
SCHOOL FACILITIES IMPROVEMENT DISTRICT								
Measure P (2016 Authorization)								
Series 2016A	2.0%-4.0%	10/27/2016	8/1/2046	10,000,000	8,440,000	-	-	8,440,000
Series 2016B	3.0%-5.0%	8/20/2019	8/1/2049	20,000,000	18,085,000	-	-	18,085,000
Series 2016C	0.45%-4.0%	12/17/2020	8/1/2050	9,600,000	9,000,000	-	130,000	8,870,000
					<u>\$ 74,607,856</u>	<u>\$ -</u>	<u>\$ 1,355,000</u>	<u>\$ 73,252,856</u>
Accreted Interest:								
			2008, Series B		<u>\$ 2,010,770</u>	<u>\$ 252,439</u>	<u>\$ -</u>	<u>\$ 2,263,209</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2024, were as follows:

Fiscal Year	Principal	Interest	Total
2024-25	\$ 1,185,000	\$ 2,711,988	\$ 3,896,988
2025-26	1,315,000	2,671,706	3,986,706
2026-27	1,455,000	2,619,209	4,074,209
2027-28	1,535,000	2,711,696	4,246,696
2028-29	1,480,000	2,812,430	4,292,430
2029-34	5,767,399	13,211,915	18,979,314
2034-39	8,868,977	13,891,408	22,760,385
2039-44	15,616,480	11,317,473	26,933,953
2044-49	27,375,000	4,358,950	31,733,950
2049-51	8,655,000	296,500	8,951,500
Total	<u>\$ 73,252,856</u>	<u>\$ 56,603,275</u>	<u>\$ 129,856,131</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Liability

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 18,727,941	\$ 2,456,906	\$ 6,044,053	\$ 1,532,478
MPP Program	258,882	-	-	(530)
Total	<u>\$ 18,986,823</u>	<u>\$ 2,456,906</u>	<u>\$ 6,044,053</u>	<u>\$ 1,531,948</u>

The details of each plan are as follows:

District Plan

Plan Description

Santa Paula Unified School District provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. The District administers a single employer defined benefit postemployment healthcare plan for eligible certificated, classified, and management employees. The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The postretirement health plans and the District’s obligation vary by employee group as described below. The District provides for medical/Rx benefits through the Coastal Schools Employee Benefits Organization (CSEBO), a pooled, self-insured Joint Powers Authority offering health insurance to area school districts. Retirees under age 65 have the same rates as active employees. The District also offers dental coverage through Delta Dental and vision coverage through VSP.

The following medical plans are available through CSEBO: Anthem Blue Cross PPO (90, 80, Wellness), Anthem Blue Cross CDHP (90, 80, 60), Anthem Blue Cross HMO (10, 30), Kaiser HMO (10, 30) and Kaiser CDHP.

Certified employees may retire with District-paid medical, dental and vision benefits after reaching age 55 and completing at least 10 years of consecutive service with the District in a position requiring certification. Benefits are paid for five years (10 years for SPUHSD employees hired prior to January 1, 2006) or until age 65, if earlier.

Classified employees who work at least six hours per day (or at least four hours per day if hired by SPESD prior to March 1, 1989) may retire with District-paid medical, dental and vision benefits for a period depending on their having met the following age and service requirements:

- Age 55 and 10 years of service – benefits for five ears or until age 65, if earlier
- Age 55 and 15 years of service – benefits for seven years or until age 65, if earlier
- Age 55 and 20 years of service - benefits until age 65

Classified employees hired by SPUHSD between July 1, 2001 and June 30, 2013 who work at least four hours per day but less than six hours per day receive pro-rated benefits. Classified employees hired by SPUHSD before July 1, 2001 who work at least four hours per day receive full benefits.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Benefits are limited to the annual dollar amounts the District contributed to the benefit package at the time of retirement (\$15,000 per year for 2022-23). The cost of dental and vision insurance is added on to the District dollar limit for medical insurance.

Certified Management retirees receive the same benefits as Certificated bargaining unit retirees (as described above). Classified Management and unrepresented retirees receive the same benefits as Classified bargaining unit retirees (as described above).

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	525
Total	<u>552</u>

Total OPEB Liability

The District’s total OPEB liability of \$18,727,941 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Inflation	2.50 percent
Salary increases	3.00 percent
Healthcare cost trend rates	6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2023-2029 and 4.00 percent for 2030 and later years.

Discount Rate

The discount rate is 3.86% for the June 30, 2023 measurement date. The rate is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Mortality Rates

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	<u>\$ 20,877,137</u>
Changes for the year:	
Service cost	1,136,252
Interest	801,033
Differences between expected and actual experience	(1,327,754)
Changes of assumptions	(2,142,814)
Benefit payments	<u>(615,913)</u>
Net changes	<u>(2,149,196)</u>
Balance at June 30, 2023	<u><u>\$ 18,727,941</u></u>

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

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

<u>Discount Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 20,170,133
Current discount rate	\$ 18,727,941
1% increase	\$ 17,349,481

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>Healthcare Cost Trend Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 16,692,391
Current trend rate	\$ 18,727,941
1% increase	\$ 21,107,759

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,532,478. In addition, at July 1, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 468,169	\$ 1,509,727
Changes of assumptions	1,688,216	4,534,326
District contributions subsequent to the measurement date of the net OPEB liability	300,521	-
Totals	<u>\$ 2,456,906</u>	<u>\$ 6,044,053</u>

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

Year Ended June 30:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 496,521	\$ 901,328
2026	496,521	885,610
2027	496,521	822,742
2028	376,577	745,640
2029	246,062	726,360
Thereafter	44,183	1,962,373
	<u>\$ 2,156,385</u>	<u>\$ 6,044,053</u>

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2023, 4,457 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with *Education Code* Section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$258,882 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net OPEB Liability	0.085316%	0.078750%	0.006566%

For the year ended June 30, 2024, the District reported OPEB expense of \$(530).

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

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

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of .011% from 3.54% as of June 30, 2022.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net 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:

Discount Rate	MPP OPEB Liability
1% decrease	\$ 281,351
Current discount rate	\$ 258,882
1% increase	\$ 239,344

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 238,197
Current trend rate	\$ 258,882
1% increase	\$ 282,234

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2024, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 43,929,832	\$ 16,172,204	\$ 2,841,932	\$ 6,004,751
CalPERS	33,220,479	17,661,001	4,674,329	5,440,312
Totals	<u>\$ 77,150,311</u>	<u>\$ 33,833,205</u>	<u>\$ 7,516,261</u>	<u>\$ 11,445,063</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

SANTA PAULA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

The contribution rates for each program for the year ended June 30, 2024, are presented above, and the District's total contributions were \$7,541,669.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	43,929,832
State's proportionate share of the net pension liability associated with the District		<u>21,048,018</u>
Total	\$	<u><u>64,977,850</u></u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		Change Increase/ (Decrease)
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net Pension Liability	0.057680%	0.052472%	0.005208%

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2024, the District recognized pension expense of \$6,004,751. In addition, the District recognized pension expense and revenue of \$(305,660) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 7,541,669	\$ -
Net change in proportionate share of net pension liability	4,735,966	491,463
Difference between projected and actual earnings on pension plan investments	188,038	-
Changes of assumptions	254,370	-
Differences between expected and actual experience	3,452,161	2,350,469
Totals	\$ 16,172,204	\$ 2,841,932

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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
2025	\$ 693,099	\$ 903,981
2026	693,099	1,671,369
2027	4,231,351	109,677
2028	706,293	109,677
2029	807,810	47,228
Thereafter	1,498,883	-
Totals	\$ 8,630,535	\$ 2,841,932

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2023, include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 73,688,788
Current discount rate (7.10%)	\$ 43,929,832
1% increase (8.10%)	\$ 19,211,551

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State’s on-behalf contributions is \$3,366,650.

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above, and the total District contributions were \$5,003,291.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$33,220,479. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Measurement Date	June 30, 2023	June 30, 2022	
Proportion of the Net Pension Liability	0.091772%	0.084447%	0.007325%

For the year ended June 30, 2024, the District recognized pension expense of \$5,440,312. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension contributions subsequent to measurement date	\$ 5,003,291	\$ -
Net change in proportionate share of net pension liability	2,382,928	180,515
Difference between projected and actual earnings on pension plan investments	7,532,018	3,983,596
Changes of assumptions	1,530,454	-
Differences between expected and actual experience	1,212,310	510,218
Totals	<u>\$ 17,661,001</u>	<u>\$ 4,674,329</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

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

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
2025	\$ 4,661,403	\$ 2,358,961
2026	4,139,255	2,315,367
2027	3,307,102	-
2028	549,950	-
2029	-	-
Thereafter	-	-
Totals	<u>\$ 12,657,710</u>	<u>\$ 4,674,328</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 48,028,226
Current discount rate (6.9%)	\$ 33,220,479
1% increase (7.9%)	\$ 20,982,214

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

D. Payables to the Pension Plans

At June 30, 2024, the District reported payables of \$202,959 and \$56,490 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2024.

NOTE 10 – JOINT VENTURES

The Santa Paula Unified School District participates in three joint powers agreement (JPA) entities, the Ventura County Schools Self-Funding Authority (VCSSFA), Coastal Schools Employee Benefits Organization (CSEBO), and the Ventura County Fast Action School Transit Authority (VCFASTA). The relationship between the Santa Paula Unified School District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The VCSSFA provides workers compensation, property and liability coverage for its member school districts through a varying combination of self-insurance and excess coverage. The VCFASTA was established July 1, 1995 for the purpose of providing a county wide distribution system for carrying documents and materials to and from the Ventura County Office of Education and participating public agencies. The CSEBO offers members self-insured programs in medical, dental, and vision benefits. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Audited financial statements are available from the respective entities.

NOTE 11 – RISK MANAGEMENT

Property and Liability and Workers' Compensation

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District participated in the Ventura County Schools Self-Funding Authority public entity risk pool for property and liability insurance coverage and workers' compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

The District has contracted with Coastal Schools Employee Benefits Organization (CSEBO) to provide employee medical, dental, and vision benefits.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

At June 30, 2024, the District had approximately \$6.1 million with respect to unfinished capital projects to be paid from a combination of state and local funds.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2024.

NOTE 13 – ADJUSTMENT FOR RESTATEMENT

The beginning Net Position was decreased by \$69,752 due to an error in prior period asset allocation and depreciation as shown below:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances
	<u>Government-Wide</u>
	<u>Governmental Activities</u>
June 30, 2023, as previously reported	\$ 24,667,734
Error in reporting capital assets	<u>(69,752)</u>
June 30, 2023, as restated	<u>\$ 24,597,982</u>

Required Supplementary Information

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SANTA PAULA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 72,333,969	\$ 71,890,955	\$ 71,883,045	\$ (7,910)
Federal Sources	10,289,211	11,380,858	10,782,085	(598,773)
Other State Sources	13,566,312	13,151,483	14,697,813	1,546,330
Other Local Sources	5,446,851	5,699,541	9,155,226	3,455,685
Total Revenues	101,636,343	102,122,837	106,518,169	4,395,332
Expenditures				
Current:				
Certificated Salaries	39,937,495	40,274,053	40,448,794	(174,741)
Classified Salaries	16,227,569	16,710,456	17,568,268	(857,812)
Employee Benefits	25,138,064	25,898,850	25,559,468	339,382
Books and Supplies	12,402,821	7,588,270	6,545,040	1,043,230
Services and Other Operating Expenditures	12,021,603	15,327,902	17,885,232	(2,557,330)
Transfers of Indirect Costs	(326,102)	(280,791)	(216,844)	(63,947)
Capital Outlay	866,288	294,226	716,732	(422,506)
Intergovernmental	2,198,489	2,198,489	2,631,922	(433,433)
Total Expenditures	108,466,227	108,011,455	111,138,612	(3,127,157)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,829,884)	(5,888,618)	(4,620,443)	1,268,175
Other Financing Sources and Uses				
Interfund Transfers Out	-	-	(193,207)	(193,207)
Total Other Financing Sources and Uses	-	-	(193,207)	(193,207)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(6,829,884)	(5,888,618)	(4,813,650)	7,329,282
Net Change in Fund Balance	(6,829,884)	(5,888,618)	(4,813,650)	1,074,968
Fund Balances, July 1, 2023	29,321,163	36,785,985	36,434,969	(351,016)
Fund Balances, June 30, 2024	\$ 22,491,279	\$ 30,897,367	\$ 31,621,319	\$ 723,952

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0577%	0.0525%	0.0521%	0.0525%	0.0530%
District's proportionate share of the net pension liability	\$ 43,929,832	\$ 36,460,909	\$ 23,718,922	\$ 50,874,523	\$ 47,879,574
State's proportionate share of the net pension liability associated with the District	21,048,018	18,259,481	11,934,442	26,225,822	26,121,504
Totals	\$ 64,977,850	\$ 54,720,390	\$ 35,653,364	\$ 77,100,345	\$ 74,001,078
District's covered-employee payroll	\$ 36,080,292	\$ 43,386,317	\$ 29,083,462	\$ 29,074,339	\$ 29,072,144
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.76%	84.04%	81.55%	174.98%	164.69%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0519%	0.0509%	0.0510%	0.0520%	0.0400%
District's proportionate share of the net pension liability	\$ 47,674,177	\$ 47,117,980	\$ 41,249,310	\$ 35,008,480	\$ 23,374,800
State's proportionate share of the net pension liability associated with the District	27,295,696	27,874,599	23,485,954	18,515,577	14,114,855
Totals	\$ 74,969,873	\$ 74,992,579	\$ 64,735,264	\$ 53,524,057	\$ 37,489,655
District's covered-employee payroll	\$ 28,245,412	\$ 27,195,787	\$ 26,022,134	\$ 23,845,068	\$ 20,106,776
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.79%	173.25%	158.52%	146.82%	116.25%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19
District's proportion of the net pension liability	0.0918%	0.0844%	0.0840%	0.0852%	0.0824%
District's proportionate share of the net pension liability	\$ 33,220,479	\$ 29,057,504	\$ 17,075,085	\$ 26,148,737	\$ 24,008,798
District's covered-employee payroll	\$ 16,008,203	\$ 12,984,797	\$ 12,074,014	\$ 12,296,937	\$ 11,417,369
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.52%	223.78%	141.42%	212.64%	210.28%
Plan fiduciary net position as a percentage of the total pension liability	70%	69%	81%	70%	70%
Employer's Fiscal Year Measurement Period	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15	2014-15 2013-14
District's proportion of the net pension liability	0.0829%	0.0829%	0.0805%	0.0791%	0.0164%
District's proportionate share of the net pension liability	\$ 22,106,191	\$ 19,800,825	\$ 15,898,800	\$ 11,659,418	\$ 1,861,799
District's covered-employee payroll	\$ 10,942,766	\$ 10,576,238	\$ 9,644,964	\$ 8,943,488	\$ 7,188,402
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	202.02%	187.22%	164.84%	130.37%	25.90%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year	Last Ten Fiscal Years				
	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>
Contractually required contribution	\$ 7,541,669	\$ 6,891,336	\$ 5,346,158	\$ 4,696,979	\$ 4,971,712
Contributions in relation to the contractually required contribution	<u>7,541,669</u>	<u>6,891,336</u>	<u>5,346,158</u>	<u>4,696,979</u>	<u>4,971,712</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>39,485,179</u>	<u>36,080,292</u>	<u>43,386,317</u>	<u>29,083,462</u>	<u>29,074,339</u>
Contributions as a percentage of covered-employee payroll	<u>19.10%</u>	<u>19.10%</u>	<u>12.32%</u>	<u>16.15%</u>	<u>17.10%</u>
Employer's Fiscal Year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 4,732,945	\$ 4,075,813	\$ 3,421,230	\$ 2,792,175	\$ 2,117,442
Contributions in relation to the contractually required contribution	<u>4,732,945</u>	<u>4,075,813</u>	<u>3,421,230</u>	<u>2,792,175</u>	<u>2,117,442</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 29,072,144</u>	<u>28,245,412</u>	<u>27,195,787</u>	<u>26,022,134</u>	<u>\$ 23,845,068</u>
Contributions as a percentage of covered-employee payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2024

Employer's Fiscal Year	Last Ten Fiscal Years				
	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 5,003,291	\$ 4,061,281	\$ 2,974,817	\$ 2,499,321	\$ 2,425,079
Contributions in relation to the contractually required contribution	5,003,291	4,061,281	2,974,817	2,499,321	2,425,079
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	18,752,965	16,008,203	12,984,797	12,074,014	12,296,937
Contributions as a percentage of covered-employee payroll	26.68%	25.37%	22.91%	20.70%	19.72%
Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 2,062,205	\$ 1,699,521	\$ 1,468,828	\$ 1,145,243	\$ 1,052,738
Contributions in relation to the contractually required contribution	2,062,205	1,699,521	1,468,828	1,145,243	1,052,738
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,417,369	10,942,766	10,576,238	9,644,964	\$ 8,943,488
Contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.87%	11.77%

SANTA PAULA UNIFIED SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2024

Employer Fiscal Year Measurement Period	Last Ten Fiscal Years*			
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
Total OPEB liability				
Service cost	\$ 1,136,252	\$ 1,436,501	\$ 1,265,961	\$ 983,662
Interest	801,033	456,598	498,752	560,921
Differences between expected and actual experience	(1,327,754)	-	738,268	-
Changes of assumptions or other inputs	(2,142,814)	(3,245,794)	1,073,323	1,030,424
Benefit payments	(615,913)	(228,562)	(415,866)	(425,115)
Net change in total OPEB liability	(2,149,196)	(1,581,257)	3,160,438	2,149,892
Total OPEB liability - beginning	20,877,137	22,458,394	19,297,956	17,148,064
Total OPEB liability - ending	<u>\$ 18,727,941</u>	<u>\$ 20,877,137</u>	<u>\$ 22,458,394</u>	<u>\$ 19,297,956</u>
Covered payroll	<u>\$ 38,493,917</u>	<u>\$ 48,488,335</u>	<u>\$ 43,576,644</u>	<u>\$ 43,257,059</u>
Total OPEB liability as a percentage of covered payroll	<u>48.70%</u>	<u>43.06%</u>	<u>51.54%</u>	<u>44.61%</u>
Employer Fiscal Year Measurement Period		2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability				
Service cost		\$ 848,323	\$ 877,019	\$ 877,018
Interest		590,542	474,419	469,013
Differences between expected and actual experience		(790,336)	-	-
Changes of assumptions or other inputs		1,229,462	(612,970)	-
Benefit payments		(386,396)	(474,627)	(662,930)
Net change in total OPEB liability		1,491,595	263,841	683,101
Total OPEB liability - beginning		15,656,469	15,392,628	14,709,527
Total OPEB liability - ending		<u>\$ 17,148,064</u>	<u>\$ 15,656,469</u>	<u>\$ 15,392,628</u>
Covered payroll		<u>\$ 42,198,280</u>	<u>\$ 40,976,226</u>	<u>\$ 34,322,151</u>
Total OPEB liability as a percentage of covered payroll		<u>40.64%</u>	<u>38.21%</u>	<u>44.85%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

SANTA PAULA UNIFIED SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2024*

Employer Fiscal Year Measurement Period	Last Ten Fiscal Years*			
	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
District's proportion of net OPEB liability	0.0853%	0.0788%	0.0783%	0.0796%
District's proportionate share of net OPEB liability	\$ 258,882	\$ 259,412	\$ 312,491	\$ 337,161
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Employer Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	
District's proportion of net OPEB liability	0.0819%	0.0816%	0.0811%	
District's proportionate share of net OPEB liability	\$ 305,126	\$ 312,230	\$ 341,155	
Covered-employee payroll	N/A	N/A	N/A	
District's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	0.40%	0.01%	

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

SANTA PAULA UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

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

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

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

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.69 percent to 3.86 percent since the previous valuation.

SANTA PAULA UNIFIED SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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

This schedule presents information on the District’s proportionate share of the net OPEB liability – MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

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

Change of assumptions – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

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Supplementary Information

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SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA:		
Grades TK-3	1,174.53	1,190.45
Grades 4-6	917.05	919.01
Grades 7-8	632.37	634.16
Grades 9-12	<u>1,603.51</u>	<u>1,597.12</u>
Total Regular ADA	<u>4,327.46</u>	<u>4,340.74</u>
Special Education, Nonpublic, Nonsectarian Schools:		
Grades 7-8	0.83	0.86
Grades 9-12	<u>0.45</u>	<u>0.57</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>1.28</u>	<u>1.43</u>
Total ADA	<u><u>4,328.74</u></u>	<u><u>4,342.17</u></u>

SANTA PAULA UNIFIED SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2024

<u>Grade Level</u>	<u>Instructional Minute Requirement</u>	<u>Instructional Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>Status</u>
Kindergarten	36,000	54,800	180	Complied
Grade 1	50,400	54,800	180	Complied
Grade 2	50,400	54,800	180	Complied
Grade 3	50,400	54,800	180	Complied
Grade 4	54,000	54,800	180	Complied
Grade 5	54,000	54,800	180	Complied
Grade 6	54,000	58,050	180	Complied
Grade 7	54,000	58,050	180	Complied
Grade 8	54,000	58,050	180	Complied
Grade 9	64,800	65,015	180	Complied
Grade 10	64,800	65,015	180	Complied
Grade 11	64,800	65,015	180	Complied
Grade 12	64,800	65,015	180	Complied

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2024

General Fund	(Budget) 2025 ²	2024	2023	2022
Revenues and other financing sources	\$ 92,967,511	\$ 106,518,169	\$ 106,965,528	\$ 89,597,618
Expenditures	108,528,993	111,138,612	98,853,851	84,074,568
Other uses and transfers out	-	193,207	-	-
Change in fund balance (deficit)	(15,561,482)	(4,813,650)	8,111,677	5,523,050
Ending fund balance	<u>\$ 16,059,837</u>	<u>\$ 31,621,319</u>	<u>\$ 36,434,969</u>	<u>\$ 28,323,292</u>
Available reserves ¹	<u>\$ 9,421,165</u>	<u>\$ 12,154,468</u>	<u>\$ 9,102,457</u>	<u>\$ 19,208,384</u>
Available reserves as a percentage of total outgo	<u>8.7%</u>	<u>10.9%</u>	<u>9.2%</u>	<u>22.8%</u>
Total long-term debt	<u>\$ 176,094,273</u>	<u>\$ 177,571,069</u>	<u>\$ 169,295,609</u>	<u>\$ 148,757,233</u>
Average daily attendance at P-2	<u>4,203</u>	<u>4,329</u>	<u>4,386</u>	<u>4,509</u>

The General Fund balance has increased by \$3,298,027 over the past two years. The fiscal year 2024-25 adopted budget projects a decrease of \$15,561,482. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in two of the past three years, but expects an operating deficit in the 2024-25 fiscal year. Long-term debt has decreased by \$28,813,836 over the past two years.

Average daily attendance decreased by 57 ADA compared to 2022-23. Budgeted ADA for fiscal year 2024-25 is 4,203.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised Final Budget August, 2024.

SANTA PAULA UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2024*

	Building Fund
June 30, 2024, annual financial and budget report (SACS) fund balances	<u>\$ 42,739,885</u>
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Fair market value of cash understated	<u>396,341</u>
Net adjustments and reclassifications	<u>396,341</u>
June 30, 2024, audited financial statement fund balances	<u><u>\$ 43,136,226</u></u>

SANTA PAULA UNIFIED SCHOOL DISTRICT
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
ASSETS										
Deposits and investments	\$ 522,717	\$ 11	\$ 244,588	\$ 2,268,901	\$ 4,495,778	\$ 4,115,109	\$ 9,750,972	\$ 7,166,485	\$ 3,638,649	\$ 32,203,210
Accounts receivable	-	13,744	255,323	995,230	80,386	134,879	162,904	718,042	90,774	2,451,282
Due from other funds	-	-	192,807	13,460	440,000	-	-	-	-	646,267
Inventories	-	-	-	60,701	-	-	-	-	-	60,701
Total Assets	<u>\$ 522,717</u>	<u>\$ 13,755</u>	<u>\$ 692,718</u>	<u>\$ 3,338,292</u>	<u>\$ 5,016,164</u>	<u>\$ 4,249,988</u>	<u>\$ 9,913,876</u>	<u>\$ 7,884,527</u>	<u>\$ 3,729,423</u>	<u>\$ 35,361,460</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ 5,627	\$ 6,177	\$ 83,277	\$ 114,470	\$ -	\$ -	\$ 87,752	\$ -	\$ 297,303
Due to other funds	-	-	463,075	136,265	-	-	-	-	-	599,340
Total Liabilities	-	5,627	469,252	219,542	114,470	-	-	87,752	-	896,643
Fund Balances										
Nonspendable	-	-	-	60,701	-	-	-	-	-	60,701
Restricted	522,717	8,128	223,466	3,058,049	-	4,249,988	9,913,876	7,796,775	3,729,423	29,502,422
Committed	-	-	-	-	4,901,694	-	-	-	-	4,901,694
Total Fund Balances	<u>522,717</u>	<u>8,128</u>	<u>223,466</u>	<u>3,118,750</u>	<u>4,901,694</u>	<u>4,249,988</u>	<u>9,913,876</u>	<u>7,796,775</u>	<u>3,729,423</u>	<u>34,464,817</u>
Total Liabilities and Fund Balances	<u>\$ 522,717</u>	<u>\$ 13,755</u>	<u>\$ 692,718</u>	<u>\$ 3,338,292</u>	<u>\$ 5,016,164</u>	<u>\$ 4,249,988</u>	<u>\$ 9,913,876</u>	<u>\$ 7,884,527</u>	<u>\$ 3,729,423</u>	<u>\$ 35,361,460</u>

See accompanying notes to supplementary information.

SANTA PAULA UNIFIED SCHOOL DISTRICT

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds*

For the Fiscal Year Ended June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Special Revenue Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
REVENUES										
LCFF sources	\$ -	\$ -	\$ -	\$ -	\$ 440,000	\$ -	\$ -	\$ -	\$ -	\$ 440,000
Federal sources	-	-	-	3,765,265	-	-	-	-	-	3,765,265
Other state sources	-	410,576	1,746,433	1,633,658	-	-	2,250,244	600,601	20,754	6,662,266
Other local sources	705,015	3,418	11,157	155,742	241,394	1,021,451	416,838	1,195,214	3,493,075	7,243,304
Total Revenues	705,015	413,994	1,757,590	5,554,665	681,394	1,021,451	2,667,082	1,795,815	3,513,829	18,110,835
EXPENDITURES										
Current:										
Instructional Related Services:										
Instruction	-	249,572	1,245,433	-	-	-	-	-	-	1,495,005
Supervision of instruction	-	153,131	-	-	-	-	-	-	-	153,131
School site administration	-	45,374	275,930	-	-	-	-	-	-	321,304
Pupil Support Services:										
Food services	-	-	90,058	4,631,546	-	-	-	-	-	4,721,604
Ancillary services	644,636	-	-	-	-	-	-	-	-	644,636
General Administration Services:										
Other general administration	-	-	-	-	-	7,149	-	-	-	7,149
Plant services	-	-	35,218	10,200	672,840	-	-	154,576	-	872,834
Transfers of indirect costs	-	-	80,579	136,265	-	-	-	-	-	216,844
Capital outlay	-	-	-	-	396,178	4,016,871	-	446,025	-	4,859,074
Debt service:										
Principal	-	-	-	-	-	-	-	-	1,355,000	1,355,000
Interest	-	-	-	-	-	-	-	-	2,757,931	2,757,931
Total Expenditures	644,636	448,077	1,727,218	4,778,011	1,069,018	4,024,020	-	600,601	4,112,931	17,404,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,379	(34,083)	30,372	776,654	(387,624)	(3,002,569)	2,667,082	1,195,214	(599,102)	706,323
OTHER FINANCING SOURCES (USES)										
Interfund transfers in	-	400	192,807	-	-	-	-	-	-	193,207
Net Change in Fund Balances	60,379	(33,683)	223,179	776,654	(387,624)	(3,002,569)	2,667,082	1,195,214	(599,102)	899,530
Fund Balances, July 1, 2023	462,338	41,811	287	2,342,096	5,289,318	7,252,557	7,246,794	6,601,561	4,328,525	33,565,287
Fund Balances, June 30, 2024	\$ 522,717	\$ 8,128	\$ 223,466	\$ 3,118,750	\$ 4,901,694	\$ 4,249,988	\$ 9,913,876	\$ 7,796,775	\$ 3,729,423	\$ 34,464,817

See accompanying notes to supplementary information.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S.Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 776,702	
National School Lunch Program	10.555	13523	1,836,225	
USDA Donated Foods	10.555	13396	189,987	
Supply Chain Assistance	10.555	15655	<u>308,429</u>	
Total Child Nutrition Cluster				\$ 3,111,343
Passed through Department of Social Services:				
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	13393	616,328	
Cash in Lieu of Commodities	10.558	13389	<u>37,594</u>	
Total Child and Adult Care Food Program				<u>653,922</u>
Total U.S.Department of Agriculture				<u>3,765,265</u>
U.S. Department of Justice:				
Public Safety Partnership and Community Policing Grants				
	16.710	N/A		<u>338,132</u>
Total U.S. Department of Justice				<u>338,132</u>
U.S.Department of Education:				
Mental Health Service Professional Demonstration Grant				
	84.184X	N/A		227,439
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA)				
Title I, Part A, Basic Grants Low-Income and Neglected				
ESEA: ESSA School Improvement	84.010	14329	2,170,858	
Total Title I Grants	84.010	15438	<u>23,440</u>	
Title II, Part A, Supporting Effective Instruction	84.367	14341		2,194,298
Title III, Immigrant Education Program	84.365	15146	832	278,386
Title III, Limited English Proficiency	84.365	14346	<u>298,402</u>	
Total English Language Acquisition Grants:				299,234
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		17,850
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	3,407,906	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund				
Learning Loss	84.425U	10155	1,685,596	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve				
Emergency Needs	84.425U	15620	22,998	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve				
Learning Loss	84.425U	15621	763,574	
American Rescue Plan - Homeless Children and Youth (ARP HCY)	84.425U	15564	18,000	
American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425U	15566	<u>76,888</u>	
Subtotal Education Stabilization Fund				5,974,962
Individuals with Disabilities Education Act (IDEA):				
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	219,835	
COVID-19 ARP IDEA Part B, Sec 611, Local Assistance Private School ISPs	84.027	10169	323	
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	28,212	
Local Assistance Entitlement	84.027	13379	1,082,776	
IDEA Mental Health Allocation Plan, Prt B, Sec 611	84.027A	15197	<u>57,754</u>	
Total Special Education (IDEA) Cluster				1,388,900
Carl Perkins, Career and Technical Education: Secondary	84.048	14894		<u>62,884</u>
Total U.S.Department of Education				<u>10,443,953</u>
Total Expenditures of Federal Awards				<u>\$ 14,547,350</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Note to Supplementary Information

June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Fund Financial Statements

Combining fund balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

Schedule of Expenditures of Federal Awards

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

Other Information

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SANTA PAULA UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2024

The Santa Paula Unified School District was formed effective July 1, 2013, as a unification of Santa Paula Elementary School District and Santa Paula Union High School District. The District covers the central section of Ventura County. There were no changes in the boundaries of the District during the year. The District operates six elementary schools, one middle school, one comprehensive high school, and one continuation school.

GOVERNING BOARD

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Gabriela Ornelas	President	November, 2024
Anna Arroyo	Vice President	November, 2026
Tommy Frutos	Clerk	November, 2026
Daniel Sandoval	Member	November, 2024
Chris Wilson	Member	November, 2024

DISTRICT ADMINISTRATORS

Jeffrey Weinstein,
Superintendent

Dr. David Moore,
Assistant Superintendent, Educational Services

Dr. Marcy Lawrence,
Executive Director of Special Education & Student Support Services

Greg Robinson,
Director of Classified Human Resources

Vanessa Donahue,
Executive Director of Certificated Human Resources

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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

Governing Board
Santa Paula Unified School District
Santa Paula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Paula Unified School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Murrieta, California
November 13, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Santa Paula Unified School District
Santa Paula, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Santa Paula Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Santa Paula Unified School District's major federal programs for the year ended June 30, 2024. The Santa Paula Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Santa Paula Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Nigro + Nigro, PC

Murrieta, California
November 13, 2024

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Governing Board
Santa Paula Unified School District
Santa Paula, California

Report on Compliance

Opinion

We have audited the Santa Paula Unified School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, Santa Paula Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No*
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

*Independent Study was not tested as the amount of ADA reported was below the amount required to be tested.

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

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying schedule of findings and questioned costs as Finding 2024-001. Our opinion on each state program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro + Nigro, PC

Murrieta, California
November 13, 2024

Schedule of Findings and Questioned Costs

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SANTA PAULA UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2024

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.425 U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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SANTA PAULA UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2023-24.

SANTA PAULA UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2023-24.

SANTA PAULA UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2024-001: TRANSITIONAL KINDERGARTEN (40000)

Repeat finding: No

Criteria: Pursuant to Education Code section 48000.15(d)(3), any transitional kindergarten classroom that includes an early enrollment child shall maintain a classroom enrollment that does not exceed 20 pupils.

Condition: Four classrooms containing early enrollment children exceeded 20 pupils. There was one classroom at Bedell, one classroom at Blanchard, and two classrooms at Glen City.

Effect/Questioned Costs: The penalty calculation for average transitional kindergarten class size for classes with early enrollment children was \$25,222. P2 ADA for students in the four classes was 24.44 and the TK/K-3 GSA add on rate was \$1,032.

Penalty Calculation for Schoolsite, Average TK Enrollment Exceeding 20, Education Code Section 48000.15(e)(1)(B)			
Line Number	Calculating the Cost of TK Early Enrollment Audit Finding	Instructions	Penalty Inputs and Penalty Amount
Blanchard Elementary	Current Fiscal Year P2 TK ADA Class 1	FY Reported P-2 ADA for TK Class 1 if classroom exceeded 20 students enrolled	4.93
Glen City Elementary	Current Fiscal Year P2 TK ADA Class 2	FY Reported P-2 ADA for TK Class 2 if classroom exceeded 20 students enrolled	5.43
Glen City Elementary	Current Fiscal Year P2 TK ADA Class 3	FY Reported P-2 ADA for TK Class 3 if classroom exceeded 20 students enrolled	8.37
Thelma B. Bedell Elementary	Current Fiscal Year P2 TK ADA Class 4	FY Reported P-2 ADA for TK Class 4 if classroom exceeded 20 students enrolled	5.71
5	Sum of P2 ADA	Calculated field	24.44
6	TK/K-3 GSA Rate	Use link on Instructions tab to locate FY TK/K-3 GSA add-on rate	1032
7	Penalty	Calculated field	\$ 25,222

Cause: District did not adequately plan for having early enrollment children.

Recommendation: We recommend that the District continue to monitor the average class enrollment and adjust classes as needed to meet the requirement.

District's Response: Procedures have been put in place for the 24/25 school year to only accept students in our TK Classes who turn 4 on or before January 1. Any other student would be considered an early enroller and will be enrolled in our CSPP (California State Preschool Program) and not enrolled in TK. TK Class sizes will be maxed at 23 (CBA Language) and will be monitored and adjusted to keep a 12 to one ratio at all times.

SANTA PAULA UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

FINDING 2024-002: TRANSITIONAL KINDERGARTEN (40000)

Repeat finding: No

Criteria: Pursuant to Education Code section 48000, commencing with the 2023-24 school year, each school site must maintain an average of at least one adult for every 10 pupils for transitional kindergarten classrooms that includes an early enrollment child.

Condition: Four classrooms exceeded the adult to pupil ratio requirements of paragraph (2) of subdivision (g) of Education Code Section 48000.15. There was one classroom at Bedell, one classroom at Blanchard, and two classrooms at Glen City.

Effect/Questioned Costs: The penalty calculation for transitional kindergarten adult to pupil ratio for classes with early enrollment children is \$28,157 as shown below:

Determination of Adult-to-pupil Ratio and Adults Required to Meet 10:1 Ratio Calculation <i>Education Code Section 48000.15(d)(1)</i>						
Penalty Calculation for adult-to-pupil ratio 10:1 Withholding of Funds, <i>Education Code section 48000.15(e)(1)(A)</i>						
Line Number	Calculating the Cost of TK Early Enrollment A	Instructions	Classroom 1	Classroom 2	Classroom 3	Classroom 4
1	Average Pupils Enrolled per Class	Calculated field.	20.5	22	22	23
2	Average Number of Adults per Class	Calculated field.	2	2	2	2
3	Adult to Pupil Ratio	Calculated field.	10.5	11	11	11.5
4	Sum of Average Pupils	Calculated field.	20.5	22	22	23
5	Required Ratio Divisor	Adult to student ratio is not to exceed 12 to 1.	10	10	10	10
6	Adults Needed to meet 10:1	Calculated field. Row 9 divided by row 10.	2	2	2	2.5
7	Sum of Average Number of Adults	Calculated field.	2	2	2	2
8	Number of Adults Needed	Calculated field. Row 11 minus row 12.	0	0	0	0
9	Average absence rate	Use link for fiscal year absence rate provided above and on instruction tab.	7.50%	7.50%	7.50%	7.50%
10	Twenty less the statewide absence rate	Calculated field.	19	19	19	19
11	TK Add-On	Use link for FY TK Add-on provided above and on instruction tab.	\$ 3,044	\$ 3,044	\$ 3,044	\$ 3,044
12	Penalty	Calculated field.	\$ -	\$ -	\$ -	\$ 28,157
13	Sum Of Classroom Penalties	Calculated field. Sum of Row 17 Penalties in Column F.	N/A	N/A	N/A	\$ 28,157

Cause: District did not staff with an adequate number of adults.

Recommendation: We recommend that the District continue to monitor the average class enrollment and adjust classes as needed to meet the requirement.

District's Response: Procedures have been put in place for the 24/25 school year to only accept students in our TK Classes who turn 4 on or before January 1. Any other student would be considered an early enroller and will be enrolled in our CSPP (California State Preschool Program) and not enrolled in TK. TK Class sizes will be maxed at 23 (CBA Language) and will be monitored and adjusted to keep a 12 to one ratio at all times.

SANTA PAULA UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2023-001: Direct Cost Allocation</i>	<p>Program Identification: Federal Agency: U.S. Department of Agriculture Pass-through Entity: California Department of Education Program Names: Child and Adult Care Food Program (AL No. 10.558) Child Nutrition Cluster: National School Lunch Program (AL No. 10.553, 10.553)</p>	50000	We recommend that the District review the cost allocations and ensure that all expenditures are allocated to the correct programs.	Implemented.
	<p>An interagency agreement authorizes the school food authority (SFA) to operate two programs within its one facility and utilize the same resources. Costs and expenditures may be tracked collectively, and the CACFP is billed based on the internal cost ratio.</p>			
	<p>The District records revenues for the two programs separately and then transfers the <i>revenues</i> from the CACFP resource to the NSLP resource based on an internal cost ratio. This method understates both revenues and expenditures in the CACFP and overstates them in NSLP.</p>			

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Governing Board
Santa Paula Unified School District
Santa Paula, California

In planning and performing our audit of the basic financial statements of Santa Paula Unified School District for the year ending June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 13, 2024 on the financial statements of Santa Paula Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: At Santa Paula High, we noted two reimbursements were made by check but were approved after the reimbursement occurred.

Recommendation: Reimbursements should be authorized in advance, so as not to circumvent the approval process or allow external pressure to be applied toward the ASB bookkeeper. Best practices include a policy limit on how long after the fact a reimbursement can be turned in, for example, 60 days.

Observation: At Santa Paula High we noted a transaction shipped to a personal address rather than school site. Items shipped to a residence are discouraged because it is difficult to substantiate the items are being used for an appropriate purpose.

Recommendation: We recommend that shipments are made to the school site instead of a personal address to ensure that the items are used for the benefit of students at the site.

Observation: We noted that ASB bank reconciliations at Renaissance and Isbell should be improved. Currently the reconciliation repeats all of the information that is on the bank statement and does not account for any outstanding checks or deposits.

Recommendation: We recommend the ASB bookkeepers are trained in how to properly reconcile a bank statement.

We will review the status of the current year comments during our next audit engagement.

Murrieta, California
November 13, 2024