

# Hanford Elementary School District

## REGULAR BOARD MEETING AGENDA

Wednesday, January 22, 2025

HESD District Office Board Room  
714 N. White Street, Hanford, CA

### OPEN SESSION

5:30 p.m.

- Call to Order
- Members Present
- Pledge to the Flag

### CLOSED SESSION

- **Student Discipline** (*Education Code Section 48918... requires closed sessions in order to prevent the disclosure of confidential student record information*)
  - Administrative Panel Recommendations**
    - Case# 25-07 Kennedy
    - Case# 25-08 Community Day School (suspend from program)
- **Personnel** (*Pursuant to Government Code 54956.9, Trustees will adjourn to Closed Session to discuss the items listed below. The items to be discussed shall be announced in accordance with Government Code Section 54954.5 and/or under Education Code Provisions*)
  - Public Employee Discipline/Dismissal/Release (GC 54957)

### OPEN SESSION

6:00 P.M.

Take action on closed session items

#### 1. PRESENTATIONS, REPORTS AND COMMUNICATIONS

*(In order to insure that members of the public are provided an opportunity to address the Board on agenda items or non-agenda items that are within the Board's jurisdiction, agenda items may be addressed either at the public comments portion of the agenda, or at the time the matter is taken up by the Board. A person wishing to be heard by the Board shall first be recognized by the President and identify themselves. Individual speakers are allowed three minutes to address the Board. The Board shall limit total time for public input on each item to 20 minutes.)*

- a) Public comments
- b) Board and staff comments
- c) Review Dates to remember
- d) Student Highlight – Larry Lawson, Jefferson Academy & Santiago Medina, Richmond Elementary
- e) Audit Report Presentation – Mark Dieu, Certified Public Accountant, Eide Bailly

#### 2. CONSENT ITEMS

*(Items listed are considered routine and may be adopted in one motion. If discussion is required, a particular item may be removed upon request by any Board member and made a part of the regular business.)*

- a) Accept warrant listings dated December 11, 2024; December 13, 2024; December 18, 2024; December 20, 2024; December 27, 2024; January 3, 2025; January 8, 2025 and January 10, 2025.

- *Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection at the Superintendent's Office located at 714 N. White Street, Hanford, CA during regular business hours.*
- *Any individual who requires disability-related accommodations or modifications, including auxiliary aides and services, in order to participate in the Board meeting should contact the Superintendent's Office at least 48 hours prior to the meeting.*

- b) Approve minutes of the Annual Organizational Board Meeting held on December 18, 2024.
- c) Approve interdistrict transfers as recommended.
- d) Approve donation of \$3,033.05 from Committee to Support Hanford Elementary – Measure U.

### **3. INFORMATION ITEMS**

- a) Receive for information the second quarterly report regarding Williams Uniform Complaints (Gabler)
- b) Receive for information the monthly financial reports for the period of 07/01/2024 – 12/31/2024 (Endo)
- c) Receive for information a report from the District Parent Advisory Committee – December 17, 2024 Meeting (Heugly)
- d) Receive for information a report from the District English Learner Advisory Committee – December 19, 2024 Meeting (Heugly)

### **4. BOARD POLICIES AND ADMINISTRATION**

- a) Consider approval of The California School Accountability Report Cards (SARCs) (Heugly)
- b) Consider approval of a Consultant Contract with Dr. Carol Gallegos (Rubalcava)
- c) Consider approval of a Consultant Contract with Helen Kissling (Rubalcava)
- d) Consider approval of a Consultant Contract with Sharon Ramsier Williams (Rubalcava)
- e) Consider approval of a Consultant Contract with Maggie Courtis (Bekedam)

### **5. PERSONNEL (Martinez)**

#### **a) Employment**

##### Classified

- Mikaela Hallock, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/18/24
- Maya Mendez, READY Program Tutor – 4.5 hrs., Simas, effective 1/13/25
- Biane Teofilo, Bilingual Clerk Typist II – 8.0 hrs., Lincoln, effective 12/20/24

##### Classified Temps/Subs

- Brian Najar-Carrillo, Substitute READY Program Tutor, effective 12/09/24
- Marilyn Parra Villa, Substitute READY Program Tutor, effective 12/09/24
- Maria Yopez Rodriguez, Substitute Bilingual Clerk Typist I, effective 12/09/24
- Alyssa Zuniga Jimenez, Substitute Yard Supervisor, effective 12/16/24

##### Promotion

- Steven Rivera-Perez, from Food Service Worker I – 3.0 hrs., Monroe, to Food Service Utility Worker – 3.5 hrs., Food Services, effective 12/16/24

##### More Hours/Days

- Lorraine Zarate, from Yard Supervisor – 1.75 hrs., Hamilton, to Yard Supervisor – 2.25 hrs., Hamilton, effective 12/10/24

##### Voluntary Transfer

- John Barragan, from Custodian II – 8.0 hrs., Lincoln, to Custodian II – 8.0 hrs., Washington, effective 1/21/25
- Demario Cuevas, from Custodian II – 8.0 hrs., Monroe/King, to Custodian II – 8.0 hrs., Lincoln, effective 1/21/25

Short Term Classified

- Jeannette Garcia, Short-Term Yard Supervisor – 2.0 hrs., Monroe, effective 1/13/25-2/28/25

Employment and Certification of Temporary Athletic Team Coaches pursuant to Title 5 CCR 5594

- Nichole Armenta Ferrer, 7th Girls Soccer, Kennedy, effective 11/12/24-2/20/25
- Luis Botello, 8th Boys Basketball, Kennedy, effective 11/12/24-2/20/25
- Stephanie Felix, 7th Girls Soccer, Wilson, effective 11/12/24-2/20/25
- Antonio Hernandez, 8th Boys Soccer, Wilson, effective 12/09/24-2/20/25
- Israel Luna, 7th Boys Soccer, Kennedy, effective 11/12/24-2/20/25
- Raymond Ruiz, 7-8th Girls Wrestling, Kennedy, effective 11/12/24-2/20/25
- Lori Urrutia, 7th Girls Soccer, Kennedy, effective 11/12/24-2/20/25

b) Resignations

- Manuel Amezola, Substitute Yard Supervisor, effective 11/21/24 (REVISED)
- Cristina Castorena, READY Program Tutor – 4.5 hrs., Lincoln, effective 12/20/24
- Shonda Colbert, READY Program Tutor – 4.5 hrs., Simas, effective 1/21/25
- Cheyenne Corona, READY Program Tutor – 4.5 hrs., Washington, effective 12/20/24
- Donna Duran, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/20/24
- Kadence Latham, READY Program Tutor – 4.5 hrs., Roosevelt, effective 12/20/24
- Jannette Perez, READY Program Tutor – 4.5 hrs., Hamilton, effective 1/15/25
- Ashlee Sahagun, Substitute Yard Supervisor, effective 12/20/24

**6. FINANCIAL (Endo)**

- a) Consider approval of the Audit Report
- b) Consider approval of the Audit Corrective Action Plan
- c) Consider approval of a Contract for Financial Audit Services
- d) Consider adoption of Resolution #19-25 Authorizing the establishment of an irrevocable trust for Other Post Employment Benefits (OPEB)
- e) Consider adoption of Resolution # 20-25: Kings County Investment Policy

**ADJOURN MEETING**

HANFORD ELEMENTARY SCHOOL DISTRICT  
AGENDA REQUEST FORM

TO: Joy Gabler  
FROM: Jay Strickland  
DATE: Dec 20, 2024

For: ☒ Board Meeting  
☐ Superintendent's Cabinet  
☐ Information  
☒ Action

Date you wish to have your item considered: January 22, 2025

ITEM: Administrative Panel Recommendations

PURPOSE:

Case# 25-07 Kennedy

Case# 25-08 Community Day School (suspend from program)

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2024

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2024

**ITEM:**

Consider approval of warrants.

**PURPOSE:**

The administration is requesting the approval of the warrants as listed on the registers dated: 12/11/24, 12/13/24, 12/18/24, 12/20/24, 12/27/24, 01/03/25, 01/08/25 and 01/10/25.

**FISCAL IMPACT:**

See attached.

**RECOMMENDATIONS:**

Approve the warrants.

**Warrant Register For Warrants  
Dated 12/11/2024**

Warrant Number	Vendor Number	Vendor Name	Amount
12763920	7694	COLIMA RESTAURANT INC – Other Services	\$1,125.00
12763921	7082	DAVID ENDO – Reimburse-Materials	\$50.19
12763922	7210	JESSICA VALENCIA – Reimburse-Travel/Conference	\$51.48
Total Amount of All Warrants:			<b>\$1,226.67</b>

# Warrant Register For Warrants Dated 12/13/2024

Warrant Number	Vendor Number	Vendor Name	Amount
12764058	2	A-Z BUS SALES INC – Materials/Supplies	\$1,535.09
12764059	6431	AMAZON.COM – Materials/Supplies	\$8,463.25
12764060	949	AMERICAN INCORPORATED – Services/Repair	\$2,473.46
12764061	6253	AT&T – Telephone Communications	\$126.78
12764062	91	AUTOMATED OFFICE SYSTEMS – Equipment	\$10,184.46
12764063	8524	MORIAH AVILAGOMES – Reimburse-Mileage	\$591.07
12764064	3258	BANK OF AMERICA – Materials/Supplies, Travel/Conference, Other Services	\$7,599.77
12764065	113	BARNES AND NOBLE-5886056 – Materials/Supplies	\$217.94
12764066	4839	CA DEPT OF EDUCATION – Other Services	\$35.00
12764067	6964	CENTRAL VALLEY PRINT SOLUTIONS INC. – Materials/Supplies	\$4,776.65
12764068	3237	CLAUDIA DAVIS – Refund-Payroll	\$8.26
12764069	8488	KYLE ELDER – Other Services	\$850.00
12764070	8489	JEFFREY RHODEN FABRY – Other Services	\$1,400.00
12764071	8063	FIDELITY SECURITY LIFE INSURANCE CO. – Health/Welfare Benefits	\$11,484.50
12764072	8500	FULTON CYCLE WORKS – Materials/Supplies	\$6,662.04
12764073	8295	FUTURE FORD OF CLOVIS – Equipment	\$67,628.19
12764074	556	JOY GABLER – Reimburse-Travel/Conference	\$102.48
12764075	1393	GAS COMPANY – Utilities	\$7,936.40
12764076	630	CITY OF HANFORD – Richmond Field Trip	\$1,225.00
12764077	5946	THE HARTFORD – Health/Welfare Benefits	\$1,478.53
12764078	5855	HOBBY LOBBY – Materials/Supplies	\$297.62
12764079	8485	ICOOK AFTER SCHOOL – Other Services	\$8,487.00
12764080	8220	IMAGE 2000 FRESNO – Services/Repair	\$19.75
12764081	8237	THE KARATE SCHOOL – Other Services	\$2,820.00
12764082	3760	KINGS COUNTY AIR – Equipment, Services/Repair	\$133,393.00
12764083	7522	LANE ENGINEERS INC – Monroe TK/K Project	\$540.00
12764084	986	LAWNMOWER MAN – Materials/Supplies	\$41.83
12764085	7732	METLIFE SMALL MARKET – Health/Welfare Benefits	\$4,636.52
12764086	5738	MIDNIGHT CRANE SERVICE INC – Services/Repair	\$562.50
12764087	5510	NEWEGG.COM – Materials/Supplies	\$373.47
12764088	8520	NEXT DAY FLYERS – Materials/Supplies	\$645.55
12764089	8483	NVB EQUIPMENT INC – Equipment	\$61,749.74
12764090	7203	PARADIGM HEALTHCARE SERVICES LLC. – Other Services	\$1,174.25
12764091	8498	SARAH PATTERSON – Refund-Payroll	\$42.00
12764092	8530	NICOLE PIMENTEL – Reimburse-Other Services	\$25.00
12764093	3689	PIONEER VALLEY ED. PRESS – Materials/Supplies, Other Services	\$775.65
12764094	7580	PRUDENTIAL OVERALL SUPPLY – Other Services	\$3,658.19
12764095	1303	SAVE MART SUPERMARKETS – Food Services-Food	\$287.62
12764096	1327	SCHOOL SPECIALTY LLC – Warehouse Inventory	\$933.25
12764097	3131	SHERWIN-WILLIAMS CO – Materials/Supplies	\$202.88
12764098	1367	SISC III – Health/Welfare Benefits	\$731,880.75
12764099	1374	SMART & FINAL STORES (HFD DO) – Materials/Supplies	\$89.89
12764100	1801	SMART & FINAL STORES (HFD KIT) – Food Services-Food	\$55.56
12764101	1392	SOUTHERN CALIFORNIA EDISON CO. – Utilities	\$12,193.92
12764102	8533	SOUTHERN CALIFORNIA GAS COMPANY – Monroe TK/K Project	\$6,354.66
12764103	2031	SOUTHWEST SCH & OFFICE SUPPLY – Warehouse Inventory	\$254.50
12764104	1403	STANISLAUS FOUNDATION – DENTAL – Health/Welfare Benefits	\$20,378.40
12764105	4381	STAPLES - BUSINESS ADVANTAGE – Materials/Supplies	\$639.99

**Warrant Register For Warrants  
Dated 12/13/2024**

Warrant Number	Vendor Number	Vendor Name	Amount
12764106	5622	JOANNA STONE – Reimburse-Mileage	\$86.97
12764107	8509	MELANIE TATCO – Other Services	\$500.00
12764108	3749	ULINE INC – Materials/Supplies	\$1,457.93
12764109	8127	UPPER EDGE TECHNOLOGIES INC – Materials/Supplies	\$4,800.00
12764110	3863	WILLIAM WILKINSON – Reimburse-Mileage	\$144.45
<b>Total Amount of All Warrants:</b>			<b>\$1,134,281.71</b>



**Credit Card Register For Payments  
Dated 12/13/2024**

Document Number	Vendor Number	Vendor Name	Amount
14040514	3599	4IMPRINT INC – Materials/Supplies	\$2,020.34
14040515	176	BSN SPORTS – Materials/Supplies	\$1,940.02
14040516	4092	FITNESS FINDERS INC – Materials/Supplies, Other Services	\$448.93
14040517	831	LAKESHORE LEARNING MATERIALS – Materials/Supplies	\$54.16
14040518	1802	MEDALLION SUPPLY – Materials/Supplies	\$985.63
14040519	1002	MORGAN & SLATES INC. – Materials/Supplies	\$547.20
14040520	1071	ORIENTAL TRADING CO. INC. – Materials/Supplies	\$928.80
14040521	1313	SCHOLASTIC TEACHERS STORE – Books	\$605.83
14040522	1322	SCHOOL HEALTH CORPORATION – Materials/Supplies	\$319.84
14040523	1466	TERMINIX COMMERCIAL – Services	\$534.00
<b>Total Amount of All Credit Card Payments:</b>			<b>\$8,384.75</b>

**Warrant Register For Warrants  
Dated 12/18/2024**

Warrant Number	Vendor Number	Vendor Name	Amount
12764457	2188	THE HOME DEPOT PRO – Materials/Supplies	\$6,424.70
12764458	8528	SWEET PALETTE BAKERY – Materials/Supplies	\$500.00
<b>Total Amount of All Warrants:</b>			<b>\$6,924.70</b>

## Warrant Register For Warrants Dated 12/20/2024

Warrant Number	Vendor Number	Vendor Name	Amount
12764622	6431	AMAZON.COM – Materials/Supplies	\$4,273.62
12764623	2352	AMS.NET – Other Services	\$21,801.45
12764624	7230	ARDENT GENERAL INC – Woodrow Admin Project	\$628,890.08
12764625	6253	AT&T – Telephone Communications	\$3,228.51
12764626	7988	BALLOONS BY MITZI – Materials/Supplies	\$200.00
12764627	7399	BIMBO BAKERIES USA – Food Services-Food	\$2,664.45
12764628	6658	BRICKS4KIDZ – Other Services	\$1,170.00
12764629	8406	BRIGAD LLC – Food Services-Other Services	\$14,583.33
12764630	236	STATE OF CALIFORNIA – Other Services	\$1,526.00
12764631	1667	CDW GOVERNMENT INC. – Materials/Supplies	\$2,535.18
12764632	8260	CHEVROLET BUICK GMC OF SANGER – Materials/Supplies	\$158.19
12764633	6552	CHILDREN'S STORYBOOK GARDEN – Study Trips	\$3,420.00
12764634	405	DASSEL'S PETROLEUM INC. – Materials/Supplies	\$4,269.99
12764635	8281	DAWN ELECTRIC INC. – Services/Repair	\$5,900.00
12764636	4486	GABRIEL DE LEON – Reimburse-Materials/Supplies	\$75.85
12764637	416	DEMCO INC. – Materials/Supplies	\$131.33
12764638	4815	DIGITECH INTEGRATIONS INC – Food Services-Other Services	\$345.00
12764639	4815	DIGITECH INTEGRATIONS INC – Services/Repair	\$190.00
12764640	5735	DISNEYLAND RESORT HOTELS – Travel/Conference	\$687.96
12764641	5735	DISNEYLAND RESORT HOTELS – Travel/Conference	\$687.96
12764642	5735	DISNEYLAND RESORT HOTELS – Travel/Conference	\$687.96
12764643	8514	DJ RICKY YANEZ – Other Services	\$150.00
12764644	6274	ANTHONY ECK – Reimburse-Other Services	\$300.00
12764645	1393	GAS COMPANY – Utilities	\$3,021.27
12764646	591	GOLD STAR FOODS – Food Services-Food	\$24,291.08
12764647	8257	IMPERIAL BAG & PAPER CO LLC – Food Services-Materials/Supplies	\$13,115.46
12764648	796	KINGS COUNTY OFFICE OF ED – Other Costs	\$722.00
12764649	8536	KINGS COUNTY VOLLEYBALL – Refund Other Costs	\$97.92
12764650	3048	CYNTHIA LEWIS – Reimburse-Mileage	\$25.06
12764651	7260	LOWE'S PRO SERVICES – Materials/Supplies	\$2,052.74
12764652	5518	AUDREE MERCADO – Reimburse-Materials/Supplies	\$62.50
12764653	8255	NISSAN OF VISALIA – Materials/Supplies	\$60.80
12764654	8076	P.A.T.Y. STUDIO – Other Services	\$1,000.00
12764655	8498	SARAH PATTERSON – Reimburse-Mileage	\$32.29
12764656	7445	PRO-PT – Other Services	\$55.00
12764657	1168	PRODUCERS DAIRY PRODUCTS – Food Services-Food	\$16,766.82
12764658	7580	PRUDENTIAL OVERALL SUPPLY – Food Services-Other Services	\$244.30
12764659	1253	ROBINSON'S INTERIORS INC. – Materials/Supplies, Services/Repair	\$2,115.78
12764660	8322	RULING OUR EXPERIENCES INC. – Materials/Supplies, Travel/Conference	\$2,600.00
12764661	1303	SAVE MART SUPERMARKETS – Food Services-Food	\$280.01
12764662	1327	SCHOOL SPECIALTY LLC – Materials/Supplies	\$907.09
12764663	1349	SIERRA SCHOOL EQUIPMENT CO. – Materials/Supplies	\$6,992.84
12764664	6826	SITELOGIQ – Other Services	\$16,717.00
12764665	1374	SMART & FINAL STORES (HFD DO) – Materials/Supplies	\$527.21
12764666	1801	SMART & FINAL STORES (HFD KIT) – Food Services-Food	\$19.78
12764667	1392	SOUTHERN CALIFORNIA EDISON CO. – Utilities	\$33,037.10
12764668	1403	STANISLAUS FOUNDATION – DENTAL – Health/Welfare Benefits	\$7,597.70
12764669	8119	CORP. SUPERIOR SERVICE – Food Services-Services/Repair	\$1,319.85

**Warrant Register For Warrants  
Dated 12/20/2024**

Warrant Number	Vendor Number	Vendor Name	Amount
12764670	1444	SYSCO FOODSERVICES OF MODESTO – Food Services-Food	\$37,413.28
12764671	4114	TULARE COUNTY OFFICE OF EDUCATION – Other Services	\$800.00
12764672	7106	VERBENA NURSERY – Materials/Supplies	\$318.94
Total Amount of All Warrants:			<b>\$870,070.68</b>

**Credit Card Register For Payments**  
**Dated 12/20/2024**

Document Number	Vendor Number	Vendor Name	Amount
14040574	176	BSN SPORTS – Materials/Supplies	\$2,882.31
14040575	5490	CABE – Other Services	\$4,500.00
14040576	366	CORWIN PRESS – Materials/Supplies	\$314.91
14040577	7836	FOLLETT CONTENT SOLUTIONS LLC – Books	\$104.16
14040578	1111	J W PEPPER & SON INC – Books	\$32.18
14040579	827	LA TAPATIA TORTILLERIA INC. – Food Services-Food	\$1,908.00
14040580	831	LAKESHORE LEARNING MATERIALS – Materials/Supplies	\$4,631.84
14040581	854	LIBRARY STORE INC. – Materials/Supplies	\$716.78
14040582	1747	TERMINIX INTERNATIONAL – Food Services-Other Services	\$40.00
<b>Total Amount of All Credit Card Payments:</b>			<b>\$15,130.18</b>

# Warrant Register For Warrants

## Dated 12/27/2024

Warrant Number	Vendor Number	Vendor Name	Amount
12765344	6253	AT&T – Telephone Communications	\$126.66
12765345	3947	ATKINSON ANDELSON LOYA RUUD & ROMO – Other Services	\$1,846.69
12765346	1393	GAS COMPANY – Utilities	\$711.34
12765347	7528	GLOBAL INDUSTRIAL – Materials/Supplies	\$752.71
12765348	5975	VANESSA GOMEZ – Reimburse-Materials/Supplies	\$117.67
12765349	3494	KINGS COUNTY BOWL – Simas Field Trip	\$340.00
12765350	1058	ODP BUSINESS SOLUTIONS LLC – Materials/Supplies	\$141.68
12765351	3689	PIONEER VALLEY ED. PRESS – Materials/Supplies	\$8,484.55
12765352	1374	SMART & FINAL STORES (HFD DO) – Materials/Supplies	\$568.66
12765353	3800	SONITROL OF FRESNO – Other Services	\$8,058.57
12765354	6785	SPY SCREEN & IMAGE PRINTING – Materials/Supplies	\$1,524.25
12765355	1404	STANISLAUS FOUNDATION – ADMIN – Health/Welfare Benefits	\$2,949.04
12765356	1403	STANISLAUS FOUNDATION – DENTAL – Health/Welfare Benefits	\$12,065.88
<b>Total Amount of All Warrants:</b>			<b>\$37,687.70</b>

**Credit Card Register For Payments**  
**Dated 12/27/2024**

Document Number	Vendor Number	Vendor Name	Amount
14040630	176	BSN SPORTS – Materials/Supplies	\$958.38
14040631	415	DELRAY TIRE & RETREADING INC. – Services/Repair	\$1,152.35
14040632	1002	MORGAN & SLATES INC. – Materials/Supplies	\$1,415.29
14040633	3849	SCHOLASTIC BOOK CLUBS – Books	\$170.91
14040634	7170	WEVIDEO INC. – Other Services	\$687.75
<b>Total Amount of All Credit Card Payments:</b>			<b>\$4,384.68</b>

# Warrant Register For Warrants

## Dated 01/03/2025

Warrant Number	Vendor Number	Vendor Name	Amount
12765533	6431	AMAZON.COM – Materials/Supplies	\$5,401.35
12765534	949	AMERICAN INCORPORATED – Services/Repair	\$3,175.00
12765535	6253	AT&T – Telephone Communications	\$65.51
12765536	8537	AT&T – Monroe TK/K Project	\$500.00
12765537	91	AUTOMATED OFFICE SYSTEMS – Services/Repair	\$7,344.14
12765538	1667	CDW GOVERNMENT INC. – Materials/Supplies	\$518.02
12765539	8281	DAWN ELECTRIC INC. – Services/Repair	\$6,350.00
12765540	1750	EMPIRE SUPPLY COMPANY INC. – Materials/Supplies	\$73.83
12765541	8317	LINDSEY FERNANDEZ – Advance-Travel/Conference	\$281.00
12765542	1393	GAS COMPANY – Utilities	\$1,872.74
12765543	2157	YOLANDA GOMES – Reimburse-Materials/Supplies	\$169.85
12765544	7673	STEPHEN L. HAHN INSPECTIONS – Monroe TK/K & WW Admin Projects	\$5,475.00
12765545	647	HANFORD JT. UNION HIGH SCHOOL – Other Services	\$202.00
12765546	632	CITY OF HANFORD – Utilities	\$27,865.86
12765547	8220	IMAGE 2000 FRESNO – Services/Repair	\$55.50
12765548	5913	JAMI JENKINS – Advance-Travel/Conference	\$214.00
12765549	7898	LIVE THE LIFE YOU CREATE LLC – Other Services	\$1,200.00
12765550	6953	MARKO CONSTRUCTION GROUP INC. – JFK HVAC Project	\$19,972.46
12765551	8100	NAPA AUTO PARTS – Materials/Supplies	\$361.46
12765552	5643	NATIONAL GEOGRAPHIC LEARNING – Materials/Supplies, Textbooks	\$817.56
12765553	7346	RMA GEOSCIENCE INC. – Woodrow Admin Project	\$2,135.00
12765554	5904	CRUZ SANCHEZ-LEAL – Advance-Travel/Conference	\$214.00
12765555	1392	SOUTHERN CALIFORNIA EDISON CO. – Utilities	\$3,957.65
12765556	3728	JASON STRICKLAND – Advance-Travel/Conference	\$214.00
12765557	3749	ULINE INC – Materials/Supplies	\$2,502.33
12765558	5915	STEFANIE UMSCHIED – Advance-Travel/Conference	\$214.00
12765559	1521	UNITED REFRIGERATION INC. – Materials/Supplies	\$1,127.07
12765560	6166	JESSIECA VALLIN – Refund Payroll	\$990.58
12765561	1558	VERIZON WIRELESS – Telephone Communications	\$1,436.07
12765562	1575	WALMART COMMUNITY RFCSLLC – Materials/Supplies	\$2,714.06
12765563	2870	WARD'S NATURAL SCIENCE – Materials/Supplies	\$560.37

**Total Amount of All Warrants:**

**\$97,980.41**



**Credit Card Register For Payments**  
**Dated 01/03/2025**

Document Number	Vendor Number	Vendor Name	Amount
14040657	7836	FOLLETT CONTENT SOLUTIONS LLC – Books	\$987.26
14040658	1111	J W PEPPER & SON INC – Books	\$141.54
14040659	831	LAKESHORE LEARNING MATERIALS – Materials/Supplies	\$434.87
14040660	3849	SCHOLASTIC BOOK CLUBS – Books	\$1,171.20
<b>Total Amount of All Credit Card Payments:</b>			<b>\$2,734.87</b>

**Warrant Register For Warrants  
Dated 01/08/2025**

Warrant Number	Vendor Number	Vendor Name	Amount
12765714	8194	ADVANCED PAINTING – Services/Repair	\$42,453.50
12765715	2313	CALIFORNIA KINDERGARTEN ASSOCIATION – Travel/Conference	\$3,840.00
12765716	6953	MARKO CONSTRUCTION GROUP INC. – JFK Admin Project	\$24,085.37
<b>Total Amount of All Warrants:</b>			<b>\$70,378.87</b>

# Warrant Register For Warrants

## Dated 01/10/2025

Warrant Number	Vendor Number	Vendor Name	Amount
12765883	8194	ADVANCED PAINTING – Services/Repair	\$22,546.50
12765884	949	AMERICAN INCORPORATED – Services/Repair	\$349.00
12765885	8539	CINDY ANAYA – Advance-Travel/Conference, Mileage	\$525.50
12765886	3505	CRYSTAL G. AVILA – Advance-Travel/Conference	\$222.00
12765887	7942	BARNES & NOBLE – CLASSWORK – Books	\$44.11
12765888	303	CHAFFEE ZOO – Jefferson Field Trip	\$522.00
12765889	1670	CONTRACT PAPER GROUP INC – Warehouse Inventory	\$28,171.14
12765890	4178	COOK'S COMMUNICATION – Materials/Supplies	\$593.48
12765891	8281	DAWN ELECTRIC INC. – Services/Repair	\$6,550.00
12765892	8523	MADISON GARCIA – Advance-Travel/Conference	\$222.00
12765893	1393	GAS COMPANY – Utilities	\$3,648.48
12765894	5323	NATIVIDAD GEORGE – Advance-Travel/Conference	\$222.00
12765895	6262	NANCY GONZALES – Advance-Travel/Conference, Mileage	\$525.50
12765896	7858	ERIC GONZALEZ – Advance-Travel/Conference	\$294.00
12765897	6397	KATIE HEUGLY – Advance-Travel/Conference	\$222.00
12765898	8313	SIERRAH HEUGLY – Advance-Travel/Conference	\$222.00
12765899	2188	THE HOME DEPOT PRO – Materials/Supplies	\$217.02
12765900	801	KINGS COUNTY MOBILE LOCKSMITH – Services/Repair	\$855.83
12765901	808	KINGS WASTE & RECYCLING – Utilities	\$187.65
12765902	808	KINGS WASTE & RECYCLING – Utilities	\$287.40
12765903	8239	AMY LESLIE – Advance-Travel/Conference	\$222.00
12765904	7248	MEGAN LETSON – Advance-Travel/Conference	\$222.00
12765905	912	MANGINI ASSOCIATES INC. – Mon TK & Mod, WW Admin Projects	\$41,184.40
12765906	6953	MARKO CONSTRUCTION GROUP INC. – JFK Admin Project	\$28,292.99
12765907	8474	MARRS PLAYGROUND – Jefferson Playground Installation	\$27,500.00
12765908	977	ORAL MICHAM INC – Monroe TK/K Project	\$526,899.28
12765909	8015	MISSION BANK – Monroe TK/K Project	\$27,731.59
12765910	6929	MVP TRUCK & AUTO ACCESSORIES – Equipment	\$616.69
12765911	1058	ODP BUSINESS SOLUTIONS LLC – Materials/Supplies	\$823.55
12765912	8210	PACIFIC SHREDDING – Services	\$420.00
12765913	1116	TRINIDAD PEREZ – Advance-Travel/Conference	\$222.00
12765914	8242	BRITTNI ROBERTS – Advance-Travel/Conference	\$222.00
12765915	5287	TRACY RYAN – Advance-Travel/Conference	\$222.00
12765916	8534	S&S TRANSPORT REFRIGERATION INC – Other Services	\$75.00
12765917	6533	SCHOOL LIFE – Materials/Supplies	\$21.72
12765918	3131	SHERWIN-WILLIAMS CO – Materials/Supplies	\$440.90
12765919	1356	SILVAS OIL COMPANY INC. – Materials/Supplies	\$547.62
12765920	1392	SOUTHERN CALIFORNIA EDISON CO. – Utilities	\$23,967.45
12765921	8375	VIRGINIA TAMEZ – Advance-Travel/Conference	\$222.00
12765922	4114	TULARE COUNTY OFFICE OF EDUCATION – Travel/Conference	\$300.00
12765923	1780	UNITED RENTALS – Services/Repair	\$1,544.03
12765924	2870	WARD'S NATURAL SCIENCE – Materials/Supplies	\$121.18
12765925	6943	WEST VALLEY SUPPLY – Materials/Supplies	\$165.13
12765926	1612	MICHELLE E. WHITE – Advance-Travel/Conference	\$214.00
12765927	7247	FREDERICK WILLIAMS – Advance-Travel/Conference	\$294.00

**Total Amount of All Warrants:****\$748,919.14**

**Credit Card Register For Payments**  
**Dated 01/10/2025**

Document Number	Vendor Number	Vendor Name	Amount
14040685	176	BSN SPORTS – Materials/Supplies	\$1,368.54
14040686	509	EWING IRRIGATION PRODUCTS – Materials/Supplies	\$731.39
14040687	898	WILLIAM V. MACGILL & CO – Warehouse Inventory	\$1,684.36
14040688	1802	MEDALLION SUPPLY – Materials/Supplies	\$328.62
14040689	1071	ORIENTAL TRADING CO. INC. – Materials/Supplies	\$626.06
14040690	1147	POSITIVE PROMOTIONS – Materials/Supplies	\$574.89
14040691	4550	SCHOOL OUTFITTERS – Materials/Supplies	\$460.69
14040692	1466	TERMINIX COMMERCIAL – Services	\$488.00

**Total Amount of All Credit Card Payments:****\$6,262.55**

Hanford Elementary School District  
*Minutes of the Annual Organizational Board Meeting*  
*December 18, 2024*

Minutes of the Annual Organizational Board Meeting of the Hanford Elementary School District Board of Trustees on December 18, 2024 at the District Office Board Room, 714 N. White Street, Hanford, CA.

**Call to Order** President Strickland called the meeting to order at 5:30 p.m. Trustees Garcia, Revious, and Hernandez, were present. Trustee Garner was absent.

Trustee Garcia expressed his gratitude to the staff for their support throughout the year, acknowledging that it has been a tough one for him. He also thanked the staff members who visited him while he was ringing the bell for the Salvation Army, noting that their support meant a lot to him.

President Strickland thanked everyone for a great year and extended special thanks to Clerk Hernandez for all that she has done.

**HESD Managers Present** Joy C. Gabler, Superintendent, and the following administrators were present: Kristina Baldwin, Kelly Bekedam, Cristy Goins, Lindsey Calvillo, David Endo, Javier Espindola, Ramiro Flores, Amy Fochetti, Matthew Gamble, David Goldsmith, Lindsay Hastings, Robert Heugly, Rick Johnston, Jennifer Levinson, Jaime Martinez, Jennifer Pitkin William Potter, Cynthia Purcell, Jill Rubalcava, Cruz Sanchez-Leal and Jay Strickland.

**Oath of Office** Assistant Superintendent, Jay Strickland, administer the oath of office for recently elected Board members: Timothy Revious and Greg Strickland.

### **ANNUAL BOARD ORGANIZATION**

Secretary of the Board, Superintendent Gabler, conducted the election of officers for 2025.

**Garcia elected President for 2025** Trustee Strickland nominated Trustee Garcia for President of the HESD Board of Trustees. There were no other nominations. Trustee Revious moved that nominations be closed, Trustee Strickland seconded, and the motion carried 4-0:

- Garcia – Yes
- Garner – Absent
- Hernandez – Yes
- Revious – Yes
- Strickland – Yes

Trustees then casted their votes by roll call for Trustee Garcia as President of the Board of Trustees:

- Garcia – Yes
- Garner – Absent
- Hernandez – Yes

Revious – Yes  
Strickland – Yes

By unanimous vote, Trustee Garcia was elected to serve as 2025 President of HESD Board of Trustees.

**Garner elected Vice-President for 2025**

Trustee Garcia nominated Trustee Garner for Vice-President of the HESD Board of Trustees. There were no other nominations. Trustee Strickland moved that nominations be closed, Trustee Garcia seconded, and the motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

Trustees then casted their vote for Trustee Garner as Vice-President of the Board of Trustees:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

By unanimous vote, Trustee Garner was elected to serve as 2025 Vice-President of HESD Board of Trustees.

**Hernandez elected Clerk for 2025**

Trustee Garcia nominated Trustee Hernandez for Clerk of the Board of Trustees. There were no other nominations. Trustee Strickland moved that nominations be closed, Trustee Revious seconded, and the motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

Trustees then casted their vote for Trustee Hernandez as Clerk of the Board:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

By unanimous vote Trustee Hernandez was elected to serve as 2025 Clerk for the HESD Board of Trustees.

**Committee Appointments**

President Garcia appointed Trustees to serve on the following committees for 2025 as follows:

Budget Committee – Garcia and Strickland  
Kings County School Boards Association – Revious

Trustee Strickland motioned to adopt the appointed Trustees. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**Board Meeting  
2025 Calendar**

Trustee Strickland motioned to adopt the Board Meeting Calendar for 2025. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**WINTER RECEPTION**

Trustees adjourned for the Winter Reception from 5:38 p.m. - 6:00 p.m.

**PRESENTATIONS, REPORTS AND COMMUNICATIONS**

**Public  
Comments**

None

**Board and Staff  
Comments**

None

**Dates to  
Remember**

President Garcia reviewed dates to remember: Elementary Basketball Games – December 19th; Winter Break – December 23rd to January 10th; Holiday-Christmas – December 24th and 25th; Holiday-New Years – December 31st and 1st.

**CONSENT ITEMS**

Trustee Strickland made a motion to take consent items "a" through "f" together. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

Trustee Strickland then made a motion to approve consent items "a" through "f". Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes

Strickland – Yes

The items approved are as follows:

- a) Warrant listings dated November 6, 2024; November 8, 2024; November 13, 2024; November 15, 2024; November 20, 2024; November 22, 2024; November 27, 2024; December 2, 2024; December 4, 2024 and December 6, 2024.
- b) Minutes of Regular Board Meeting held on November 13, 2024.
- c) Interdistrict transfers as recommended.
- d) Donation of \$500.00 from Pom Wonderful.
- e) Donation of drinkware, umbrellas, and bags from 4imprit.
- f) Donation of Dollar Tree supplies valued at \$75.00.

### **INFORMATION ITEMS**

**Monthly  
Financial Report  
7/1/24 -  
11/30/24**

- a) David Endo, Chief Business Official, presented for information the monthly financial reports for the period of 07/01/2024-11/30/2024. Everything is progressing as planned.

**Budget Calendar**

- b) David Endo, Chief Business Official, presented for information the Budget Calendar for the 2025-2026 Budget.

### **BOARD POLICIES AND ADMINISTRATION**

**Resolution  
#17-25**

- a) Trustee Strickland made a motion to adopt Resolution #17-25: Regarding Absent Board Member Compensation – R. Garcia. Trustee Hernandez seconded; motion carried 3-0:
  - Garcia – Abstain
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes
  - Strickland – Yes

**ELO-P**

- b) Trustee Hernandez made a motion to approve the updated Expanded Learning Opportunities Program (ELO-P) Plan. Trustee Strickland seconded; motion carried 4-0:
  - Garcia – Yes
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes
  - Strickland – Yes

**Resolution #12-  
25**

- c) Trustee Revious made a motion to adopt Resolution #12-25: Qualifications to Teach Transitional Kindergarten. Trustee Hernandez seconded; motion carried 4-0:
  - Garcia – Yes
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes



Strickland – Yes

**Sarah Brown  
Wessling**

- d) Trustee Hernandez made a motion to approve a consultant contract with Sarah Brown Wessling to provide professional development on January 31<sup>st</sup>. Trustee Strickland seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**BP 6141.2**

- e) Trustee Strickland made a motion to approve the revised Board Policy 6141.2 – Recognition of Religious Beliefs and Customs. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**BP 6142.92**

- f) Trustee Hernandez made a motion to approve the Board Policy 6142.92 – Mathematics Instruction. Trustee Strickland seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**BP/AR 6158**

- g) Trustee Strickland made a motion to approve the revised Board Policy and Administrative Regulation 6158 – Independent Study. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**BP 6177**

- h) Trustee Hernandez made a motion to approve the revised Board Policy 6177 – Summer Learning Programs. Trustee Strickland seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**PERSONNEL**

Trustee Revious made a motion to take Personnel items “a” through “e” together. Trustee Hernandez seconded; the motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

Trustee Revious then made a motion to approve Personnel items “a” through “e”.  
Trustee Hernandez seconded; the motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

***Item "a" –  
Employment***

The following items were approved:

Classified Management

- Ken Kong, Supervisor – Food Services – 8.0 hrs., District Kitchen, effective 12/2/24

Classified

- Brittany Archuleta, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/2/24
- Melissa Arroyo, Yard Supervisor – 1.5 hrs., Roosevelt, effective 11/4/24
- Mallory Kuhn, Special Education Aide – 5.0 hrs., Hamilton, effective 12/2/24
- Avelie Perez-Reyna, Yard Supervisor – 1.5 hrs., Roosevelt, effective 11/4/24
- Briana Ramirez Solorio, Yard Supervisor – 3.5 hrs., King, effective 11/4/24
- Lorraine Zarate, Yard Supervisor – 1.75 hrs., Hamilton, effective 12/2/24
- Classified Temps/Subs
- Brooke Adams, Substitute READY Program Tutor, effective 11/12/24
- Damjan Alexander, Athletic Coach, effective 12/3/24
- Edith Celis, Substitute Bilingual Clerk Typist I, Paraprofessional (TK/K), Translator: Oral Interpreter and Translator: Written Translator, effective 11/4/24
- Devin Collins, Athletic Coach, effective 11/12/24
- Mark Corfman, Athletic Coach, effective 11/18/24
- Jeannette Garcia, Substitute Yard Supervisor, effective 11/22/24
- Preston King, Athletic Coach, effective 11/18/24
- Nevaeh Lopez, Athletic Coach, effective 11/15/24
- Ileana Molina, Substitute READY Program Tutor, effective 12/2/24
- Marlene Palacios, Substitute Yard Supervisor, effective 11/20/24
- Fred Perryman, Substitute Yard Supervisor, effective 12/2/24
- Alisa Ramirez, Substitute Clerk Typist II and Account Technician III, effective 11/22/24
- Courtney Rhoades, Substitute READY Program Tutor, effective 11/18/24
- Edith Rubio del Rio, Substitute Bilingual Clerk Typist II, effective 11/21/24
- O'Ryin Turner, Athletic Coach, effective 12/03/24
- Jose Vargas, Athletic Coach, effective 11/21/24
- Taylor Vasquez, Athletic Coach, effective 11/18/24
- Manuel Velasquez, Athletic Coach, effective 12/2/24
- Daisy Villalfana Arellano, Substitute Yard Supervisor, effective 12/4/24

Promotion

- Aureliano Arroyo, from Custodian II – 8.0 hrs., Washington, to Lead Custodian – 8.0 hrs., Simas, effective 12/2/24
- Carolina Ortega de Garcia, from Bilingual Clerk Typist II – 8.0 hrs., Simas, to Administrative Secretary II – 8.0 hrs., District Office, effective 11/11/24

Administrative Transfer

- Tia Jones, from Special Circumstance Aide – 5.75 hrs., Hamilton, to Special Circumstance Aide – 5.75 hrs., Wilson, effective 12/9/24
- Rebecca Quiñones, from Special Circumstance Aide – 5.75 hrs., Richmond, to Special Circumstance Aide – 5.75 hrs., Simas, effective 11/13/24

Voluntary Transfer

- Yessenia Chacon, from Bilingual Clerk Typist II – 8.0 hrs., Lincoln, to Bilingual Clerk Typist II – 8.0 hrs., Hamilton, effective 11/18/24
- Stephanie Rubio, from Bilingual Clerk Typist II – 8.0 hrs., Hamilton, to Bilingual Clerk Typist II – 8.0 hrs., Simas, effective 11/18/24

Temporary Out of Class Assignment

- Jacob Carrasco, from Custodian II – 8.0 hrs., Monroe, to Lead Custodian – 8.0 hrs., Washington, effective 12/2/24-1/31/25

Short Term Classified

- Angelique Amador, Short-Term Yard Supervisor – 3.5 hrs., Richmond, effective 12/2/24-1/30/25
- Hannah Barajas, Short-Term Licensed Vocational Nurse – 8.0 hrs., Washington, effective 11/18/24-1/17/25
- Victoria Barrientos-Ghena, Short-Term Special Education Aide – 5.0 hrs., Lincoln, effective 11/4/24-1/17/25

Employment and Certification of Temporary Athletic Team Coaches pursuant to Title 5 CCR 5594

- Damjan Alexander, 4-6th Boys Basketball, Lincoln, effective 12/3/24-2/7/25
- Mariah Benitez, 4-6th Girls Basketball, Hamilton, effective 11/18/24-2/7/25
- Devin Collins, 7-8th Boys Wrestling, Wilson, effective 11/12/24-2/20/25
- Mark Corfman, 4-6th Boys Basketball, Roosevelt, effective 11/18/24-2/7/25
- James Joyce, 4-6th Boys Basketball, Richmond, effective 11/18/24-2/7/25
- Preston King, 4-6th Boys Basketball, Monroe, effective 11/18/24-2/7/25
- Nevaeh Lopez, 7-8th Girls Soccer, effective 11/15/24-2/20/25
- Isabelle Madera, 4-6th Girls Basketball, Washington, effective 11/18/24-2/7/25
- Michael Quiñones, 4-6th Boys Basketball, Washington, effective 11/18/24-2/7/25
- Tayshaun Tabbs, 4-6th Boys Basketball, King, effective 11/18/24-2/7/25
- O'Ryin Turner, 4-6th Boys Basketball, Lincoln, effective 12/03/24-2/7/25
- Jose Vargas, 4-6th Boys Basketball, Hamilton, effective 11/21/24-2/7/25
- Taylor Vasquez, 4-6th Girls Basketball, Roosevelt, effective 11/18/24-2/7/25
- Manuel Velazquez, 7th Boys Soccer, Kennedy, effective 12/2/24-2/20/25

***Item "b" –  
Resignations***

- Arlet Alatorre, Substitute Special Circumstance Aide, effective 05/31/24
- Manuel Amezola, Substitute Yard Supervisor, effective 11/12/24
- Donna Duran, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/20/24
- Silvia Foreman, Substitute Alternative Education Program Aide, Special Education Aide and Translator: Oral Interpreter, effective 10/31/24
- Alize Moreno, READY Program Tutor – 4.5 hrs., Jefferson, effective 11/15/24
- Olga Ramirez, Yard Supervisor – 3.5 hrs., Roosevelt, effective 11/20/24

- Guadalupe Rios Juarez, READY Program Tutor – 4.5 hrs., Simas, effective 12/20/24
- Elizabeth Steen, READY Program Tutor – 4.5 hrs., Jefferson, effective 11/22/24
- Bethany Temores, READY Program Tutor – 4.5 hrs., Jefferson, effective 11/11/24
- Jessieca Vallin, Special Circumstance Aide – 5.75 hrs., Wilson, effective 12/02/24
- Maria Villaseñor, Substitute READY Program Tutor, effective 06/07/24
- Termination due to Failure to Complete Mandatory Training
- Angelique Brazil, Substitute Paraprofessional (TK/K), effective 08/22/24
- Mary Davila, Substitute Clerk Typist II, effective 01/31/24
- Guadalupe Gonzalez, Substitute Babysitter, Yard Supervisor and Translator: Oral Interpreter, effective 02/07/24
- Griselda Padron, Substitute Bilingual Clerk Typist I, Yard Supervisor, Translator: Oral Interpreter and Translator: Written Translator, effective 02/09/24
- Leann Palk, Substitute Yard Supervisor, effective 05/26/24
- Brianne Perez, Substitute Licensed Vocational Nurse, effective 05/31/24
- Fatima Perico, Substitute Yard Supervisor, effective 03/12/24
- Jasmine Reyes Hernandez, Substitute Special Circumstance Aide, effective 05/31/24
- Jose Rosas, Substitute Custodian II and Groundskeeper I, effective 02/23/24
- Aaron Stephenson, Substitute Custodian I and Yard Supervisor, effective 11/28/23
- Alijah Turner, Substitute READY Program Tutor, effective 09/18/24

***Item "c" –  
Retirements***

- Stanley Buryta, Heating, Ventilation & Air Conditioning Specialist – 8.0 hrs., effective 12/27/24
- Joyce Martinez, Yard Supervisor – 3.5 hrs., Washington, effective 12/12/24

***Item "d" –  
Volunteers***

Consider approval of Co-Sponsor Partnership Agreement between the Tulare County Office of Education IMPACT Intern Program and the Hanford Elementary School District

- Authorize agreement to collaborate with Tulare County Office of Education by developing and delivering a quality teacher preparation program through PROJECT IMPACT; New teacher and leadership development IMPACT Intern Program. This is a one-year agreement effective August 1, 2024 through June 30, 2025.

***Item "e" –  
Volunteers***

<u>Name</u>	<u>School</u>
Bradley Lane	Hamilton
Kylie Devine	Jefferson
Cassia Jameson	Jefferson
Irving Pacheco	Jefferson
Jaime "Jimmy" Perales	Jefferson
John Eberle	Kennedy
Adolfo Garcia	Kennedy/Richmond
Margaret Blackbear McCanna	King
Margaret Courtis	King
Cecilia Escalante-Cortes	King
Jeff Fabry	King

<u>Name</u>	<u>School</u>
Kourtney Johnson	King
Krystal Lara	King
Emily Ramirez	King
Ashley Rummel	King
Aliyah Sanchez	King
Janeen Tugas	King
Audrey Genis	Monroe
Flor Cortez Lopez	Richmond
Jesus Bustamante	Roosevelt
Taylor Vasquez	Roosevelt
Adriana Velasquez	Roosevelt
Huonganh Duong	Simas
Jacob Lopez	Simas
Victoria Ortiz	Washington
Nadine Requejo	Washington

### **FINANCIAL**

#### **Funds 2140, 2145 & 2150**

- a) Trustee Strickland made a motion to approve the opening of Funds 2140, 2145 and 2150 to facilitate the accounting of Bond proceeds. Trustee Hernandez seconded; motion carried 4-0:
- Garcia – Yes
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes
  - Strickland – Yes

#### **Certification of Signatures**

- b) Trustee Strickland made a motion to approve Certification of Signatures. Trustee Hernandez seconded; motion carried 4-0:
- Garcia – Yes
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes
  - Strickland – Yes

#### **San Joaquin Valley Purchasing Co- op**

- c) Trustee Strickland made a motion to approve the renewal of membership with San Joaquin Valley Purchasing Co-op. Trustee Hernandez seconded; motion carried 4-0:
- Garcia – Yes
  - Garner – Absent
  - Hernandez – Yes
  - Revious – Yes
  - Strickland – Yes

#### **Super Co-op Joint Powers Authority**

- d) Trustee strickland made a motion to approve the renewal of services and memorandum of understanding with Super Co-op Joint Powers Authority. Trustee Hernandez seconded; motion carried 4-0:
- Garcia – Yes

Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**RFP**

e) Trustee Strickland made a motion to approve the District to issue a Request for Proposals (RFP) to select the District's bond underwriter. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**Resolution #18-25** f) Trustee Strickland made a motion to adopt Resolution #18-25: State Building Funds Application. Trustee Hernandez seconded; motion carried 4-0:

Garcia – Yes  
Garner – Absent  
Hernandez – Yes  
Revious – Yes  
Strickland – Yes

**Adjournment**

There being no further business, President Garcia adjourned the meeting at 6:12 p.m.

Respectfully submitted,

Joy C. Gabler,  
Secretary to the Board of Trustees

Approved:

\_\_\_\_\_  
Robert 'Bobby' Garcia, President

\_\_\_\_\_  
Lupe Hernandez, Clerk

No	A/D	Sch Req'd	Home Sch	Date
I-257	A	Wilson	Pioneer	1/13/2025
I-258	A	Simas	Pioneer	1/13/2025
I-259	A	Kennedy	Pioneer	1/13/2025
I-260	A	Monroe	Corcoran	1/13/2025

No	A/D	Sch Req'd	Home Sch	Date
O-193	A	Lemoore	Lincoln	1/13/2025
O-195	A	Lemoore	Lincoln	1/13/2025
O-196	A	Lakeside	Monroe	1/13/2025
O-197	A	Lakeside	Monroe	1/13/2025

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider acceptance of a donation from the Committee to Support Hanford Elementary – Yes on Measure U in the amount of \$3,033.05.

**PURPOSE:**

The Committee to Support Hanford Elementary – Yes on Measure U had \$3,033.05 remaining after all expenses related to the bond campaign. The Committee would like to continue its support of Hanford Elementary and donate the remainder of the funds equally amongst the three associated student body (ASB) accounts within the District.

**FISCAL IMPACT:**

An increase to the following student bodies:

Jefferson ASB                      \$1,011.02

JFK ASB                              \$1,011.02

Woodrow Wilson ASB              \$1,011.01

**RECOMMENDATIONS:**

Accept the donation.



## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Board of Trustees

FROM: Joy C. Gabler

DATE: January 13, 2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☒ Information  
☐ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Quarterly report (10/01/24 - 12/31/24) regarding Williams Uniform Complaints. The types of complaints covered in the Williams Uniform Complaint Procedures are:

1. Instructional Materials - Sufficient textbooks and instructional materials
2. Facilities – conditions that pose an emergency or urgent threat to the health or safety of students or staff
3. Teacher vacancy or misassignment

**PURPOSE:** To comply with the requirements Education Code 35186, the Superintendent shall report summarized data on the nature and resolution of all Williams Uniform Complaints to the Board and the County Superintendent of Schools on a quarterly basis.

For the second quarter of 2024-2025 school year there were no Williams Uniform Complaints filed.

**FISCAL IMPACT:** None

**RECOMMENDATIONS:** None

## Quarterly Report on *Williams* Uniform Complaints

[Education Code § 35186(d)]

District: Hanford Elementary School District

Person completing this form: Jessica Valencia Title: Administrative Assistant

Quarterly Report Submission Month/Quarter:  
(check one)

- ☐ October      1<sup>st</sup> Quarter (7/1-9/30)  
☒ January      2<sup>nd</sup> Quarter (10/1-12/31)  
☐ April      3<sup>rd</sup> Quarter (1/1-3/31)  
☐ July      4<sup>th</sup> Quarter (4/1-6/30)

Quarterly Report Submission Year: 2024-2025

Date for information to be reported publicly at governing board meeting: January 22, 2025

Please check the box that applies:



No complaints were filed with any school in the district during the quarter indicated above.



Complaints were filed with schools in the district during the quarter indicated above. The following chart summarizes the nature and resolution of these complaints.

General Subject Area	Total # of Complaints	# Resolved	# Unresolved
Textbooks and Instructional Materials	0	0	0
Teacher Vacancy or Misassignment	0	0	0
Facilities Conditions	0	0	0
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Joy Gabler**

Print Name of District Superintendent

Signature of District Superintendent

Date

Please submit to: Genevieve Almanzar, Director  
 Kings County Office of Education  
 Williams Compliance  
 (559) 589-7035  
[info.foundationalservices@kingscoe.org](mailto:info.foundationalservices@kingscoe.org)

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☒ Information  
☐ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Receive for information monthly financial reports for the period of 07/01/2024-12/31/2024.

**PURPOSE:**

Attached are financial summaries for all of the District's funds for the period of 07/01/2024-12/31/2024.

**FISCAL IMPACT:**

The financial reports are informational only.

**RECOMMENDATIONS:**

Receive the monthly financial reports.

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 0100 General Fund

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$54,620,284.29	\$54,620,284.29		
<b>REVENUES</b>						
1) LCFF Sources	8010-8099	\$5,881,992.00	\$33,088,326.49	\$76,490,447.00	43.26	56.74
2) Federal Revenues	8100-8299	\$1,989,568.00	\$4,676,300.80	\$7,124,234.95	65.64	34.36
3) Other State Revenues	8300-8599	\$1,446,172.35	\$16,608,482.32	\$16,041,604.29	103.53	(3.53)
4) Other Local Revenues	8600-8799	\$253,617.00	\$2,047,197.94	\$5,305,638.10	38.59	61.41
<b>5) Total, Revenues</b>		<b>\$9,571,349.35</b>	<b>\$56,420,307.55</b>	<b>\$104,961,924.34</b>	<b>53.75</b>	<b>46.25</b>
<b>EXPENDITURES</b>						
1) Certificated Salaries	1000-1999	\$3,587,882.22	\$18,502,851.05	\$40,358,054.44	45.85	54.15
2) Classified Salaries	2000-2999	\$1,393,274.91	\$8,161,050.70	\$16,710,413.70	48.84	51.16
3) Employee Benefits	3000-3999	\$2,098,652.40	\$10,247,746.14	\$27,229,193.58	37.64	62.36
4) Books and Supplies	4000-4999	\$148,197.40	\$3,313,981.40	\$5,729,576.86	57.84	42.16
5) Services, Oth Oper Exp	5000-5999	\$302,943.87	\$3,879,849.21	\$7,858,949.09	49.37	50.63
6) Capital Outlay	6000-6999	\$295,374.16	\$1,547,043.01	\$4,369,733.15	35.40	64.60
7) Other Outgo(excl. 7300`s)	7100-7499	\$85,316.00	\$631,655.39	\$3,208,463.28	19.69	80.31
8) Direct/Indirect Support	7300-7399	\$0.00	\$0.00	(\$100,000.00)	0.00	100.00
<b>9) Total Expenditures</b>		<b>\$7,911,640.96</b>	<b>\$46,284,176.90</b>	<b>\$105,364,384.10</b>	<b>43.93</b>	<b>56.07</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
A) Transfers In	8910-8929	\$0.00	\$0.00	\$0.00	0.00	100.00
B) Transfers Out	7610-7629	\$201,759.00	\$301,759.00	\$294,096.00	102.61	(2.61)
2) Other Sources/Uses						
A) Sources	8930-8979	\$0.00	\$319,374.68	\$605,710.60	52.73	47.27
3) Contributions	8980-8999	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>(\$201,759.00)</b>	<b>\$17,615.68</b>	<b>\$311,614.60</b>	<b>69.03</b>	<b>30.97</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$1,457,949.39</b>	<b>\$10,153,746.33</b>	<b>(\$90,845.16)</b>		
<b>ENDING FUND BALANCE</b>			<b>\$64,774,030.62</b>	<b>\$54,529,439.13</b>		

Fiscal Position Report  
December 2024

Fund: 0800 Student Activity Special Revenue Fund

	December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>					
Net Beginning Balance      9791-9795		\$25,365.81	\$25,365.81		
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>					
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>		
<b>ENDING FUND BALANCE</b>		<u><b>\$25,365.81</b></u>	<u><b>\$25,365.81</b></u>		

Fiscal Position Report  
December 2024

Fund: 0900 Charter Schools Fund

	December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>					
Net Beginning Balance      9791-9795		\$63.44	\$63.44		
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>					
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>		
<b>ENDING FUND BALANCE</b>		<u><b>\$63.44</b></u>	<u><b>\$63.44</b></u>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 1300 Cafeteria Fund

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$4,445,781.13	\$4,445,781.13		
<b>REVENUES</b>						
2) Federal Revenues	8100-8299	\$431,613.61	\$748,980.99	\$3,922,297.00	19.10	80.90
3) Other State Revenues	8300-8599	\$122,479.01	\$212,117.52	\$1,275,407.00	16.63	83.37
4) Other Local Revenues	8600-8799	\$7,417.85	\$52,419.73	\$142,153.00	36.88	63.12
<b>5) Total, Revenues</b>		<b>\$561,510.47</b>	<b>\$1,013,518.24</b>	<b>\$5,339,857.00</b>	<b>18.98</b>	<b>81.02</b>
<b>EXPENDITURES</b>						
2) Classified Salaries	2000-2999	\$127,651.93	\$680,618.99	\$1,552,985.00	43.83	56.17
3) Employee Benefits	3000-3999	\$53,662.35	\$269,737.35	\$653,229.00	41.29	58.71
4) Books and Supplies	4000-4999	\$201,364.21	\$962,082.49	\$2,552,088.21	37.70	62.30
5) Services, Oth Oper Exp	5000-5999	\$33,756.63	\$40,803.86	\$170,842.00	23.88	76.12
6) Capital Outlay	6000-6999	\$0.00	\$0.00	\$228,000.00	0.00	100.00
8) Direct/Indirect Support	7300-7399	\$0.00	\$0.00	\$100,000.00	0.00	100.00
<b>9) Total Expenditures</b>		<b>\$416,435.12</b>	<b>\$1,953,242.69</b>	<b>\$5,257,144.21</b>	<b>37.15</b>	<b>62.85</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$145,075.35</b>	<b>(\$939,724.45)</b>	<b>\$82,712.79</b>		
<b>ENDING FUND BALANCE</b>			<b>\$3,506,056.68</b>	<b>\$4,528,493.92</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

Fiscal Position Report  
December 2024

Fund: 1400 Deferred Maintenance Fund

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$232,523.66	\$232,523.66		
<b>REVENUES</b>						
1) LCFF Sources	8010-8099	\$0.00	\$300,000.00	\$300,000.00	100.00	0.00
4) Other Local Revenues	8600-8799	\$0.00	\$2,297.41	\$6,825.00	33.66	66.34
5) Total, Revenues		\$0.00	\$302,297.41	\$306,825.00	98.52	1.48
<b>EXPENDITURES</b>						
5) Services, Oth Oper Exp	5000-5999	\$0.00	\$92,019.95	\$320,250.52	28.73	71.27
6) Capital Outlay	6000-6999	\$176,327.04	\$176,327.04	\$185,300.00	95.16	4.84
9) Total Expenditures		\$176,327.04	\$268,346.99	\$505,550.52	53.08	46.92
NET INCREASE (DECREASE) IN FUND BALANCE		(\$176,327.04)	\$33,950.42	(\$198,725.52)		
ENDING FUND BALANCE			\$266,474.08	\$33,798.14		



13 Hanford Elementary School District  
 Fiscal Year: 2025  
 Requested by dendo

# Fiscal Position Report

December 2024

Fund: 1500 Pupil Transportation Equip

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$475,593.10	\$475,593.10		
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$0.00	\$3,958.69	\$14,000.00	28.28	71.72
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$3,958.69</b>	<b>\$14,000.00</b>	<b>28.28</b>	<b>71.72</b>
<b>EXPENDITURES</b>						
6) Capital Outlay	6000-6999	\$61,749.74	\$258,380.59	\$321,763.99	80.30	19.70
<b>9) Total Expenditures</b>		<b>\$61,749.74</b>	<b>\$258,380.59</b>	<b>\$321,763.99</b>	<b>80.30</b>	<b>19.70</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
A) Transfers In	8910-8929	\$0.00	\$100,000.00	\$100,000.00	100.00	0.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$0.00</b>	<b>\$100,000.00</b>	<b>\$100,000.00</b>	<b>100.00</b>	<b>0.00</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>(\$61,749.74)</b>	<b>(\$154,421.90)</b>	<b>(\$207,763.99)</b>		
<b>ENDING FUND BALANCE</b>			<b>\$321,171.20</b>	<b>\$267,829.11</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 2000 SPECIAL RESERVE FUND FOR OTHER POSTE

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$14,428,373.42	\$14,428,373.42		
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$0.00	\$122,261.82	\$350,000.00	34.93	65.07
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$122,261.82</b>	<b>\$350,000.00</b>	<b>34.93</b>	<b>65.07</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
A) Transfers In	8910-8929	\$201,759.00	\$201,759.00	\$194,096.00	103.95	(3.95)
B) Transfers Out	7610-7629	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$201,759.00</b>	<b>\$201,759.00</b>	<b>\$194,096.00</b>	<b>103.95</b>	<b>(3.95)</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$201,759.00</b>	<b>\$324,020.82</b>	<b>\$544,096.00</b>		
<b>ENDING FUND BALANCE</b>			<b>\$14,752,394.24</b>	<b>\$14,972,469.42</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

**Fiscal Position Report**  
December 2024

Fund: 2140 Building Funds - Local 4

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.00</b>	<b>100.00</b>
<b>EXPENDITURES</b>						
5) Services, Oth Oper Exp	5000-5999	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>9) Total Expenditures</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.00</b>	<b>100.00</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
B) Transfers Out	7610-7629	\$0.00	\$0.00	\$0.00	0.00	100.00
2) Other Sources/Uses						
A) Sources	8930-8979	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0.00</b>	<b>100.00</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>		
<b>ENDING FUND BALANCE</b>			<b>\$0.00</b>	<b>\$0.00</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 2500 CapitalFacilities Fund

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$2,296,680.84	\$2,296,680.84		
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$0.00	\$641,164.55	\$450,000.00	142.48	(42.48)
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$641,164.55</b>	<b>\$450,000.00</b>	<b>142.48</b>	<b>(42.48)</b>
<b>EXPENDITURES</b>						
5) Services, Oth Oper Exp	5000-5999	\$0.00	\$55,860.00	\$80,000.00	69.83	30.18
<b>9) Total Expenditures</b>		<b>\$0.00</b>	<b>\$55,860.00</b>	<b>\$80,000.00</b>	<b>69.83</b>	<b>30.18</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
B) Transfers Out	7610-7629	\$0.00	\$788,128.94	\$788,128.94	100.00	0.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$0.00</b>	<b>(\$788,128.94)</b>	<b>(\$788,128.94)</b>	<b>100.00</b>	<b>0.00</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$0.00</b>	<b>(\$202,824.39)</b>	<b>(\$418,128.94)</b>		
<b>ENDING FUND BALANCE</b>			<b>\$2,093,856.45</b>	<b>\$1,878,551.90</b>		

13 Hanford Elementary School District  
 Fiscal Year: 2025  
 Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 3500 SCHOOL FACILITY PROGRAM

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$4,747,489.93	\$4,747,489.93		
<b>REVENUES</b>						
3) Other State Revenues	8300-8599	\$0.00	\$0.00	\$3,360,231.00	0.00	100.00
4) Other Local Revenues	8600-8799	\$0.00	\$43,916.72	\$70,000.00	62.74	37.26
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$43,916.72</b>	<b>\$3,430,231.00</b>	<b>1.28</b>	<b>98.72</b>
<b>EXPENDITURES</b>						
5) Services, Oth Oper Exp	5000-5999	\$0.00	\$0.00	\$0.00	0.00	100.00
6) Capital Outlay	6000-6999	\$663,846.91	\$1,997,071.55	\$11,015,581.70	18.13	81.87
<b>9) Total Expenditures</b>		<b>\$663,846.91</b>	<b>\$1,997,071.55</b>	<b>\$11,015,581.70</b>	<b>18.13</b>	<b>81.87</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
A) Transfers In	8910-8929	\$0.00	\$788,128.94	\$11,874,758.35	6.64	93.36
3) Contributions	8980-8999	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$0.00</b>	<b>\$788,128.94</b>	<b>\$11,874,758.35</b>	<b>6.64</b>	<b>93.36</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>(\$663,846.91)</b>	<b>(\$1,165,025.89)</b>	<b>\$4,289,407.65</b>		
<b>ENDING FUND BALANCE</b>			<b>\$3,582,464.04</b>	<b>\$9,036,897.58</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

## Fiscal Position Report

December 2024

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Fund: 4000 Special Reserve - Capital Outlay

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$10,996,629.41	\$10,996,629.41		
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$0.00	\$92,924.76	\$250,000.00	37.17	62.83
<b>5) Total, Revenues</b>		<b>\$0.00</b>	<b>\$92,924.76</b>	<b>\$250,000.00</b>	<b>37.17</b>	<b>62.83</b>
<b>EXPENDITURES</b>						
6) Capital Outlay	6000-6999	\$0.00	\$103,580.32	\$103,580.32	100.00	0.00
<b>9) Total Expenditures</b>		<b>\$0.00</b>	<b>\$103,580.32</b>	<b>\$103,580.32</b>	<b>100.00</b>	<b>0.00</b>
<b>OTHER FINANCING SOURCES/USES</b>						
1) Transfers						
A) Transfers In	8910-8929	\$0.00	\$0.00	\$0.00	0.00	100.00
B) Transfers Out	7610-7629	\$0.00	\$0.00	\$11,086,629.41	0.00	100.00
3) Contributions	8980-8999	\$0.00	\$0.00	\$0.00	0.00	100.00
<b>4) Total, Other Financing Sources/Uses</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$11,086,629.41)</b>	<b>0.00</b>	<b>100.00</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>		<b>\$0.00</b>	<b>(\$10,655.56)</b>	<b>(\$10,940,209.73)</b>		
<b>ENDING FUND BALANCE</b>			<b>\$10,985,973.85</b>	<b>\$56,419.68</b>		

13 Hanford Elementary School District  
Fiscal Year: 2025  
Requested by dendo

Fiscal Position Report  
December 2024

Fund: 6720 Self-Insurance/Other

		December Amount	YTD Amount	Revised Budget	% of Budget	% Remain
<b>BEGINNING BALANCE</b>						
Net Beginning Balance	9791-9795		\$962,944.61	\$962,944.61		
<b>REVENUES</b>						
4) Other Local Revenues	8600-8799	\$6,194.35	\$287,918.42	\$860,200.00	33.47	66.53
5) Total, Revenues		\$6,194.35	\$287,918.42	\$860,200.00	33.47	66.53
<b>EXPENDITURES</b>						
5) Services, Oth Oper Exp	5000-5999	\$60,504.68	\$292,993.12	\$820,000.00	35.73	64.27
9) Total Expenditures		\$60,504.68	\$292,993.12	\$820,000.00	35.73	64.27
NET INCREASE (DECREASE) IN FUND BALANCE		<u>(\$54,310.33)</u>	<u>(\$5,074.70)</u>	<u>\$40,200.00</u>		
ENDING FUND BALANCE			<u>\$957,869.91</u>	<u>\$1,003,144.61</u>		

**HANFORD ELEMENTARY SCHOOL DISTRICT****AGENDA REQUEST FORM**

TO: Joy Gabler

FROM: Robert Heugly

DATE: January 13, 2025

For: ☒ Board Meeting  
☐ Superintendent's Cabinet

For: ☒ Information  
☐ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Receive for information a report from the District Parent Advisory Committee for the meeting held on December 17, 2024 (For PAC Meeting #1)

**PURPOSE:** The PAC advises the board on the educational programs and services included in the Local Control Accountability Plan.

**FISCAL IMPACT:** PAC is a requirement of the Local Control Funding Formula.



# Hanford Elementary School District

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## Hanford Elementary School District (HESD) Parent Advisory Committee Report to the Board

Date of Meeting: December 12, 2023

Starting Time: 9:00 a.m.

Location: Board Room

*Purpose of the Meeting: To consult, review, and comment on the Hanford Elementary Local Control Accountability Plan.*

---

The Parent Advisor Committee received information on the following topics:

- BP6020: Parent Involvement
  - The Local Control Accountability Plan
    - Introduction to the Local Control Accountability Plan
    - Introduction to the California School Dashboard including State and Local Indicators
      - Sufficiency of Instructional Materials
      - Facilities meeting the “Good Repair” standard
    - Teacher Credentialing/Misassignments
    - Teacher Experience
- 

The Parent Advisory Committee Made the Following Recommendations:

1. The PAC recommends that the board approve BP6020 Parent Involvement
  2. The PAC recommends that the district continue to ensure that all students have the required instructional materials.
  3. The PAC recommends providing transportation home for athletes in after-school sports after practice.
  4. The PAC recommends that Junior High schools provide school site supervision/activity for athletes from 12:15 when students get out to 2:00-2:30 when they need to return for the bus on Wednesday Minimum Day for games.
  5. The PAC recommends HESD provide bus transportation for Junior High students for cross-town games.
  6. The PAC recommends HESD look into connecting with the Boys & Girls Club of Hanford and/or Longfield Center for Junior High after-school and summer programs for Junior High students.
- 

The Superintendent Responds:

1. The Superintendent supports the recommendation that the board approve BP6020 Parent Involvement.
2. The Superintendent supports the recommendation that the district continues to ensure that all students have the required instructional materials.
3. The Superintendent supports the recommendation to look into providing transportation home for athletes in after-school sports and after practice with the understanding there may will be limitations on the extent of transportation that can be provided. The Superintendent will discuss the issue with the Director of Facilities and Operations along with the Supervisor of Transportation.
4. The Superintendent understands the desire for Junior High sports to take place on Wednesday Minimum Days; however, our HESD Junior Highs play in a league with Visalia Schools. Our Athletic Director works with other school districts to develop an athletic schedule that allows for all schools in the League to participate in an equal number of games. Scheduling on Wednesdays only would limit the ability of the teams to play a full season.
5. The Superintendent supports looking into the recommendation to provide bus transportation for Junior High students for cross-town games. The Superintendent will discuss the issue with the Athletic Director, Director of Facilities and Operations, and the Supervisor of Transportation.
6. The Superintendent recognizes the request to provide after-school and summer programs for Junior High Students. Information will be gathered and shared with Junior High parents about after-school and summer programs provided by the Boys & Girls Club of Hanford and/or Longfield Center for Junior High.

**HANFORD ELEMENTARY SCHOOL DISTRICT****AGENDA REQUEST FORM**

TO: Joy Gabler

FROM: Robert Heugly

DATE: January 13, 2025

For: ☒ Board Meeting  
☐ Superintendent's Cabinet

For: ☒ Information  
☐ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Receive for information a report from the District English Learner Advisory Committee for the meeting held on December 19, 2024 (For DELAC Meeting #1)

**PURPOSE:** The DELAC advises the board on the educational programs and services for English Learners including services that are part of the Local Control Accountability Plan.

**FISCAL IMPACT:** DELAC is a requirement of the Local Control Funding Formula and several Federally funded programs.

# Hanford Elementary School District

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## Hanford Elementary School District (HESD) District English Learner Advisory Committee Report to the Board

Date of Meeting: December 19, 2024  
Starting Time: 9:00 a.m. to 10:30 a.m.  
Location: Board Room

*Purpose of the Meeting: To consult, review, and comment on the Hanford Elementary Local Control Accountability Plan*

---

The DELAC received information on the following topics:

- The HESD Parent Involvement Policy (BP/AR 6020)
  - Local Control Accountability Plan and the California English Learner Roadmap Policy
  - Introduction to the California School Board including State and Local Indicators
    - Sufficiency of Instructional Materials
    - Facilities meeting the “Good repair” standard
  - The district’s programs and services for English learners
  - Mandatory Annual Parent Notifications
  - Teacher Credentialing and Instructional Aide requirements
  - District’s English learner Reclassification Procedures
- 

The DELAC made the following recommendations:

1. Approve the HESD Parent Involvement Policy BP/AR 6020.
2. Continue to provide teacher training and support site administration to ensure students receive both designated and integrated ELD instruction.
3. Continue to provide parents with engagement opportunities such as Kinder Counts/Kinder Cuenta, and First and Forward/Primero y Adelante parent academies.
4. Continue to monitor the progress of English learners and provide interventions that support English learners to be reclassified to Fluent English Proficient within six years of enrollment.
5. Continue to provide leadership support to school site teams to monitor progress and applicable reclassification criteria of English learners with an Individual Education Plan.

The Superintendent Responds:

1. The Superintendent supports the recommendation that the board approve BP/AR 6020 Parent Involvement.
2. The Superintendent supports the recommendations to continue to provide teacher training and support site administration to ensure students receive both designated and integrated ELD instruction.
3. The Superintendent supports the recommendation to continue to provide parents with engagement opportunities such as Kinder Counts/Kinder Cuenta, and First and Forward/Primero y Adelante parent academies.
4. The Superintendent supports the recommendation to continue to monitor the progress of English learners and provide interventions that support English learners to be reclassified to Fluent English Proficient within six years of enrollment.
5. The Superintendent supports the recommendation to continue to support school site teams to monitor progress and applicable reclassification criteria of English learners with an Individual Education Plan.

# HANFORD ELEMENTARY SCHOOL DISTRICT

## AGENDA REQUEST FORM

TO: Joy Gabler

FROM: Robert Heugly

DATE: January 13, 2025

For: ☒ Board Meeting  
☐ Superintendent's Cabinet

For: ☐ Information  
☒ Action

Date you wish to have your item considered: January 22, 2025

### ITEM:

Receive for action: The California School Accountability Report Cards (SARCs)

Hamilton Elementary	Roosevelt Elementary
Jefferson Academy	Simas Elementary
Martin Luther King Elementary	Washington Elementary
Lincoln Elementary	John F. Kennedy Jr. High
Monroe Elementary	Woodrow Wilson Jr. High
Lee Richmond Elementary	Community Day School

### PURPOSE:

California schools annually provide information to the community to allow public comparison of schools for student achievement, environment, resources & demographics. Additionally, the SARCs contain information that is reported on the California School Dashboard's *Local Indicators*.

SARCS are available to the public online at the district's website, each individual school's website, and at the California Department of Education website. Paper copies of SARCS are available in the school office or at the district office upon request.

<https://www.hanfordesd.org/departments/categorical-programs/school-accountability-report-card>

### FISCAL IMPACT:

Providing information to the community in the form of SARCS is a requirement of receiving funding under the Local Control Funding Formula

**RECOMMENDATION:** Approve the SARCs

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy Gabler

FROM: Jill Rubalcava



DATE: January 13, 2025

FOR: ☒ Board Meeting  
☐ Superintendent's CabinetFOR: ☐ Information  
☒ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Consultant Contract with Dr. Carol Gallegos**PURPOSE:** To complete one on one ELPAC testing for students in HESD.**FISCAL IMPACT:** \$10,000**RECOMMENDATIONS:** Approval

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy Gabler

FROM: Jill Rubalcava



DATE: January 13, 2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Consultant Contract with Helen Kissling**PURPOSE:** To complete one on one ELPAC testing for students in HESD.**FISCAL IMPACT:** \$7,000**RECOMMENDATIONS:** Approval

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy Gabler

FROM: Jill Rubalcava



DATE: January 13, 2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: January 22, 2025

**ITEM:** Consultant Contract with Sharon Ramsier Williams**PURPOSE:** To complete one on one ELPAC testing for students in HESD.**FISCAL IMPACT:** \$5,000**RECOMMENDATIONS:** Approval

## HANFORD ELEMENTARY SCHOOL DISTRICT

## AGENDA REQUEST FORM

TO: Joy Gabler

FROM: Kelly Bekedam

DATE: 1/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☐ Action

Date you wish to have your item considered: January 21, 2025

**ITEM:** Consider approval of Instructional Consultant Contract with Maggie Courtis for the MLK Spring Special Effects Makeup Club.

**PURPOSE:** Mrs. Courtis will provide afterschool enrichment to our Martin Luther King Jr. Elementary during the 2024-2025 school year. She will be teaching 4th-6th grade the beginning art of special effects makeup. Through this club, students will learn how to turn creativity into a finished product with patience and precision. Based on parent input at our Parent Advisory and English Learner Advisory Committees, parents have requested students have the opportunity to participate in a more diverse after school program. This agreement will line up with parent feedback and the requirements of our Expanded Learning Opportunities Program.

**FISCAL IMPACT:** Approximately \$6,912.10 max with a deposit of \$2350 (materials included with this pricing). Consultant will meet 2 to 3 times a week as demand requires, for 6 weeks at approximately \$580 9max) per class taught, up to twelve classes in this session.

**RECOMMENDATIONS:** Approve the Instructional Consultant Contract with Maggie Courtis.



HANFORD ELEMENTARY SCHOOL DISTRICT  
**Human Resources Department**  
**AGENDA REQUEST FORM**

**TO:** Joy C. Gabler

**FROM:** Jaime Martinez

**DATE:** January 13, 2025

**RE:** (X ) Board Meeting  
 ( ) Superintendent's Cabinet  
 ( ) Information  
 (X ) Action

DATE YOU WISH TO HAVE YOUR ITEM CONSIDERED: **January 22, 2025**

**ITEM:** Consider approval of personnel transactions and related matters.

**PURPOSE:**

**a. Employment**

Classified

- Mikaela Hallock, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/18/24
- Maya Mendez, READY Program Tutor – 4.5 hrs., Simas, effective 1/13/25
- Biane Teofilo, Bilingual Clerk Typist II – 8.0 hrs., Lincoln, effective 12/20/24

Classified Temps/Subs

- Brian Najar-Carrillo, Substitute READY Program Tutor, effective 12/09/24
- Marilyn Parra Villa, Substitute READY Program Tutor, effective 12/09/24
- Maria Yepez Rodriguez, Substitute Bilingual Clerk Typist I, effective 12/09/24
- Alyssa Zuniga Jimenez, Substitute Yard Supervisor, effective 12/16/24

Promotion

- Steven Rivera-Perez, from Food Service Worker I – 3.0 hrs., Monroe, to Food Service Utility Worker – 3.5 hrs., Food Services, effective 12/16/24

More Hours/Days

- Lorraine Zarate, from Yard Supervisor – 1.75 hrs., Hamilton, to Yard Supervisor – 2.25 hrs., Hamilton, effective 12/10/24

### Voluntary Transfer

- John Barragan, from Custodian II – 8.0 hrs., Lincoln, to Custodian II – 8.0 hrs., Washington, effective 1/21/25
- Demario Cuevas, from Custodian II – 8.0 hrs., Monroe/King, to Custodian II – 8.0 hrs., Lincoln, effective 1/21/25

### Short Term Classified

- Jeannette Garcia, Short-Term Yard Supervisor – 2.0 hrs., Monroe, effective 1/13/25-2/28/25

### Employment and Certification of Temporary Athletic Team Coaches pursuant to Title 5 CCR 5594

- Nichole Armenta Ferrer, 7<sup>th</sup> Girls Soccer, Kennedy, effective 11/12/24-2/20/25
- Luis Botello, 8<sup>th</sup> Boys Basketball, Kennedy, effective 11/12/24-2/20/25
- Stephanie Felix, 7<sup>th</sup> Girls Soccer, Wilson, effective 11/12/24-2/20/25
- Antonio Hernandez, 8<sup>th</sup> Boys Soccer, Wilson, effective 12/09/24-2/20/25
- Israel Luna, 7<sup>th</sup> Boys Soccer, Kennedy, effective 11/12/24-2/20/25
- Raymond Ruiz, 7-8<sup>th</sup> Girls Wrestling, Kennedy, effective 11/12/24-2/20/25
- Lori Urrutia, 7<sup>th</sup> Girls Soccer, Kennedy, effective 11/12/24-2/20/25

### **b. Resignations**

- Manuel Amezola, Substitute Yard Supervisor, effective 11/21/24 (REVISED)
- Cristina Castorena, READY Program Tutor – 4.5 hrs., Lincoln, effective 12/20/24
- Shonda Colbert, READY Program Tutor – 4.5 hrs., Simas, effective 1/21/25
- Cheyenne Corona, READY Program Tutor – 4.5 hrs., Washington, effective 12/20/24
- Donna Duran, READY Program Tutor – 4.5 hrs., Jefferson, effective 12/20/24
- Kadence Latham, READY Program Tutor – 4.5 hrs., Roosevelt, effective 12/20/24
- Jannette Perez, READY Program Tutor – 4.5 hrs., Hamilton, effective 1/15/25
- Ashlee Sahagun, Substitute Yard Supervisor, effective 12/20/24

**RECOMMENDATION:** Approve.

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider acceptance of the audit report.

**PURPOSE:**

Education code 41020.3 requires the governing board of each local educational agency (LEA) to review, at a public meeting, the annual audit of the LEA for the prior year by January 31.

There was one finding related to the instructional material Public Hearing being scheduled after the first eight weeks of the beginning of the school year.

**FISCAL IMPACT:**

None.

**RECOMMENDATIONS:**

Accept the audit report.



Financial Statements  
June 30, 2024

## Hanford Elementary School District

## Hanford Elementary School District

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June 30, 2024

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June 30, 2024

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## Independent Auditor's Report

To the Governing Board  
Hanford Elementary School District  
Hanford, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Hanford Elementary School District (the 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 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, the major fund, and the aggregate remaining fund information of the Hanford Elementary School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the accounting change in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balance. Our opinions are not modified with respect to this matter.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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



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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency 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 be 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 October 28, 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, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California  
October 28, 2024

# Hanford Elementary School District



714N. White Street  
P.O. Box 1067  
Hanford, CA 93232

(559) 585-3600

**Superintendent**  
Joy C. Gabler

**Governing Board**  
Robert "Bobby" Garcia  
Jeff Garner  
Lupe Hernandez  
Timothy L. Revious  
Greg Strickland

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

### INTRODUCTION

The Hanford Elementary School District's goal is to provide, in an atmosphere of care and concern, an opportunity for every student to recognize and fully develop his/her particular academic, technical, physical and social skills. Hanford Elementary School District students graduate prepared to continue on to high school.

The Management Discussion and Analysis of Hanford Elementary School District's financial statements provide an overall review of the District's financial activities for the fiscal year ended June 30, 2024, with comparative information for the fiscal year ended June 30, 2023. This analysis will look at the District's financial performance as a whole. The management discussion and analysis should be reviewed in conjunction with the auditor's transmittal letter, notes to the basic financial statements and the basic governmental wide financial statements to enhance the understanding of the District's financial performance.

The Hanford Elementary School District is a medium-sized rural school district offering instruction to students from kindergarten through eighth grade. During the 2023-2024 school year, the District operated eight elementary schools, one K-8 magnet school, two junior high schools, and one community day school on the traditional August through June schedule, for the instruction of approximately 5,570 students.

### USING THE ANNUAL FINANCIAL REPORT

- This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances and to show the District's accountability for the money it receives.

## FINANCIAL HIGHLIGHTS

- The Hanford Elementary School District's Government-wide Statement of Net Position illustrates total net position of \$72,392,741, the result of assets and deferred outflows of \$211,969,103 minus liabilities and deferred inflows of \$139,576,362.
- General Revenues accounted for \$85,818,617 or 66.5 % of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$43,262,174 or 33.5 % of total revenues of \$129,080,791.
- The District had \$105,169,709 in expenses related to governmental activities.
- The General Fund reported a fund balance of \$69,524,250.

## STUDENT ENROLLMENT AND DEMOGRAPHIC TRENDS

- The School District has an enrollment of approximately 5,570 students for the current 2023-2024 school year, with enrollment projected to remain at 5,570 for the upcoming 2023-2024 school year.
- In addition to tracking enrollment, the District also watches actual Average Daily Attendance (ADA). The ADA is typically lower than a District's enrollment, although the two terms are often (though incorrectly) used interchangeably. The anticipated 2023-2024 ADA for the District is 5,282 excluding ADA from County run programs. The ratio of actual attendance to enrollment summarizes the District's changes and efforts to increase attendance. Figure 1 summarizes a historical analysis of the District's enrollment to actual positive attendance ratios. Due to the pandemic, the District will be funded at the three year average of 2020-2023 ADA level for the 2023-2024 school year.

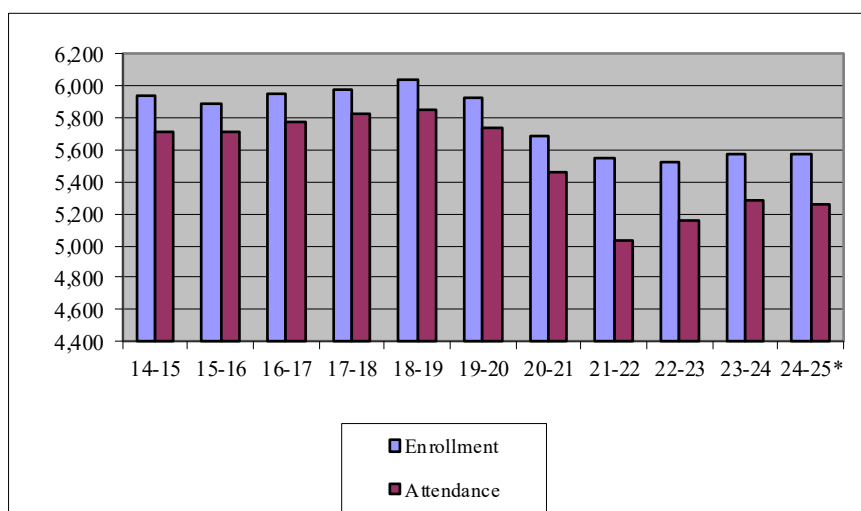


Figure 1. District Enrollment to Actual Attendance Data

School districts have traditionally placed great importance on the accurate projection of student enrollment for the ensuing budget year, due to the broad range of funding and programs impacted by this number. These impacts range from the very basic funding for California school districts which calculates the number of days attended by the enrolled students times a unique "revenue amount", to how much a particular special program will receive, to the amount of one-time monies a district may receive. Increased ADA is intended to generate additional dollars to help offset normal inflationary costs of operating the business of education, and related growth cost for the additional enrollment.

## REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Position and the Statement of Activities" reports information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Hanford Elementary School District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors, such as property tax base, current property tax laws, student enrollment, and facility conditions in arriving at their conclusion regarding the overall health of the District.

- FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various provisions. The District's two types of funds, governmental and proprietary, use different accounting approaches as further described in the notes to the financial statements.

- GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's program. The Relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the notes to the financial statements.

Hanford Elementary School District  
Management's Discussion and Analysis  
June 30, 2024

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Governmental funds include most of the major funds of the District. A more detailed discussion of Governmental funds follows.

- PROPRIETARY FUNDS

Proprietary funds use the same basis of accounting as business-type activities, therefore the statements will essentially match. Our District has only one such Internal Service Fund – the Self-Insurance Employee Benefits – Dental Fund.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provided additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE DISTRICT AS A WHOLE

The “Statement of Net Position” provides the perspective of the District as a whole. Table 1 provides a summary of the District’s net position for fiscal years 2023-2024 and 2022-2023, respectively.

Table 1. Net Position

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 110,922,709	\$ 86,311,134
Capital assets	73,379,895	67,692,207
Total assets	184,302,604	154,003,341
Deferred Outflows of Resources	27,666,499	24,896,694
Liabilities		
Current liabilities	16,563,553	10,705,736
Long-term liabilities	114,842,161	110,683,714
Total liabilities	131,405,714	121,389,450
Deferred Inflows of Resources	8,170,648	9,028,926
Net Position		
Net investment in capital assets	46,531,121	40,750,781
Restricted	43,138,422	35,547,713
Unrestricted (deficit)	(17,276,802)	(27,816,835)
Total net position	\$ 72,392,741	\$ 48,481,659

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Table 2 shows the changes in net position for fiscal years 2023-2024 and 2022-2023, respectively.

Table 2. Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 774,309	\$ 527,392
Operating grants and contributions	31,184,124	32,831,913
Capital grants and contributions	11,303,741	2,012,289
General revenues		
Federal and State aid not restricted	76,410,721	72,108,901
Property taxes	4,893,567	5,639,608
Other general revenues	4,514,329	10,418,191
Total revenues	<u>129,080,791</u>	<u>123,538,294</u>
Expenses		
Instruction-related	66,622,248	55,482,389
Pupil services	16,337,361	14,496,728
Administration	5,601,313	4,810,307
Plant services	9,600,477	9,070,025
All other services	7,008,310	4,870,825
Total expenses	<u>105,169,709</u>	<u>88,730,274</u>
Change in net position	<u>\$ 23,911,082</u>	<u>\$ 34,808,020</u>

### GOVERNMENTAL FUNDS

- The District's Governmental Funds include Special Revenue Funds for Student Activities, Charter School, Cafeteria and Deferred Maintenance, Debt Service Funds for repayments of general obligation bonds, Capital Projects Funds, and most importantly, the General Fund. Figure 2 summarizes District Revenue by source of the District's Governmental Funds. Figure 3 summarizes the District's Governmental Expenditures by function.

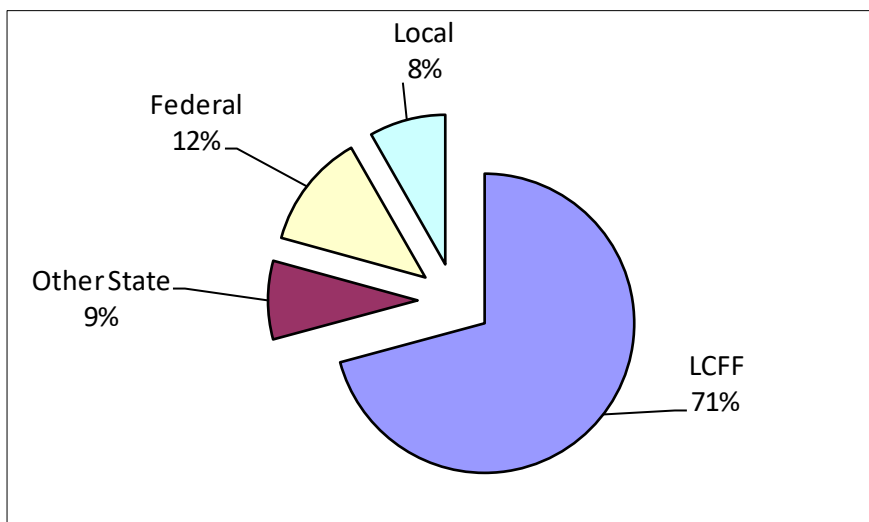


Figure 2. Revenues by Source

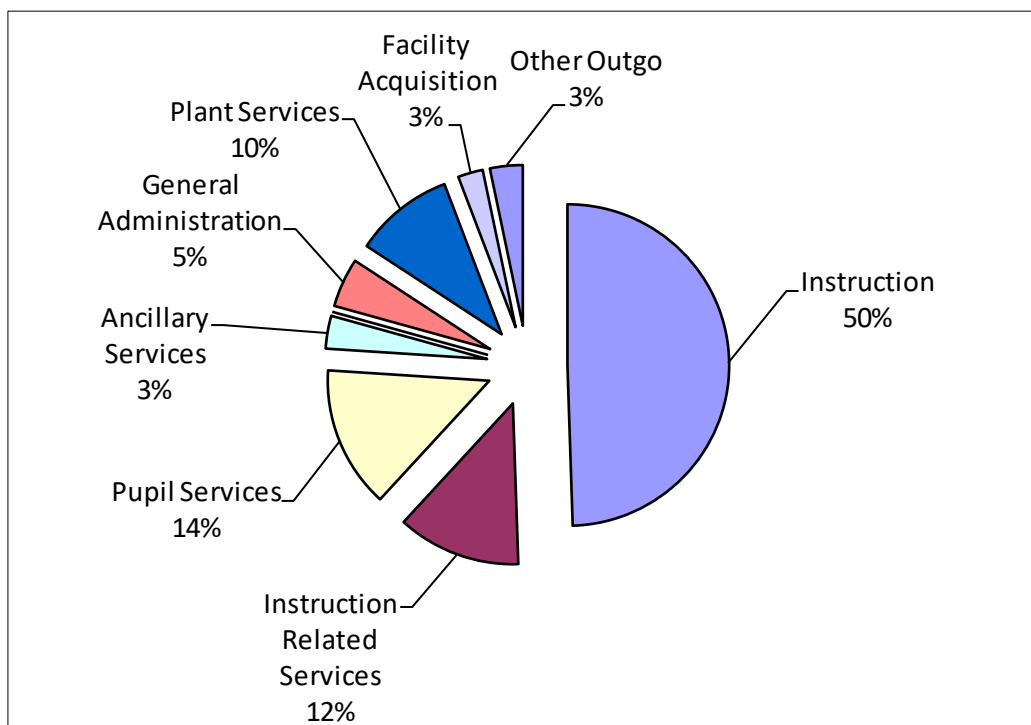


Figure 3. Expenditures by Function



### GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year, to be completed by June 30. After updating of the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students. The schools and departments provide input to the superintendent and to Fiscal Services for their budget needs. The site and department budgets are reviewed monthly to ensure management becomes aware of any significant variations during the year.

- GENERAL FUND BUDGET VARIATIONS

In June of each year, a Budget is adopted by the District's Board of Trustees, effective July 1 through June 30. The Budget is based on year-ending projections from the previous year's budget. As the school year progresses, the Budget is revised and updated, with numerous financial reports made public outlining the revisions. Finally, in August of the following year, the books are closed for the July 1 – June 30 fiscal year, and the results are audited, yielding actual final numbers.

There are several reasons for Budget revisions. Most notable are any salary increases granted by the Board of Trustees for district employees for the original budget does not presume salary increases unless they have already been agreed to in a multi-year contract. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also yield budget revisions.

The implementation of new instructional or categorical programs can also affect budget projections. For the Hanford Elementary School District, the increased emphasis on closing the achievement gap for all of our students continue to push forward several academic-focused programs that impact expenditures in personnel, instructional materials, outside services and supplies.

The State and Federal budget issues have an impact on the District's General Fund budget. As revenues from these two sources change, so do District revenues, since 96% of District revenues come from State and Federal revenue streams.

The final actual numbers of the General Fund that will be certified by February of the next year will be the reflection of the culmination of these several factors.

The net difference in fund balance between the adopted budget and the final budget was an increase of \$7,789,259 and may be summarized as follows:

\$7,141,762 increase in total revenue and other sources mainly due to increases in state and federal revenue.

\$(979,684) decrease in total expenditures and other uses due primarily to decreased expenditures across multiple functions of the District.

### CAPITAL ASSETS AND LONG-TERM LIABILITIES

- CAPITAL ASSETS

At June 30, 2023, the District had \$67,692,207 in a broad range of capital assets and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, and furniture and equipment, and right-to-use subscription IT assets, net of accumulated depreciation and amortization. At June 30, 2024, the District's net capital assets were \$73,379,895. This amount represents a net increase (including additions, deductions, and amortization) of \$5,687,688, or 8.4%, from last year. Table 3 presents capital asset balances for each year and the net change. The year's major additions included the completion of various modernization projects throughout the District.

Table 3. Changes in Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 7,481,188	\$ 5,760,184
Buildings and improvements	59,040,231	57,549,585
Equipment	6,827,540	4,313,569
Right-to-use subscription IT assets	30,936	68,869
Total	<u>\$ 73,379,895</u>	<u>\$ 67,692,207</u>

- LONG-TERM LIABILITIES

At the end of this year, the District had \$114,842,161 in long-term liabilities outstanding versus \$110,683,714 last year, an increase of \$4,158,447. Table 4 summarizes these obligations.

Table 4. Outstanding Obligations

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 21,620,000	\$ 22,300,000
Unamortized premiums	1,433,544	1,511,406
Compensated absences	495,429	479,222
Financed purchases	3,795,230	3,106,658
Subscription-based IT arrangements	-	23,362
Claims liability	78,400	78,400
Net OPEB liability	13,989,847	14,542,956
Aggregate net pension liability	73,429,711	68,641,710
Total	<u>\$ 114,842,161</u>	<u>\$ 110,683,714</u>

The District's general obligation bond insured S&P bond rating at the time of their last issuance was "AA".

At year-end, the District had a net pension liability of \$73,429,711 versus \$68,641,710 last year, an increase of \$4,788,001, or 6.98%. The District also reported deferred outflows of resources from pension activities of \$24,014,992, and deferred inflows of resources from pension activities of \$3,412,079.

We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

### **FOR THE FUTURE**

Since the pandemic, the District has been challenged with declining enrollment and declining attendance rates. The District had been monitoring these challenges as feel the District's system of budgeting and internal controls are well regarded and will able to meet the challenges of the future.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Hanford Elementary School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Endo, Chief Business Officer, Hanford Elementary School District, P. O. Box 1067, Hanford, California 93232.

## Hanford Elementary School District

## Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 107,407,802
Receivables	3,204,419
Prepaid expense	27,771
Stores inventories	282,717
Capital assets not depreciated or amortized	7,481,188
Capital assets, net of accumulated depreciation and amortization	65,898,707
Total assets	184,302,604
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	3,651,507
Deferred outflows of resources related to pensions	24,014,992
Total deferred outflows of resources	27,666,499
Liabilities	
Accounts payable	15,905,485
Unearned revenue	658,068
Long-term liabilities	
Claims liabilities	78,400
Long-term liabilities other than OPEB and pensions due within one year	297,397
OPEB liability due in one year	437,501
Long-term liabilities other than OPEB and pensions due in more than one year	27,046,806
Net other postemployment benefits liability (OPEB)	13,552,346
Aggregate net pension liabilities	73,429,711
Total liabilities	131,405,714
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	4,758,569
Deferred inflows of resources related to pensions	3,412,079
Total deferred inflows of resources	8,170,648
Net Position	
Net investment in capital assets	46,531,121
Restricted for	
Debt service	1,049,029
Capital projects	12,722,289
Educational programs	24,945,726
Child nutrition program	4,396,012
Student activities	25,366
Unrestricted (deficit)	(17,276,802)
Total net position	\$ 72,392,741

## Hanford Elementary School District

## Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 53,319,488	\$ 3,923	\$11,587,651	\$11,303,741	\$ (30,424,173)
Instruction-related activities					
Supervision of instruction	4,166,107	-	2,490,192	-	(1,675,915)
Instructional library, media, and technology	2,065,401	-	17,105	-	(2,048,296)
School site administration	7,071,252	3,938	261,117	-	(6,806,197)
Pupil services					
Home-to-school transportation	2,073,708	319,139	2,195,591	-	441,022
Food services	4,462,666	55,404	5,247,796	-	840,534
All other pupil services	9,800,987	15,515	3,337,725	-	(6,447,747)
Administration					
Data processing	1,130,757	-	-	-	(1,130,757)
All other administration	4,470,556	1,624	535,750	-	(3,933,182)
Plant services	9,600,477	132,811	3,221,559	-	(6,246,107)
Ancillary services	3,543,670	33,831	439,954	-	(3,069,885)
Interest on long-term liabilities	871,412	-	-	-	(871,412)
Other outgo	2,593,228	208,124	1,849,684	-	(535,420)
Total governmental activities	<u>\$ 105,169,709</u>	<u>\$ 774,309</u>	<u>\$31,184,124</u>	<u>\$11,303,741</u>	<u>(61,907,535)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					3,756,630
Property taxes, levied for debt service					1,098,623
Taxes levied for other specific purposes					38,314
Federal and State aid not restricted to specific purposes					76,410,721
Interest and investment earnings					3,452,622
Interagency revenues					19,022
Miscellaneous revenues					<u>1,042,685</u>
Subtotal, general revenues and subventions					<u>85,818,617</u>
Change in Net Position					23,911,082
Net Position - Beginning					<u>48,481,659</u>
Net Position - Ending					<u>\$ 72,392,741</u>

## Hanford Elementary School District

## Balance Sheet – Governmental Funds

June 30, 2024

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Deposits and investments	\$ 83,335,898	\$ 23,134,215	\$ 106,470,113
Receivables	2,482,166	722,063	3,204,229
Due from other funds	-	874	874
Prepaid expenditures	27,771	-	27,771
Stores inventories	233,357	49,360	282,717
<b>Total assets</b>	<b>\$ 86,079,192</b>	<b>\$ 23,906,512</b>	<b>\$ 109,985,704</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 15,791,000	\$ 105,150	\$ 15,896,150
Due to other funds	105,874	7,800	113,674
Unearned revenue	658,068	-	658,068
<b>Total liabilities</b>	<b>16,554,942</b>	<b>112,950</b>	<b>16,667,892</b>
<b>Fund Balances</b>			
Nonspendable	266,178	49,770	315,948
Restricted	24,945,663	18,192,759	43,138,422
Committed	18,551,470	232,524	18,783,994
Assigned	14,903,966	5,318,509	20,222,475
Unassigned	10,856,973	-	10,856,973
<b>Total fund balances</b>	<b>69,524,250</b>	<b>23,793,562</b>	<b>93,317,812</b>
<b>Total liabilities and fund balances</b>	<b>\$ 86,079,192</b>	<b>\$ 23,906,512</b>	<b>\$ 109,985,704</b>

Hanford Elementary School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2024

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Total Fund Balance - Governmental Funds		\$ 93,317,812
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 113,539,695	
Accumulated depreciation and amortization is	<u>(40,159,800)</u>	
Net capital assets		73,379,895
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities (including claims liability) of the internal service fund are included with governmental activities in the statement of net position.		
		962,944
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	3,651,507	
Net pension liability	<u>24,014,992</u>	
Total deferred outflows of resources		27,666,499
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(4,758,569)	
Net pension liability	<u>(3,412,079)</u>	
Total deferred inflows of resources		(8,170,648)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(73,429,711)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(13,989,847)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities, including unamortized premiums/(discounts), at year-end consist of		
General obligation bonds including unamortized premiums	(23,053,544)	
Financed purchase agreement	(3,795,230)	
Compensated absences (vacations)	<u>(495,429)</u>	
Total long-term liabilities		<u>(27,344,203)</u>
Total net position - governmental activities		<u><u>\$ 72,392,741</u></u>

Hanford Elementary School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2024

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	\$ 77,657,638		\$ 300,000	\$ 77,957,638
Federal sources	13,659,462		4,018,327	17,677,789
Other State sources	9,304,502		12,417,426	21,721,928
Other local sources	9,709,352		2,436,394	12,145,746
Total revenues	110,330,954		19,172,147	129,503,101
Expenditures				
Current				
Instruction	52,058,464		-	52,058,464
Instruction-related activities				
Supervision of instruction	4,064,026		-	4,064,026
Instructional library, media, and technology	2,044,234		-	2,044,234
School site administration	6,876,006		-	6,876,006
Pupil services				
Home-to-school transportation	5,006,432		-	5,006,432
Food services	242,175		4,160,786	4,402,961
All other pupil services	9,716,882		-	9,716,882
Administration				
Data processing	1,109,434		-	1,109,434
All other administration	4,066,395		83,625	4,150,020
Plant services	10,491,471		321,240	10,812,711
Ancillary services	3,471,531		28,247	3,499,778
Other outgo	2,593,228		-	2,593,228
Facility acquisition and construction	2,629,537		1,090,361	3,719,898
Debt service				
Principal	160,759		680,000	840,759
Interest and other	392		871,020	871,412
Total expenditures	104,530,966		7,235,279	111,766,245



Hanford Elementary School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2024

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	5,799,988		11,936,868	17,736,856
Other Financing Sources (Uses)				
Transfers in	-		7,480,047	7,480,047
Sources from financed purchase	825,969		-	825,969
Transfers out	-		(7,480,047)	(7,480,047)
Net Financing Sources (Uses)	825,969		-	825,969
Net Change in Fund Balances	6,625,957		11,936,868	18,562,825
Fund Balance - Beginning, as previously reported	62,898,293	3,285,082	8,571,612	74,754,987
Adjustments (Note 16)	-	(3,285,082)	3,285,082	-
Fund Balance - Beginning, as restated	62,898,293	-	11,856,694	74,754,987
Fund Balance - Ending	\$ 69,524,250		\$ 23,793,562	\$ 93,317,812

## Hanford Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
June 30, 2024

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Total Net Change in Fund Balances - Governmental Funds \$ 18,562,825

Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.

This is the amount by which capital outlay exceed depreciation and amortization expense in the period.

Capital outlay	\$	8,866,422
Depreciation and amortization expense		<u>(3,173,949)</u>

Net expense adjustment 5,692,473

Gain(Loss) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.

(4,785)

Some of the capital assets acquired this year were financed. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(825,969)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.

(16,207)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

165,245

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.

(772,054)

## Hanford Elementary School District

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

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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	77,862
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Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	680,000
Financed Purchases	137,397
Subscription-based IT arrangements	23,362

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

	<u>190,933</u>
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Change in net position of governmental activities	<u><u>\$ 23,911,082</u></u>
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Hanford Elementary School District  
Statement of Net Position – Proprietary Funds  
June 30, 2024

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	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	\$ 937,689
Receivables	190
Due from other funds	<u>112,800</u>
Total assets	<u>1,050,679</u>
Liabilities	
Current liabilities	
Accounts payable	9,335
Noncurrent liabilities	
Claims liabilities	<u>78,400</u>
Total liabilities	<u>87,735</u>
Net Position	
Restricted for claims payments	<u><u>\$ 962,944</u></u>

Hanford Elementary School District  
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds  
Year Ended June 30, 2024

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	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	\$ 903,900
Operating Expenses	
Services and Other Operating Expenses	<u>752,531</u>
Operating Income	<u>151,369</u>
Nonoperating Revenues	
Fair market value adjustments	16,917
Interest income	<u>22,647</u>
Total nonoperating revenues	<u>39,564</u>
Change in Net Position	190,933
Total Net Position - Beginning	<u>772,011</u>
Total Net Position - Ending	<u><u>\$ 962,944</u></u>

Hanford Elementary School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2024

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	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from operating funds	\$ 791,180
Cash payments for claims	<u>(750,875)</u>
Net Cash From Operating Activities	40,305
Investing Activities	
Fair market value adjustments	16,917
Interest on investments	<u>22,647</u>
Net Cash From Investing Activities	<u>39,564</u>
Net Change in Cash and Cash Equivalents	79,869
Cash and Cash Equivalents, Beginning	<u>857,820</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 937,689</u></u>
Reconciliation of Operating Income to Net	
Cash from operating activities	
Operating income	\$ 151,369
Changes in assets and liabilities	
Accounts receivable	80
Accounts payable	1,656
Due from other funds	<u>(112,800)</u>
Net Cash From Operating Activities	<u><u>\$ 40,305</u></u>

**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The Hanford Elementary School District (the District) was organized under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates eight elementary schools, one K - 8 magnet school, two junior high schools, and one community day school.

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

**Basis of Presentation - Fund Accounting**

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

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

**Major Governmental Funds**

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 15, Pupil Transportation Equipment Fund, and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$14,903,966.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Non-Major Governmental Funds**

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

- **Student Activities Fund** The Student Activities Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter school that would otherwise be reported in the authorizing District's General Fund.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).



## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

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

**Proprietary Funds** Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following internal service fund:

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

#### **Basis of Accounting - Measurement Focus**

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

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

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

## Hanford Elementary School District

Notes to Financial Statements

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

- Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

**Prepaid Expenditures (Expenses)**

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

**Stores Inventories**

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

**Capital Assets, Depreciation, and Amortization**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

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

### **Interfund Balances**

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

### **Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term liabilities.

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

### **Accrued Liabilities and Long-Term Liabilities**

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

**Premiums**

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. Premiums received on debt issuance are also reported as other financing sources.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

The deferred amounts related to pension and OPEB relate to differences between expected and actual experience, changes of assumptions, and other pension and OPEB related changes.

**Pensions**

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

**Subscriptions**

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 29 to 60 months.

**Fund Balances - Governmental Funds**

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

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

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Superintendent or Assistant Superintendent, Fiscal Services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

**Hanford Elementary School District**

Notes to Financial Statements

June 30, 2024

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**Spending Order Policy**

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

**Minimum Fund Balance Policy**

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$43,138,422 of restricted net position.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are dental premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Interfund Activity**

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Estimates**

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

**Property Tax**

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

**Adoption of New Accounting Standard****Implementation of GASB Statement No. 100**

As of July 1, 2023, the District adopted GASB Statement No. 100, Accounting Changes and Error Corrections. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the accounting change in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 16.

**Note 2 - Deposits and Investments****Summary of Deposits and Investments**

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

Governmental funds	\$ 106,470,113
Proprietary fund	<u>937,689</u>
Total deposits and investments	<u><u>\$ 107,407,802</u></u>

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

Cash on hand and in banks	\$ 25,866
Cash with fiscal agent	17,000
Cash in revolving	5,460
Investments	<u>107,359,476</u>
Total deposits and investments	<u><u>\$ 107,407,802</u></u>



## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Policies and Practices**

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

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

**General Authorizations**

Limitations as they relate to interest rate risk are indicated in the schedules below:

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$107,359,476 in the Kings County Treasury Investment Pool that has an average weighted maturity of 648 days.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment with the Kings County Investment Pool is currently not rated, nor is it required to be rated.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, none of the District's bank balance was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 3 - Receivables**

Receivables at June 30, 2024, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund	Governmental Activities Total
Federal Government					
Categorical aid	\$ 1,375,287	\$ 544,131	\$ 1,919,418	\$ -	\$ 1,919,418
State Government					
Other State	1,009,168	174,033	1,183,201	-	1,183,201
Local Sources	<u>97,711</u>	<u>3,899</u>	<u>101,610</u>	<u>190</u>	<u>101,800</u>
Total	<u>\$ 2,482,166</u>	<u>\$ 722,063</u>	<u>\$ 3,204,229</u>	<u>\$ 190</u>	<u>\$ 3,204,419</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 4 - Capital Assets**

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
<b>Governmental Activities</b>				
Capital assets not being depreciated or amortized				
Land	\$ 3,016,579	\$ -	\$ -	\$ 3,016,579
Construction in progress	2,743,605	3,114,868	(1,393,864)	4,464,609
Total capital assets not being depreciated or amortized	5,760,184	3,114,868	(1,393,864)	7,481,188
Capital assets being depreciated and amortized				
Land improvements	12,705,379	2,287,660	-	14,993,039
Buildings and improvements	76,638,340	1,310,301	-	77,948,641
Furniture and equipment	10,345,047	3,547,457	(882,234)	13,010,270
Right-to-use subscription IT assets	106,557	-	-	106,557
Total capital assets being depreciated and amortized	99,795,323	7,145,418	(882,234)	106,058,507
Total capital assets	105,555,507	10,260,286	(2,276,098)	113,539,695
Accumulated depreciation and amortization				
Land improvements	(6,255,342)	(409,992)	-	(6,665,334)
Buildings and improvements	(25,538,792)	(1,697,323)	-	(27,236,115)
Furniture and equipment	(6,031,478)	(1,028,701)	877,449	(6,182,730)
Right-to-use subscription IT assets	(37,688)	(37,933)	-	(75,621)
Total accumulated depreciation and amortization	(37,863,300)	(3,173,949)	877,449	(40,159,800)
Net depreciable and amortizable capital assets	61,932,023	3,971,469	(4,785)	65,898,707
Governmental activities capital assets, net	\$ 67,692,207	\$ 7,086,337	\$ (1,398,649)	\$ 73,379,895

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

Depreciation and amortization expense were charged to the following functions as follows:

Governmental Activities	
Instruction	\$ 1,475,795
Supervision of instruction	109,806
School site administration	230,897
Home-to-school transportation	143,826
Food services	226,279
All other pupil services	90,582
Ancillary services	45,114
Data processing	19,698
All other administration	304,327
Plant services	527,625
	<u>                    </u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,173,949</u></u>

**Note 5 - Interfund Transactions****Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds and internal service funds are as follows:

<u>Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Fund		
General	\$ -	\$ 105,874
Non-Major Governmental Funds		
Cafeteria	-	7,800
Special Reserve Fund for Capital Outlay Projects	874	-
Proprietary Fund		
Internal Service-Self Insurance	<u>112,800</u>	<u>-</u>
Total	<u><u>\$ 113,674</u></u>	<u><u>\$ 113,674</u></u>

The General Fund owes the Self Insurance Proprietary Fund for dental premiums.

\$ 105,000

The General Fund owes the Special Reserve Non-Major Fund for Capital Outlay Projects to correct an entry.

874

The Cafeteria Non-Major Governmental Fund owes the Self Insurance Proprietary Fund for dental premiums.

7,800

Total Interfund Receivables/Payables

\$ 113,674

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Operating Transfers**

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2024, consist of the following:

The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of funding for the Richmond Modernization project.	\$ 2,031,582
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of funding for the Roosevelt Modernization project.	1,734,138
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of funding for the Washington Modernization project.	1,746,756
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of funding for the Lincoln Growth project.	68,646
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of funding for the Lincoln Modernization project.	<u>1,898,925</u>
Total	<u><u>\$ 7,480,047</u></u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 6 - Prepaid Expenditures (Expenses)**

Prepaid expenditures (expenses) at June 30, 2024, consist of the following:

	General Fund
Subscriptions/licenses	\$ 11,920
Maintenance agreement	11,250
Technology	3,273
Conference/membership dues	1,328
Total	<u>\$ 27,771</u>

**Note 7 - Accounts Payable**

Accounts payable at June 30, 2024, consist of the following:

	General Fund	Non-Major Governmental Funds	Governmental Funds Total	Proprietary Fund	Governmental Activities Total
Vendor payables	\$ 2,307,495	\$ 96,528	\$ 2,404,023	\$ 4,378	\$ 2,408,401
LCFF apportionment	367,444	-	367,444	-	367,444
Salaries and benefits	3,013,634	8,622	3,022,256	4,957	3,027,213
Expanded learning opportunities program	10,102,427	-	10,102,427	-	10,102,427
Total	<u>\$ 15,791,000</u>	<u>\$ 105,150</u>	<u>\$ 15,896,150</u>	<u>\$ 9,335</u>	<u>\$ 15,905,485</u>

**Note 8 - Unearned Revenue**

Unearned revenue at June 30, 2024, consists of the following:

	General Fund
Federal financial assistance	\$ 360,933
State categorical aid	297,135
Total	<u>\$ 658,068</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 9 - Long-Term Liabilities Other than OPEB and Pensions****Summary**

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 22,300,000	\$ -	\$ (680,000)	\$ 21,620,000	\$ 160,000
Unamortized debt premiums	1,511,406	-	(77,862)	1,433,544	-
Financed purchase agreements	3,106,658	825,969	(137,397)	3,795,230	137,397
Subscription-based IT arrangements	23,362	-	(23,362)	-	-
Compensated absences	479,222	16,207	-	495,429	-
Claims liability (Note 12)	78,400	-	-	78,400	-
Total	<u>\$ 27,499,048</u>	<u>\$ 842,176</u>	<u>\$ (918,621)</u>	<u>\$ 27,422,603</u>	<u>\$ 297,397</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. The premium will be amortized over the life of the related debt. The financed purchase agreement will be paid by the General Fund. The subscription-based IT arrangements were paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by the Self Insurance Fund.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Redeemed	Bonds Outstanding June 30, 2024
2010	9/2024	2.0-5.0%	\$ 5,740,000	\$ 555,000	\$ (555,000)	\$ -
2017	8/2047	2.0-5.0%	8,800,000	8,085,000	-	8,085,000
2019	8/2048	1.875-5.250%	7,600,000	6,390,000	-	6,390,000
2020	8/2045	2.375-4.00%	7,600,000	7,270,000	(125,000)	7,145,000
Total				<u>\$ 22,300,000</u>	<u>\$ (680,000)</u>	<u>\$ 21,620,000</u>



## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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**Debt Service Requirements to Maturity**2010 General Obligation Bonds

On December 9, 2010, the District issued general obligation refunding bonds in the amount of \$5,740,000 for the purpose of refunding the outstanding 1998 General Obligation Bonds of the District originally issued to fund improvements to real property for school purposes. The bond interest rates range from 2.0% to 5.0%. Interest on the Bonds is payable semiannually each March 1 and September 1, commencing on March 1, 2011.

The bonds were sold at a premium of \$210,148 which is being amortized over the life of the bonds at \$15,010 per year. As of June 30, 2024, the bonds reached maturity and became fully amortized.

2016A General Obligation Bonds

On May 24, 2017, the District issued \$8,800,000 Election of 2016, Series A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of \$24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2018.

The bonds were sold at a premium of \$452,164 which is being amortized over the life of the bonds at \$15,072 per year. The unamortized premium as of June 30, 2024, amounted to \$346,600.

2016B General Obligation Bonds

On March 27, 2019, the District issued \$7,600,000 Election of 2016, Series B General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of \$24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2019.

The bonds were sold at a premium of \$626,269 which is being amortized over the life of the bonds at \$20,876 per year. The unamortized premium as of June 30, 2024, amounted to \$521,889.

2016C General Obligation Bonds

On September 9, 2020, the District issued \$7,600,000 Election of 2016, Series C General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of \$24,000,000 principal amount of general obligation bonds to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2021.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

The bonds were sold at a premium of \$672,611 which is being amortized over the life of the bonds at \$26,904 per year. The unamortized premium as of June 30, 2024, amounted to \$564,995.

The bonds have debt service payments as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2025	\$ 160,000	\$ 848,475	\$ 1,008,475
2026	200,000	841,275	1,041,275
2027	245,000	831,850	1,076,850
2028	290,000	819,999	1,109,999
2029	340,000	806,049	1,146,049
2030-2034	2,540,000	3,751,960	6,291,960
2035-2039	4,245,000	3,132,326	7,377,326
2040-2044	6,425,000	2,213,004	8,638,004
2045-2049	7,175,000	856,002	8,031,002
Total	<u>\$ 21,620,000</u>	<u>\$ 14,100,940</u>	<u>\$ 35,720,940</u>

**Financed Purchase Agreements**Loan 006-20-ECG

During the 2020-2021 fiscal year, the District entered into an arrangement with the California Energy Commission for an energy efficiency project not to exceed \$2,473,151. The District has received all reimbursement requests up to the threshold amount and is no longer submitting for reimbursements.

Principal payments on the purchase agreement are payable semiannually on December 22 and June 22 of each year commencing December 22, 2022. The project has been completed as of June 30, 2023. The remaining principal payment requirements for the purchase agreement as of June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2025	\$ 137,397
2026	137,397
2027	137,397
2028	137,397
2029	137,397
2030-2034	686,987
2035-2039	686,987
2040	137,397
Total	<u>\$ 2,198,356</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

Loan 003-22-ECG

During the year, the District entered into a financed purchase agreement with the California Energy Commission for an energy efficiency project not to exceed \$2,202,584. As of June 30, 2024, the District has submitted invoices for reimbursement of \$1,596,874.

Principal payments are due and payable in semiannual installments beginning on or before December 22 of the fiscal year following the year in which the project is completed and continuing thereafter on each June 22 and December 22 until said principal shall be paid in full. As of June 30, 2024, the project was in progress and the estimated date of completion is October 31, 2024.

**Subscriptions-Based Information Technology Arrangements (SBITAs)**

The District entered into SBITAs for the general operations of the District. At June 30, 2024, the District recognized right-to-use subscriptions IT assets of \$106,557 and the SBITA liability was paid off during the year. During the fiscal year, the District recorded \$37,933 in amortization expense and \$392 in interest expense. The subscriptions had an interest rate of 4.00%.

**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$495,429.

**Note 10 - Other Postemployment Benefit (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:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 13,732,710	\$ 3,651,507	\$ 4,758,569	\$ 1,182,796
Medicare Premium Payment (MPP) Program	257,137	-	-	(30,349)
Total	<u>\$ 13,989,847</u>	<u>\$ 3,651,507</u>	<u>\$ 4,758,569</u>	<u>\$ 1,152,447</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

The details of each plan are as follows:

### District Plan

#### Plan Administration

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

#### Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	36
Active employees	508
	<hr/>
Total	544
	<hr/>

#### Benefits Provided

District employees may retire with District-paid medical and dental benefits after satisfaction of age and service requirements that vary by bargaining unit or employee classification.

Classified: Age 55 and 13 years of consecutive service. Benefits for retirements prior to July 1, 2007 extend for a maximum of five years and do not include District-paid dental premiums.

Certificated: Age 55 and 13 years of service, including five years immediately before retirement.

Management/Confidential/Professional: Age 55 and 10 years of service (13 years for those hired on or after January 1, 2013).

Benefits end at the earlier of 10 years or age 65, which is age 65 in all cases due to the age 55 requirement.

Certificated retirees are subject to a maximum dollar contribution ("cap") for District-paid benefits. The cap is equal to the sum of the composite premiums for medical, prescription drug, and dental coverages for active employees, and is \$1,389.00 per month for 2023-2024. Classified retirees are eligible to receive District-paid medical, prescription drug and dental coverages, and the cap for these retirees is \$1,151.76 per month for 2023-2024. Management, Confidential, and Professional Specialist retirees are subject to a cap of \$1,403.96 per month for 2023-2024.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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### Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Hanford Elementary Teachers Association (HETA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, HETA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid \$501,105 to the plan which includes \$465,714 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amount of \$35,301.

### Total OPEB Liability of the District

The District's total OPEB liability of \$13,732,710 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

### Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, average
Discount rate	3.86%
Healthcare cost trend rates	6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2023-2029 and 4.00% for 2030 and later years.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018). Preretirement Mortality Rates from CalPERS Experience Study (2000-2019). Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018). Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2023.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance, June 30, 2022	<u>\$ 14,255,470</u>
Service cost	807,370
Interest	546,659
Differences between expected and actual experience	1,493,328
Changes of assumptions or other inputs	(2,869,102)
Benefit payments	<u>(501,015)</u>
Net change in total OPEB liability	<u>(522,760)</u>
Balance, June 30, 2023	<u><u>\$ 13,732,710</u></u>

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The inflation rate changed from 2.75% to 2.50%, the discount rate changed from 3.69% to 3.86%, and the healthcare cost trend rate changed from 4.50% to 6.00% since the previous valuation.

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.86%)	\$ 14,943,954
Current discount rate (3.86%)	13,732,710
1% increase (4.86%)	12,589,833

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

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

<u>Healthcare Cost Trend Rate</u>	<u>Total OPEB Liability</u>
1% decrease (5.00%)	\$ 11,992,031
Current healthcare cost trend rate (6.00%)	13,732,710
1% increase (7.00%)	15,815,021

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 517,326 <sup>1</sup>	\$ -
Differences between expected and actual experience	1,812,785	-
Changes of assumptions	1,321,396	4,758,569
Total	<u>\$ 3,651,507</u>	<u>\$ 4,758,569</u>

<sup>1</sup> Includes \$36,450 for an implicit rate subsidy.

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

The deferred outflows of resources and deferred inflows of resources related to changes of assumptions and the difference between expected and actual experience will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2025	\$ 560,088
2026	560,088
2027	560,090
2028	395,132
2029	295,061
Thereafter	763,722
Total	<u>\$ 3,134,181</u>
Year Ended June 30,	Deferred Inflows of Resources
2025	\$ 634,679
2026	615,277
2027	570,016
2028	570,016
2029	570,016
Thereafter	1,798,565
Total	<u>\$ 4,758,569</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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**Medicare Premium Payment (MPP) Program****Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2024, the District reported a liability of \$257,137 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0847% and 0.0873%, resulting in a net decrease in the proportionate share of 0.0026%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(30,349).



## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Actuarial Methods and Assumptions**

The June 30, 2023 total OPEB liability 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, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

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 0.11% from 3.54% as of June 30, 2022.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	\$ 279,456
Current discount rate (3.65%)	257,137
1% increase (4.65%)	237,732

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 236,592
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	257,137
1% increase (5.50% Part A and 6.40% Part B)	280,333

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 11 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>			
Revolving cash	\$ 5,050	\$ 410	\$ 5,460
Stores inventories	233,357	49,360	282,717
Prepaid expenditures	27,771	-	27,771
<b>Total nonspendable</b>	<b>266,178</b>	<b>49,770</b>	<b>315,948</b>
<b>Restricted</b>			
Legally restricted programs	24,945,663	10,425,672	35,371,335
Student activities	-	25,366	25,366
Food service	-	4,396,012	4,396,012
Capital projects	-	2,296,680	2,296,680
Debt services	-	1,049,029	1,049,029
<b>Total restricted</b>	<b>24,945,663</b>	<b>18,192,759</b>	<b>43,138,422</b>
<b>Committed</b>			
Declining enrollment	6,613,132	-	6,613,132
Deferred maintenance program	-	232,524	232,524
Textbook adoption	2,000,000	-	2,000,000
Technology	2,400,000	-	2,400,000
Facility construction	3,000,000	-	3,000,000
CEC solar loan	4,538,338	-	4,538,338
<b>Total committed</b>	<b>18,551,470</b>	<b>232,524</b>	<b>18,783,994</b>
<b>Assigned</b>			
Retiree postemployment benefits	14,428,373	-	14,428,373
Capital projects	-	5,318,509	5,318,509
Pupil transportation	475,593	-	475,593
<b>Total assigned</b>	<b>14,903,966</b>	<b>5,318,509</b>	<b>20,222,475</b>
<b>Unassigned</b>	<b>10,856,973</b>	<b>-</b>	<b>10,856,973</b>
<b>Total</b>	<b>\$ 69,524,250</b>	<b>\$ 23,793,562</b>	<b>\$ 93,317,812</b>

**Note 12 - Risk Management****Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with Northern California Regional Excess Liability Fund for property and liability insurance 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.

**Workers' Compensation**

For fiscal year 2024, the District participated in the Kings County Self-Insured Schools (KCSIS), an insurance purchasing pool. The intent of KCSIS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in KCSIS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in KCSIS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of KCSIS. Participation in KCSIS is limited to districts that can meet KCSIS' selection criteria.

**Employee Medical and Vision Benefits**

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee medical benefits. SISC III is a shared risk pool comprised of agencies in California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool. The District has a contract with Keenan-Medical Eye Services for employee vision benefits. The plan is fully insured.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Employee Dental Benefits Claims Liabilities**

The District records an estimated liability for dental claims paid out of the Internal Service Fund of the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. The following represent the changes in approximate aggregate liabilities for the District from June 30, 2022 to June 30, 2024 (in thousands):

	<u>Dental Care</u>
Liability Balance, July 1, 2022	\$ 74,531
Claims and changes in estimates	<u>3,869</u>
Liability Balance, June 30, 2023	78,400
Claims and changes in estimates	<u>-</u>
Liability Balance, June 30, 2024	<u>\$ 78,400</u>
Assets available to pay claims at June 30, 2024	<u>\$ 1,050,679</u>

**Note 13 - Employee Retirement Systems**

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

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

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 43,633,856	\$ 12,996,623	\$ 2,699,215	\$ 6,466,307
CalPERS	<u>29,795,855</u>	<u>11,018,369</u>	<u>712,864</u>	<u>4,987,480</u>
Total	<u>\$ 73,429,711</u>	<u>\$ 24,014,992</u>	<u>\$ 3,412,079</u>	<u>\$ 11,453,787</u>

The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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: <http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

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

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

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

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$7,392,297.

### Pension Liabilities, Pension Expense, 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	
Proportionate share of net pension liability	\$ 43,633,856
State's proportionate share of the net pension liability	<u>20,906,207</u>
Total	<u><u>\$ 64,540,063</u></u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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 proportionate share for the measurement periods June 30, 2023 and June 30, 2022, respectively, was 0.0573% and 0.0582%, resulting in a net decrease in the proportionate share of 0.0009%.

For the year ended June 30, 2024, the District recognized pension expense of \$6,466,307. In addition, the District recognized pension expense and revenue of \$2,843,822 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 of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,392,297	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,735,997	364,582
Differences between projected and actual earnings on pension plan investments	186,771	-
Differences between expected and actual experience in the measurement of the total pension liability	3,428,902	2,334,633
Changes of assumptions	252,656	-
Total	<u>\$ 12,996,623</u>	<u>\$ 2,699,215</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 of resources and deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (1,372,754)
2026	(2,151,347)
2027	3,535,418
2028	175,454
Total	<u>\$ 186,771</u>



## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 586,821
2026	465,545
2027	406,889
2028	205,174
2029	518,329
Thereafter	535,582
Total	<u>\$ 2,718,340</u>

**Actuarial Methods and Assumptions**

Total pension liability for 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. 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
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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 for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

**Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 73,192,311
Current discount rate (7.10%)	43,633,856
1% increase (8.10%)	19,082,113

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**California Public Employees Retirement System (CalPERS)****Plan Description**

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

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

**Benefits Provided**

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

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

	School Employer 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
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$4,226,735.

**Pension Liabilities, Pension Expense, 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 \$29,795,855. 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 proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0823% and 0.0821%, resulting in a net increase in the proportionate share of 0.0002%.

For the year ended June 30, 2024, the District recognized pension expense of \$4,987,480. 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 of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,226,735	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,148,993	255,244
Differences between projected and actual earnings on pension plan investments	3,182,623	-
Differences between expected and actual experience in the measurement of the total pension liability	1,087,335	457,620
Changes of assumptions	1,372,683	-
<b>Total</b>	<b>\$ 11,018,369</b>	<b>\$ 712,864</b>

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.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 593,683
2026	351,713
2027	2,138,180
2028	99,047
	<u>          </u>
Total	<u>\$ 3,182,623</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 1,153,484
2026	1,283,699
2027	458,964
2028	-
	<u>          </u>
Total	<u>\$ 2,896,147</u>

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Actuarial Methods and Assumptions**

Total pension liability for the SEP 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. 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
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 43,077,104
Current discount rate (6.90%)	29,795,855
1% increase (7.90%)	18,819,204

**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 Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings Social Security.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,343,994 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 14 - Commitments and Contingencies****Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

**Litigation**

The District is not currently a party to any legal proceedings.

**Construction Commitments**

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Washington solar	\$ 791,858	December 2024
Wilson HVAC project	4,412	December 2024
Wilson admin building	2,847,046	December 2024
JFK campus HVAC	496,762	October 2024
Hamilton solar	35,284	December 2024
Richmond playground	8,327	July 2024
Monroe TK-K wing	6,107,895	June 2024
Washington parking lot expansion	533,896	August 2024
Total	<u>\$ 10,825,480</u>	



**Note 15 - Participation in Joint Powers Authorities**

The District is a member of the Northern California Regional Excess Liability Fund (NorCal ReLiEF), the Self-Insured Schools of California (SISC III), the Kings County Self-Insured Schools (KCSIS), and the Kings Schools Transportation Authority (KSTA) joint powers authorities (JPAs). The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

The District has an appointed representative to the governing board of NorCal ReLiEF.

During the year ended June 30, 2024, the District made payment of \$455,819 to NorCal ReLiEF for property and liability insurance.

The District has appointed no members to the governing board of SISC III.

During the year ended June 30, 2024, the District made payment of \$8,417,201 to SISC III for health insurance.

The District has an appointed representative to the governing board of KCSIS.

During the year ended June 30, 2024, the District made payment of \$945,294 to KCSIS for workers' compensation insurance.

The District has an appointed representative to the governing board of KSTA.

During the year ended June 30, 2024, the District made payment of \$780,414 to KSTA for student transportation services.

## Hanford Elementary School District

Notes to Financial Statements

June 30, 2024

**Note 16 - Restatement***Change within the Reporting Entity*

During fiscal year 2023-2024, there was a change within the financial reporting entity which resulted in the Special Reserve Fund for Capital Outlay Projects being reported as a non-major fund instead of a major fund which resulted in adjustments to and restatements of beginning fund balances as follows:

	Governmental Funds	
	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
Beginning, as previously reported on June 30, 2023	\$ 3,285,082	\$ 8,571,612
Change to or within the financial reporting entity	(3,285,082)	3,285,082
Beginning, as Restated on July 1, 2023	<u>\$ -</u>	<u>\$ 11,856,694</u>



Required Supplementary Information  
June 30, 2024

## Hanford Elementary School District

Hanford Elementary School District  
Budgetary Comparison Schedule – General Fund  
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 77,177,530	\$ 77,657,638	\$ 77,657,638	\$ -
Federal sources	14,599,515	13,659,462	13,659,462	-
Other State sources	5,904,732	9,304,502	9,304,502	-
Other local sources	5,507,415	9,709,352	9,709,352	-
Total revenues <sup>1</sup>	103,189,192	110,330,954	110,330,954	-
Expenditures				
Current				
Certificated salaries	37,009,858	40,046,859	40,046,859	-
Classified salaries	15,581,698	16,133,378	16,133,378	-
Employee benefits	25,254,022	26,063,499	26,063,499	-
Books and supplies	8,742,806	4,821,125	4,821,125	-
Services and operating expenditures	6,858,053	7,050,379	7,050,379	-
Other outgo	2,621,288	2,489,473	2,489,473	-
Capital outlay	9,305,528	7,765,102	7,765,102	-
Debt service				
Debt service - principal	137,397	160,759	160,759	-
Debt service - interest and other	-	392	392	-
Total expenditures <sup>1</sup>	105,510,650	104,530,966	104,530,966	-
Excess (Deficiency) of Revenues Over Expenditures	(2,321,458)	5,799,988	5,799,988	-
Other Financing Sources (Uses)				
Sources from financed purchases	1,431,680	825,969	825,969	-
Transfers out	(273,524)	-	-	-
Net financing sources (uses)	1,158,156	825,969	825,969	-
Net Change in Fund Balances	(1,163,302)	6,625,957	6,625,957	-
Fund Balance - Beginning	62,898,293	62,898,293	62,898,293	-
Fund Balance - Ending	\$ 61,734,991	\$ 69,524,250	\$ 69,524,250	\$ -

<sup>1</sup> Due to the consolidation of Fund 15, Pupil Transportation Fund and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

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

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 807,370	\$ 794,580	\$ 870,370	\$ 711,522
Interest	546,659	324,180	359,742	408,564
Difference between expected and actual experience	1,493,328	-	632,998	-
Changes of assumptions	(2,869,102)	(2,680,483)	948,996	878,429
Benefit payments	(501,015)	(542,659)	(527,282)	(526,211)
Net change in total OPEB liability	(522,760)	(2,104,382)	2,284,824	1,472,304
Total OPEB Liability - Beginning	14,255,470	16,359,852	14,075,028	12,602,724
Total OPEB Liability - Ending	<u>\$ 13,732,710</u>	<u>\$ 14,255,470</u>	<u>\$ 16,359,852</u>	<u>\$ 14,075,028</u>
Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Total OPEB Liability as a Percentage of Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

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

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 600,382	\$ 634,895	\$ 616,403
Interest	406,651	334,563	321,583
Difference between expected and actual experience	120,927	-	-
Changes of assumptions	1,109,739	(497,902)	-
Benefit payments	(531,418)	(524,045)	(522,503)
Net change in total OPEB liability	1,706,281	(52,489)	415,483
Total OPEB Liability - Beginning	10,896,443	10,948,932	10,533,449
Total OPEB Liability - Ending	<u>\$ 12,602,724</u>	<u>\$ 10,896,443</u>	<u>\$ 10,948,932</u>
Covered Payroll	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Hanford Elementary School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.0847%	0.0873%	0.0844%	0.0966%
Proportionate share of the net OPEB liability	\$ 257,137	\$ 287,486	\$ 336,589	\$ 409,297
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

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

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

Hanford Elementary School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2024

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.0945%	0.0927%	0.0914%
Proportionate share of the net OPEB liability	\$ 352,053	\$ 354,948	\$ 384,710
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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



Hanford Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

	2024	2023	2022	2021	2020
<b>CalSTRS</b>					
Proportion of the net pension liability	0.0573%	0.0582%	0.0561%	0.0554%	0.0534%
Proportionate share of the net pension liability	\$ 43,633,856	\$ 40,406,750	\$ 25,547,989	\$ 53,714,913	\$ 48,265,346
State's proportionate share of the net pension liability	20,906,207	20,235,543	12,854,757	27,690,044	26,331,969
Total	<u>\$ 64,540,063</u>	<u>\$ 60,642,293</u>	<u>\$ 38,402,746</u>	<u>\$ 81,404,957</u>	<u>\$ 74,597,315</u>
Covered payroll	<u>\$ 36,486,293</u>	<u>\$ 33,536,407</u>	<u>\$ 30,179,858</u>	<u>\$ 29,909,842</u>	<u>\$ 28,765,405</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>119.59%</u>	<u>120.49%</u>	<u>84.65%</u>	<u>179.59%</u>	<u>167.79%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
<b>CalPERS</b>					
Proportion of the net pension liability	0.0823%	0.0821%	0.0775%	0.0808%	0.0781%
Proportionate share of the net pension liability	\$ 29,795,855	\$ 28,234,960	\$ 15,763,604	\$ 16,206,327	\$ 23,035,615
Covered payroll	<u>\$ 16,788,096</u>	<u>\$ 12,587,988</u>	<u>\$ 11,127,430</u>	<u>\$ 11,636,555</u>	<u>\$ 10,948,001</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>177.48%</u>	<u>224.30%</u>	<u>141.66%</u>	<u>139.27%</u>	<u>210.41%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

Hanford Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2024

	2019	2018	2017	2016	2015
<b>CalSTRS</b>					
Proportion of the net pension liability	0.0517%	0.0505%	0.0511%	0.0510%	0.0482%
Proportionate share of the net pension liability	\$ 47,482,880	\$ 46,711,085	\$ 41,305,968	\$ 34,307,537	\$ 28,163,133
State's proportionate share of the net pension liability	27,186,169	27,633,883	23,514,751	18,144,905	17,006,116
Total	<u>\$ 74,669,049</u>	<u>\$ 74,344,968</u>	<u>\$ 64,820,719</u>	<u>\$ 52,452,442</u>	<u>\$ 45,169,249</u>
Covered payroll	<u>\$ 27,570,305</u>	<u>\$ 26,685,429</u>	<u>\$ 25,643,541</u>	<u>\$ 23,320,878</u>	<u>\$ 21,702,145</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>172.22%</u>	<u>175.04%</u>	<u>161.08%</u>	<u>147.11%</u>	<u>129.77%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>					
Proportion of the net pension liability	0.0781%	0.0790%	0.0798%	0.0771%	0.0740%
Proportionate share of the net pension liability	<u>\$ 20,819,169</u>	<u>\$ 18,847,723</u>	<u>\$ 15,760,087</u>	<u>\$ 11,366,384</u>	<u>\$ 8,395,535</u>
Covered payroll	<u>\$ 10,303,580</u>	<u>\$ 10,066,302</u>	<u>\$ 9,581,751</u>	<u>\$ 8,524,832</u>	<u>\$ 7,842,555</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>202.06%</u>	<u>187.24%</u>	<u>164.48%</u>	<u>133.33%</u>	<u>107.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Hanford Elementary School District  
Schedule of the District's Contributions  
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 7,392,297	\$ 6,968,882	\$ 5,674,360	\$ 4,874,047	\$ 5,114,583
Less contributions in relation to the contractually required contribution	<u>7,392,297</u>	<u>6,968,882</u>	<u>5,674,360</u>	<u>4,874,047</u>	<u>5,114,583</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 38,703,126</u>	<u>\$ 36,486,293</u>	<u>\$ 33,536,407</u>	<u>\$ 30,179,858</u>	<u>\$ 29,909,842</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 4,226,735	\$ 4,259,140	\$ 2,883,908	\$ 2,303,378	\$ 2,294,845
Less contributions in relation to the contractually required contribution	<u>4,226,735</u>	<u>4,259,140</u>	<u>2,883,908</u>	<u>2,303,378</u>	<u>2,294,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 15,842,335</u>	<u>\$ 16,788,096</u>	<u>\$ 12,587,988</u>	<u>\$ 11,127,430</u>	<u>\$ 11,636,555</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>

Hanford Elementary School District  
Schedule of the District Contributions  
Year Ended June 30, 2024

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>					
Contractually required contribution	\$ 4,683,008	\$ 3,978,395	\$ 3,357,027	\$ 2,751,552	\$ 2,070,894
Less contributions in relation to the contractually required contribution	<u>4,683,008</u>	<u>3,978,395</u>	<u>3,357,027</u>	<u>2,751,552</u>	<u>2,070,894</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 28,765,405</u>	<u>\$ 27,570,305</u>	<u>\$ 26,685,429</u>	<u>\$ 25,643,541</u>	<u>\$ 23,320,878</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>					
Contractually required contribution	\$ 1,977,428	\$ 1,600,249	\$ 1,398,008	\$ 1,135,150	\$ 1,003,458
Less contributions in relation to the contractually required contribution	<u>1,977,428</u>	<u>1,600,249</u>	<u>1,398,008</u>	<u>1,135,150</u>	<u>1,003,458</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,948,001</u>	<u>\$ 10,303,580</u>	<u>\$ 10,066,302</u>	<u>\$ 9,581,751</u>	<u>\$ 8,524,832</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

## **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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The inflation rate changed from 2.75% to 2.50%, the discount rate changed from 3.69% to 3.86%, and the healthcare cost trend rate changed from 4.50% to 6.00% since the previous valuation.

### **Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program**

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

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

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for the CalSTRS or CalPERS plans from the previous valuations.

#### **Schedule of District's Contributions**

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



Supplementary Information  
June 30, 2024

## Hanford Elementary School District

Hanford Elementary School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Relief II (ESSER II) Fund	84.425D	15547	\$ 1,324,557
COVID-19 ESSER II State Reserve	84.425D	15618	70,653
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,105,735
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	7,448,019
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	318,846
COVID-19 ESSER III State Reserve Learning Loss	84.425U	15621	98,325
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	6,719
Subtotal			<u>10,372,854</u>
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	2,060,974
School Improvement Funding for LEAs	84.010	15438	176,244
Subtotal			<u>2,237,218</u>
Title III, English Learner Student Program	84.365	14346	297,650
Title II, Part A, Supporting Effective Instruction	84.367	14341	258,126
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	166,616
Passed through Kings County SELPA			
Special Education Cluster (IDEA)			
Local Assistance, Part B, Sec 611, Private School Individual Service Plans	84.027	10115	4,801
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	255,180
COVID-19 ARP Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,145
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	65,871
Subtotal Special Education Cluster (IDEA)			<u>326,997</u>
Total U.S. Department of Education			<u>13,659,461</u>

See Notes to Supplementary Information



Hanford Elementary School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
School Breakfast Needy	10.553	13526	747,123
School Lunch - Section 4	10.555	13523	331,168
Commodities	10.555	13524	242,872
School Lunch - Section 11	10.555	13524	2,377,899
Meal Supplements	10.555	13755	149,277
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	15655	265,574
Subtotal			3,366,790
Subtotal Child Nutrition Cluster			4,113,913
Total U.S. Department of Agriculture			4,113,913
Total Federal Financial Assistance			\$ 17,773,374

## Hanford Elementary School District

Schedule of Average Daily Attendance

Year Ended June 30, 2024

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,415.89	2,418.85
Fourth through sixth	1,713.00	1,714.59
Seventh and eighth	1,131.33	1,126.47
Total regular ADA	5,260.22	5,259.91
Extended Year Special Education		
Transitional kindergarten through third	-	0.85
Fourth through sixth	-	0.24
Seventh and eighth	-	0.20
Total extended year special education	-	1.29
Community Day School		
Transitional kindergarten through third	3.08	2.69
Fourth through sixth	2.56	2.59
Seventh and eighth	14.42	14.79
Total community day school	20.06	20.07
Total ADA	5,280.28	5,281.27

## Hanford Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2024

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Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	48,913	180	Complied
Grades 1 - 3	50,400			
Grade 1		52,103	180	Complied
Grade 2		52,103	180	Complied
Grade 3		52,103	180	Complied
Grades 4 - 8	54,000			
Grade 4		55,293	180	Complied
Grade 5		55,293	180	Complied
Grade 6		55,293	180	Complied
Grade 7		57,138	180	Complied
Grade 8		57,138	180	Complied

Hanford Elementary School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2024

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

Hanford Elementary School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2024

	(Budget) 2025 <sup>1</sup>	2024	2023 <sup>1</sup>	2022 <sup>1</sup>
General Fund <sup>3</sup>				
Revenues	\$ 103,941,067	\$ 109,683,187	\$ 115,426,326	\$ 93,355,718
Other sources	605,711	825,969	772,603	2,954,863
Total Revenues and Other Sources	104,546,778	110,509,156	116,198,929	96,310,581
Expenditures	105,298,534	104,530,966	88,781,903	86,429,013
Other uses and transfers out	294,096	704,096	4,701,524	4,388,340
Total Expenditures and Other Uses	105,592,630	105,235,062	93,483,427	90,817,353
Increase/(Decrease) in Fund Balance	(1,045,852)	5,274,094	22,715,502	5,493,228
Prior Period Adjustment	-	-	-	(45,870)
Ending Fund Balance	\$ 53,574,432	\$ 54,620,284	\$ 49,346,190	\$ 26,630,688
Available Reserves <sup>2,3</sup>	\$ 13,520,880	\$ 10,856,973	\$ 5,191,211	\$ 6,598,856
Available Reserves as a Percentage of Total Outgo <sup>3</sup>	12.80%	10.32%	5.55%	7.27%
Long-Term Liabilities <sup>4</sup>	Not Available	\$ 114,842,161	\$ 110,683,714	\$ 85,831,203
Average Daily Attendance at P-2	5,350	5,280	5,169	4,966

The General Fund balance has increased by \$27,989,596 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$1,045,852 (1.91%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$29,010,958 over the past two years due to increases in the District's net pension liability.

Average daily attendance has increased by 314 over the past two years. Growth of 70 ADA is anticipated during fiscal year 2024-2025.

<sup>1</sup> Financial information for 2025, 2023, and 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Pupil Transportation Fund or the Special Reserve Fund for Postemployment Benefits as required by GASB Statement No. 54.

<sup>4</sup> Long-term liabilities balance was restated as of June 30, 2022, due to the implementation of GASB Statement 96.

Hanford Elementary School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2024

	Student Activities Fund	Charter Schools Fund	Cafeteria 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
<b>Assets</b>									
Deposits and investments	\$ 25,366	\$ 63	\$ 3,744,594	\$ 259,716	\$ 2,296,680	\$ 4,763,012	\$ 10,995,755	\$ 1,049,029	\$ 23,134,215
Receivables	-	-	722,063	-	-	-	-	-	722,063
Due from other funds	-	-	-	-	-	-	874	-	874
Stores inventories	-	-	49,360	-	-	-	-	-	49,360
<b>Total assets</b>	<b>\$ 25,366</b>	<b>\$ 63</b>	<b>\$ 4,516,017</b>	<b>\$ 259,716</b>	<b>\$ 2,296,680</b>	<b>\$ 4,763,012</b>	<b>\$ 10,996,629</b>	<b>\$ 1,049,029</b>	<b>\$ 23,906,512</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 62,435	\$ 27,192	\$ -	\$ 15,523	\$ -	\$ -	\$ 105,150
Due to other funds	-	-	7,800	-	-	-	-	-	7,800
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>70,235</b>	<b>27,192</b>	<b>-</b>	<b>15,523</b>	<b>-</b>	<b>-</b>	<b>112,950</b>
<b>Fund Balances</b>									
Nonspendable	-	-	49,770	-	-	-	-	-	49,770
Restricted	25,366	63	4,396,012	-	2,296,680	4,747,489	5,678,120	1,049,029	18,192,759
Committed	-	-	-	232,524	-	-	-	-	232,524
Assigned	-	-	-	-	-	-	5,318,509	-	5,318,509
<b>Total fund balances</b>	<b>25,366</b>	<b>63</b>	<b>4,445,782</b>	<b>232,524</b>	<b>2,296,680</b>	<b>4,747,489</b>	<b>10,996,629</b>	<b>1,049,029</b>	<b>23,793,562</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,366</b>	<b>\$ 63</b>	<b>\$ 4,516,017</b>	<b>\$ 259,716</b>	<b>\$ 2,296,680</b>	<b>\$ 4,763,012</b>	<b>\$ 10,996,629</b>	<b>\$ 1,049,029</b>	<b>\$ 23,906,512</b>

Hanford Elementary School District

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

Year Ended June 30, 2024

	Student Activities Fund	Charter Schools Fund	Cafeteria 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
<b>Revenues</b>									
Local Control Funding Formula	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Federal sources	-	-	4,018,327	-	-	-	-	-	4,018,327
Other State sources	-	-	1,147,352	-	-	11,257,073	-	13,001	12,417,426
Other local sources	33,842	1	181,748	34,266	750,516	46,667	247,604	1,141,750	2,436,394
<b>Total revenues</b>	<b>33,842</b>	<b>1</b>	<b>5,347,427</b>	<b>334,266</b>	<b>750,516</b>	<b>11,303,740</b>	<b>247,604</b>	<b>1,154,751</b>	<b>19,172,147</b>
<b>Expenditures</b>									
<b>Current</b>									
Pupil services									
Food services	-	-	4,160,786	-	-	-	-	-	4,160,786
Administration									
All other administration	-	-	80,000	-	3,625	-	-	-	83,625
Plant services	-	-	3,311	266,689	51,240	-	-	-	321,240
Ancillary services	28,247	-	-	-	-	-	-	-	28,247
Facility acquisition and construction	-	-	-	511,569	-	562,688	16,104	-	1,090,361
Debt service									
Principal	-	-	-	-	-	-	-	680,000	680,000
Interest and other	-	-	-	-	-	-	-	871,020	871,020
<b>Total expenditures</b>	<b>28,247</b>	<b>-</b>	<b>4,244,097</b>	<b>778,258</b>	<b>54,865</b>	<b>562,688</b>	<b>16,104</b>	<b>1,551,020</b>	<b>7,235,279</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,595</b>	<b>1</b>	<b>1,103,330</b>	<b>(443,992)</b>	<b>695,651</b>	<b>10,741,052</b>	<b>231,500</b>	<b>(396,269)</b>	<b>11,936,868</b>
<b>Other Financing Sources(Uses)</b>									
Transfers in	-	-	-	-	-	-	7,480,047	-	7,480,047
Transfers out	-	-	-	-	-	(7,480,047)	-	-	(7,480,047)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,480,047)</b>	<b>7,480,047</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>5,595</b>	<b>1</b>	<b>1,103,330</b>	<b>(443,992)</b>	<b>695,651</b>	<b>3,261,005</b>	<b>7,711,547</b>	<b>(396,269)</b>	<b>11,936,868</b>
Fund Balance - Beginning, as previously reported	19,771	62	3,342,452	676,516	1,601,029	1,486,484	-	1,445,298	8,571,612
Adjustments (Note 16)	-	-	-	-	-	-	3,285,082	-	3,285,082
Fund Balance - Beginning, as restated	19,771	62	3,342,452	676,516	1,601,029	1,486,484	3,285,082	1,445,298	11,856,694
<b>Fund Balance - Ending</b>	<b>\$ 25,366</b>	<b>\$ 63</b>	<b>\$ 4,445,782</b>	<b>\$ 232,524</b>	<b>\$ 2,296,680</b>	<b>\$ 4,747,489</b>	<b>\$ 10,996,629</b>	<b>\$ 1,049,029</b>	<b>\$ 23,793,562</b>

**Note 1 - Purpose of Schedules****Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Hanford Elementary School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Hanford Elementary School District, it is not intended to and does not present the net position, changes in net position or fund balances of Hanford Elementary School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had spent food commodities totaling \$242,872.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The total federal expenditures reported on the schedule differs from the total federal revenue recognized within the financial statements due to the Supply Chain Assistance (SCA) Funds were spent in the current year but the revenue was recognized in the previous fiscal year.

Description	Federal Financial Assistance Listing	Amount
Total Federal Revenues reported on the financial statements		\$ 17,677,789
Supply Chain Assistance (SCA) Funds	10.555	95,585
Total Federal financial assistance		<u>\$ 17,773,374</u>



**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

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

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

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

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

**Schedule of Financial Trends and Analysis**

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

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

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



Other Information  
June 30, 2024

## Hanford Elementary School District

## Organization

The Hanford Elementary School District was established in August 1891 and consists of an area comprising approximately 12.92 square miles. The District operates eight elementary schools, one K-8 magnet school, two junior high schools, and one community day school. There were no boundary changes during the year.

## Governing Board

Member	Office	Term Expires
Greg Strickland	President	2024
Robert “Bobby” Garcia	Vice President	2026
Lupe Hernandez	Clerk	2026
Tim Revious	Trustee	2024
Jeff Garner	Trustee	2026

## Administration

Joy C. Gabler	Superintendent
David Endo	Chief Business Official
Jaime Martinez	Assistant Superintendent Human Resources
Jill Rubalcava	Assistant Superintendent Curriculum, Instruction and Professional Development
Jason Strickland	Assistant Superintendent, Special Services



Independent Auditor's Reports  
June 30, 2024

## Hanford Elementary School District

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

To the Governing Board  
Hanford Elementary School District  
Hanford, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Hanford Elementary School District (the 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 October 28, 2024.

***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the accounting change in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balance. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

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

### **Purpose of this Report**

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



Fresno, California  
October 28, 2024

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

To the Governing Board  
Hanford Elementary School District  
Hanford, California

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

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

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance



requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California  
October 28, 2024

## **Independent Auditor's Report on State Compliance and on Internal Control Over Compliance**

To the Governing Board  
Hanford Elementary School District  
Hanford, California

### **Report on Compliance**

#### ***Opinion on State Compliance***

We have audited Hanford Elementary School District's (the District) compliance with the requirements specified in the *2023-2024 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, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 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 (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 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 *2023-2024 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 *2023-2024 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:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios 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	Yes
Home to School Transportation Reimbursement	Yes
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

We did not perform testing for Independent Study because average daily attendance reported did not exceed thresholds for testing.

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

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Fresno, California  
October 28, 2024



Schedule of Findings and Questioned Costs  
June 30, 2024

## Hanford Elementary School District

## Hanford Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2024

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Elementary and Secondary School Relief II (ESSER II) Fund	84.425D
COVID-19 ESSER II State Reserve	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 ESSER III State Reserve Emergency Needs	84.425U
COVID-19 ESSER III State Reserve Learning Loss	84.425U
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

## Hanford Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2024

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**State Compliance**

Internal control over state compliance programs

Material weaknesses identified

No

Significant deficiencies identified not

considered to be material weaknesses

None Reported

Other matters to be reported

Yes

Type of auditor's report issued on compliance  
for programs

Unmodified



## Hanford Elementary School District

Financial Statement Findings

Year Ended June 30, 2024

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None reported.

Hanford Elementary School District  
Federal Awards Findings and Questioned Costs  
Year Ended June 30, 2024

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None reported.

Hanford Elementary School District  
State Compliance Findings and Questioned Costs  
Year Ended June 30, 2024

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The following finding represents an instance of noncompliance including questioned costs that is required to be reported by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

**2024-001      40000 - Expanded Learning Opportunities Program**

**Criteria or Specific Requirements**

*Education Code* Section 46120 requires commencing with the 2023–2024 school year, as a condition of receipt of funds allocated, local educational agencies shall offer to all pupils in classroom-based instructional programs in kindergarten and grades 1 to 6, inclusive, access to expanded learning opportunity programs, and shall provide access to any pupil whose parent or guardian requests their placement in a program. On school days, in-person before or after school expanded learning opportunities that, when added to daily instructional minutes, recess, and meals, are no less than nine hours of combined instructional time, recess, meals, and expanded learning opportunities per instructional day. For at least 30 non-school days, inclusive of extended school year days provided, no less than nine hours of in-person expanded learning opportunities per day.

**Condition**

The District's Expanded Learning Opportunity Program operated 189 days of the required 210 operational days. The District offered the program to 3,830 pupils of the required 4,351 students. The District was aware of the non-compliance and a liability of \$1,854,023 was recorded in accounts payable.

**Cause**

Due to limited current and potential staffing, the District's Expanded Learning Opportunity Program was only able to offer 189 operational days of the required 210 required operational days, leaving 21 days not offered and the District was only able to provide access to 3,830 of the District's interested 4,351 students.

**Effect**

The penalty amount was determined to be \$1,854,023; therefore, the District is out of compliance with *Education Code* Section 46120.

**Questioned Costs**

The penalty was calculated to be \$1,854,023.

**Repeat Finding**

No

**Recommendation**

We recommend the District continue to try and staff in order to offer the total required operational days to all interested students in the 2024-2025 fiscal year.

**Corrective Action Plan and Views of Responsible Officials**

The District agrees with the finding and is working continuously to determine if it can find staffing for all 210 days of Expanded Learning.

Hanford Elementary School District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

**State Compliance Finding**

**2023-001      70000 – Instructional Materials**

**Criteria or Specific Requirements**

According to the requirements of *Education Code* Section 60119, the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, is required to hold a public hearing or hearings on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or county office of education having schools that operate on a multi-track, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

**Condition**

During our audit of the Hanford Elementary School District's Instructional Materials Funding Realignment Program, we found that the District did not pass a Resolution on or before the eighth week of school from the first day pupils attended school for that year.

**Questioned Costs**

There is no questioned cost associated with this exception.

**Context**

The condition was identified through inquiry with District personnel and review of available District records related to Instructional Materials.

**Cause**

A resolution was not passed regarding the sufficiency of textbooks within the first eight weeks of school. The District submitted a resolution at a public board hearing on April 26, 2023.

**Effect**

The District was not in compliance with *Education Code* Section 60119 by not holding a public hearing and making a determination through a resolution as to the sufficiency of textbooks or other instructional materials on or before the end of the eighth week from the first day pupils attended school.

Hanford Elementary School District  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024

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**Recommendation**

The District should implement procedures to ensure that future public hearings are held on or before the eighth week of school from the first day pupils attended for the year and to pass a Resolution on the matter.

**Current Status**

Implemented.

October 28, 2024

To the Governing Board  
Hanford Elementary School District  
Hanford, California

We have audited the financial statements of Hanford Elementary School District (the District) as of and for the year ended June 30, 2024, and have issued our report thereon dated October 28, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated June 28, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of the system of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered the system of internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 28, 2024. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated October 28, 2024.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks.

- Management Override -- We have identified the possibility that management override of internal controls and Improper Revenue Recognition – Risk, that revenue, including LCFF calculations, could be materially misstated due to error or fraud.
- Pension Liability – We have identified the valuation of pension liability related to GASB 68 as a significant risk due to the amounts reported by the District being based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability and related deferred outflows and inflows, which is derived by utilizing projections of future contributions and future earnings and various actuarially determined assumptions.
- OPEB Liability – We have identified the valuation of OPEB liability related to GASB 75 as a significant risk due to the amounts reported by the District being based on estimated net OPEB liability and related deferred outflows and inflows resources, which is derived by utilizing projections of future contributions and various actuarially determined assumptions.
- Self Insured Programs – We have identified the estimates relating to the incurred but not reported as a significant risk due to the amounts reported by the District being based on estimates being based on past historical data and various future projections of claims activity and costs.



## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to Net Other Postemployment Benefits (OPEB) Liability and Plan (Note 10) and the Employee Retirement Systems (Note 13).

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Below are conditions that affected the form and content of our opinions

#### ***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the accounting change in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balances. Our opinions are not modified with respect to this matter.

Additionally, we disclosed other matters of noncompliance in State programs within our State Compliance opinion letter.

### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated October 28, 2024.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

**Noncompliance with Laws and Regulations**

We have identified the following matters involving noncompliance with laws and regulations that came to our attention during the course of the audit.

As described in the audit finding 2024-001 in the audit report, the District was not in compliance with the Expanded Learning Opportunities Program (ELOP).

**Other Information Included in the Audit Report**

Pursuant to professional standards, our responsibility as auditors for other information whether financial or nonfinancial, included in the District's financial statements, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to obtain assurance about such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider acceptance of the audit corrective action plan.

**PURPOSE:**

The Kings County Office of Education requires school districts to submit an acceptable plan for correction relating to any audit findings by March 15, 2024. The audit corrective action plan has been attached for your review.

**FISCAL IMPACT:**

None.

**RECOMMENDATIONS:**

Accept the audit corrective action plan.

AUDIT FINDING CORRECTIVE ACTION  
Due March 15, 2025

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**DISTRICT: Hanford Elementary School District**

**FINDING: 40000 – Expanded Learning Opportunities Program**

State audit finding and describe specific corrective action used in resolving it:  
Attach all pertinent documentation.

**Criteria or Specific Requirements:**

Education Code Section 46120 requires commencing with the 2023–2024 school year, as a condition of receipt of funds allocated, local educational agencies shall offer to all pupils in classroom-based instructional programs in kindergarten and grades 1 to 6, inclusive, access to expanded learning opportunity programs, and shall provide access to any pupil whose parent or guardian requests their placement in a program. On school days, in-person before or after school expanded learning opportunities that, when added to daily instructional minutes, recess, and meals, are no less than nine hours of combined instructional time, recess, meals, and expanded learning opportunities per instructional day. For at least 30 non-school days, inclusive of extended school year days provided, no less than nine hours of in-person expanded learning opportunities per day.

**Condition:**

The District's Expanded Learning Opportunity Program operated 189 days of the required 210 operational days. The District offered the program to 3,830 pupils of the required 4,351 students. The District was aware of the non-compliance and a liability of \$1,854,023 was recorded in accounts payable.

**Corrective Action Plan and Views of Responsible Officials:**

The District agrees with the finding and is working continuously to determine if it can find staffing for all 210 days of Expanded Learning.

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider approval of contract for financial audit services.

**PURPOSE:**

Education Code 41020 requires local educational agencies to provide for an audit by April 1 annually. Eide Baily has expressed an interest in continuing its relationship with the District resulting in the attached three year agreement.

**FISCAL IMPACT:**

The proposed base cost is \$65,500, \$70,740, \$73,600 over the next three years.

**RECOMMENDATIONS:**

Approve the contract for financial audit services.

## Contract for Auditing

This agreement made and entered into this 3rd day of January 2025, between the Governing Board of the Hanford Elementary School District, of Kings County, State of California, hereafter referred to as "District" and Eide Bailly, LLP, Certified Public Accountants, hereafter referred to as "Auditors".

We understand the services we are to provide the Hanford Elementary School District for the three-year period beginning July 1, 2024 and ending June 30, 2027.

### Annual Engagement Letter (updated annually)

You have requested that we audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hanford Elementary School District (the District) as of and for the years ended June 30, 2025, 2026, and 2027, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. In addition, we will audit the entity's compliance over major federal award programs for the periods ended June 30, 2025, 2026, and 2027. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audit of the financial statements 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and Government Auditing Standards, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), require that certain information as listed below be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis

2. Budgetary Comparison Schedule – General Fund
3. Schedule of Changes in the District’s Total OPEB Liability and Related Ratios, as applicable
4. Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program, as applicable
5. Schedule of the District’s Proportionate Share of the Net Pension Liability
6. Schedule of the District’s Pension Contributions

Supplementary information other than RSI will accompany District’s basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards
2. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
3. Schedule of Financial Trends and Analysis
4. Other state schedules such as Average Daily Attendance and Instructional Time
5. Combining Balance Sheet – Non-Major Governmental Funds, as applicable
6. Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, as applicable

Also, the document we submit to you will include the Organizational Structure as other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements.

### **Schedule of Expenditures of Federal Awards**

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

### **Data Collection Form**

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management’s responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors’ reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.



## Audit of the Financial Statements

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, 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, if applicable, in accordance with any state or regulatory audit requirements. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards*, Uniform Guidance and/or any state or regulatory audit requirements we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 controls.
- Obtain an understanding of the system of internal control 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, 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 a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America and/or state or regulatory audit requirements. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the governing body of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an

opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We also will issue a written report on *compliance* in accordance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* upon completion of our audit.

### **Annual Report – Form and Content, Delivery**

The form and content of the annual audit shall be in conformity, to the extent practicable, with such form and content as may be prescribed by the State of California under Section 41020 of the Education Code, including the required compliance audit provisions of the Uniform Guidance, Audits of State of Local Governments, issued by the U.S. Office of Management and Budget, as issued pursuant to the Single Audit Act Amendments of 1996 and Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The audit shall be completed and the audit report shall be delivered in accordance with time requirements as specified in the current Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by Educational Audit Appeals Panel, unless delayed by circumstances beyond the control of the Auditors. An electronic copy of the audit report may be rendered to the District, in addition to the copies required to be filed with the applicable governmental units.

### **Audit of Major Program Compliance**

Our audit of the District's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements 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 entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS *and, if applicable, in accordance with Government Auditing Standards, and/or any state or regulatory audit requirements*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we considers necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, 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 have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

### **Management Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of the system 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;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely, the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;

11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence;
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in the system of internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

### Nonattest Services

With respect to any nonattest services we perform, we agree to perform the following:

- Prepare or assist with preparing financial statements in conformity with U.S. generally accepted accounting principles based on information provided by you.
- Prepare or assist with preparing the Schedule of Expenditures of Federal Awards.
- Complete the auditee's portion of the Data Collection Form.
- Propose conversion entries and roll forward schedules to be reviewed and approved by management which include debt service roll forward schedule and lease schedules.
- Assistance with lease assessments in accordance with GASB Statement No. 87 and GASB Statement No. 96.

We will not assume management responsibilities on behalf of the District. The District's management understands and agrees that any advice or recommendation we may provide in connection with our audit engagement are solely to assist management in performing its responsibilities.

The District's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing, and maintaining the system of internal control, including the process used to monitor the system of internal control.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined above. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities.

### Fees and Timing

Bill Williams is the planned engagement partner for the audit services specified in this letter. If the planned partner should change, you will be notified at that time. The engagement partner's responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses, and administrative charges. Invoices are payable upon presentation. We estimate that our fee for the audit will be \$65,500, \$70,740, and \$73,600 for the fiscal years ending June 30, 2025, 2026, and 2027, respectively, include such time necessary to complete the audit. ***The base audit fee will include the audit of one***

**(1) major federal program/cluster. Each additional federal program/cluster that requires an audit will be billed at \$5,000 per program/cluster. Non-refunding bond or Certificates of Participation issuances will be billed at \$3,500 per issuance and any refunding issuances will be billed at \$5,000 per issuance.** If the District also requires a Bond Financial and Compliance Audit or any other separate attest services or reports, a separate engagement letter will be forwarded to you with separate pricing.

The ability to perform and complete our engagement consistent with the estimated fee included above depends upon the quality of your underlying accounting records and the timeliness of your personnel in providing information and responding to our requests. To assist with this process, we will provide you with an itemized request list that identifies the information you will need to prepare and provide in preparation for our engagement, as well as the requested delivery date for those items. A lack of preparation, including not providing this information in an accurate and timely manner, unanticipated audit adjustments, and/or untimely assistance by your personnel may result in an increase in our fees and/or a delay in the completion of our engagement.

Other circumstances may arise that cannot be foreseen or estimated at this time under which Eide Bailly must perform additional audit work and, may require additional billings for these services. Examples of such circumstances include, but are not limited to:

- Changing audit requirements unknown at the initial time of negotiations.
- New professional standards or regulatory requirements (i.e. new GASB pronouncements).
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements.
- Erroneous or incomplete accounting records.
- Failure to meet the statutory deadline for submission of the audit due to an extension.
- New or unusual transaction.
- Failure of District staff to prepare and provide information in a timely manner.
- Lack of availability of appropriate personnel during the audit fieldwork.
- Additional federal programs requiring audit as a result the programs being identified as high or higher risk, or the District not qualifying as a low risk auditee.
- New state programs requiring audit if it results in an increase in the number of programs requiring audit in a given year.

The final installment will represent the 10% withheld amount pursuant to *Education Code* 14505 and will be presented for payment upon certification by the Controller that the audit report conforms to the reporting provisions of the Audit Guide. All billings for additional audit fees or services will be billed as these services are provided. In accordance with *Education Code* Section 14505 (b), the District shall withhold 50% of the audit fee for any subsequent year of a multi-year contract if the prior year's audit report was not certified as conforming to reporting provisions of the Audit Guide. This contract shall be null and void if a firm or individual is declared ineligible pursuant to subdivision (c) of Section 41020.5. The withheld amount shall not be payable unless payment is ordered by the State Board of Accountancy or the audit report for that subsequent year is certified by the Controller as conforming to reporting provisions of the Audit Guide.

We may be requested to make certain audit documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such audit documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's

performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

### **Other Matters**

During the course of the engagement, we will only provide confidential engagement documentation to you via Eide Bailly's secure portal or other secure methods, and request that you use the same or similar tools in providing information to us. Should you choose not to utilize secure communication applications, you acknowledge that such communication contains a risk of the information being made available to unintended third parties. Similarly, we may communicate with you or your personnel via e-mail or other electronic methods, and you acknowledge that communication in those mediums contains a risk of misdirected or intercepted communications.

Should you provide us with remote access to your information technology environment, including but not limited to your financial reporting system, you agree to (1) assign unique usernames and passwords for use by our personnel in accessing the system and to provide this information in a secure manner; (2) limit access to "read only" to prevent any unintentional deletion or alteration of your data; (3) limit access to the areas of your technology environment necessary to perform the procedures agreed upon; and (4) disable all usernames and passwords provided to us upon the completion of procedures for which access was provided. We agree to only access your technology environment to the extent necessary to perform the identified procedures.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your website or elsewhere, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider. You acknowledge that your information may be disclosed to such service providers, including those outside the United States.

We agree to retain our audit documentation or work papers for a period of at least eight years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

Neither of us may use or disclose the other's confidential information for any purpose except as permitted under this engagement letter or as otherwise necessary for Eide Bailly to provide the services. Your confidential information is defined as any information you provide to us that is not available to the public. Eide Bailly's confidential information includes our audit documentation for this engagement. Our audit documentation shall at all times remain the property of Eide Bailly LLP. The confidentiality obligations described in this paragraph shall supersede and replace any and all prior confidentiality and/or nondisclosure agreements (NDAs) between us.

You agree to share all facts that may affect your financial statements, even if you first become aware of those facts after the date of the auditor's report but before the date your financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and the governing board the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

*Government Auditing Standards* require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, ("HLB"). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

Eide Bailly LLP formed The Eide Bailly Alliance Network, a network for small to mid-sized CPA firms across the nation. Each member firm of The Eide Bailly Alliance, including Eide Bailly LLP, is a separate and independent legal entity and is not owned or controlled by any other member of The Eide Bailly Alliance. Each member firm of The Eide Bailly Alliance is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of The Eide Bailly Alliance or any other member firm of The Eide Bailly Alliance and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of The Eide Bailly Alliance.



Eide Bailly, LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business Code. It is not anticipated that any of the non-licensee owners will be performing services for the District.

## **MEDIATION**

Any disagreement, controversy or claim arising out of or related to any aspect of our services or relationship with you (hereafter a "Dispute") shall, as a precondition to litigation in court, first be submitted to mediation. In mediation, the parties attempt to reach an amicable resolution of the Dispute with the aid of an impartial mediator. Mediation shall begin by service of a written demand. The mediator will be selected by mutual agreement. If we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA"). Mediation shall be conducted with the parties in person in Fresno, California. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Neither party may commence a lawsuit until the mediator declares an impasse.

## **LIMITED INDEMNITY**

Eide Bailly LLP and its partners, affiliates, officers and employees (collectively "Eide Bailly") shall not be responsible for any misstatements in your financial statements that we may fail to detect as a result of misrepresentations or concealment of information by any of your owners, directors, officers or employees. You shall indemnify and hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees arising from any such misstatement or concealment of information.

If through no fault of Eide Bailly we are named as a party to a dispute between you and a third party, you shall indemnify and hold Eide Bailly harmless against any losses, damages, settlements, judgments, awards, and the costs of litigation (including attorneys' fees) we incur in connection with the dispute.

Eide Bailly shall not be entitled to indemnification under this agreement unless the services were performed in accordance with professional standards in all material respects.

## **LIMITATION OF LIABILITY**

The exclusive remedy available to you for any alleged loss or damages arising from or related to Eide Bailly's services or relationship with you shall be the right to pursue claims for actual damages that are directly caused by Eide Bailly's breach of this agreement or Eide Bailly's violation of applicable professional standards. In no event shall Eide Bailly's aggregate liability to you exceed two times fees paid under this agreement, nor shall Eide Bailly ever be liable to you for incidental, consequential, punitive or exemplary damages, or attorneys' fees.

## **TIME LIMITATION**

You may not bring any legal proceeding against Eide Bailly unless it is commenced within twenty-four (24) months ("Limitation Period") after the date when we delivered our report, return, or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the audit. The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of a possible Dispute.

## **GOVERNING LAW AND VENUE**

Any Dispute between us, including any Dispute related to the engagement contemplated by this agreement, shall be governed by California law. Any unresolved Dispute shall be submitted to a federal or state court located in Fresno, California.

**ASSIGNMENTS PROHIBITED**

You shall not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly to any person.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



Bill Williams, CPA, Partner  
Fresno, California

\*\*\*\*\*

**RESPONSE:**

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Hanford Elementary School District by:

Signature: \_\_\_\_\_

Name: David Endo

Title: Chief Business Official

Date: \_\_\_\_\_

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider the approval of Resolution #19-25, Authorizing the establishment of an irrevocable trust for Other Post Employment Benefits (OPEB) through participation in the California Employer's Retiree Benefit Trust (CERBT) program and authorize an initial contribution of \$800,000 in 2024-2025 and ongoing from Fund 20 (Special Reserve for OPEB).

**PURPOSE:**

Other Post-Employment Benefits (OPEB) is the cost the District pays for qualifying retirees' health insurance for up to ten (10) years or to the age of 65, whichever comes first. Per Government Code Accounting Standards (GASB) 75, school districts must complete an actuarial study and include this liability in the annual financial statements. The most recent actuarial study with a valuation date of June 30, 2023, measures the District's unfunded liability for OPEB at approximately \$13.6 million. The District currently funds OPEB on an annual pay-as-you-go basis in an estimated amount of \$0.500 million.

The California Employers' Retiree Benefit Trust (CERBT) Fund through California Public Employees Retirement System (CalPERS) is an Internal Revenue Service Section 115 Irrevocable Trust, which is set up for the purpose of receiving employer contributions that will prefund health and other post-employment benefit costs for retirees. Return on trust investments are typically much higher and range on average from 5.8% to 6.4% over time depending on the composition of the portfolio and the District's tolerance for risk. The CERBT program is a public not-for-profit trust fund, with low fee rate of 8.5 basis points (0.085%) and provides GASB compliant financial reporting support.

While contributions to the trust are always voluntary and are held in the trust for the District's exclusive use to pay for retiree benefits, staff recommends the Board approve an initial contribution equivalent to the estimated service cost amount of approximately \$800,000 and future contributions on an annual basis until the District has fully funded the liability. Funding

ADM-018

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post-retirement liability reduces the District's liability on the balance sheet as well as potentially help maintain the District's credit rating.

Attached is a presentation from CalPERS.

**FISCAL IMPACT:**

\$800,000 from the District's Fund 20 (Special Reserve for OPEB).

**RECOMMENDATIONS:**

Approve Resolution #19-25, Authorizing the establishment of an irrevocable trust for Other Post Employment Benefits (OPEB) through participation in the California Employer's Retiree Benefit Trust (CERBT) program and authorize an initial contribution of \$800,000 in 2024-2025 and ongoing from Fund 20 (Special Reserve for OPEB).

**HANFORD ELEMENTARY SCHOOL DISTRICT****Resolution 19-25****Establishment of an Irrevocable Trust for Other Post-Employment Benefits Through the California Public Employees Retirement System**

**WHEREAS**, The Board of Trustees of the Hanford Elementary School District wishes to establish an irrevocable trust; and

**WHEREAS**, the California Public Employees Retirement System (CalPERS) has established the California Employees' Retirement Benefit Trust (CERBT) Fund for California Public Agencies to use to pre-fund future retiree health and other post-employment benefit costs; and

**WHEREAS**, to participate in the CERBT program, CalPERS requires that the Board of Trustees approve the associated agreement.

**NOW, THEREFORE BE IT RESOVED**, by the Board of Trustees of the Hanford Elementary School District, hereby adopts the agreement with California Public Employee's Retirement Systems (CalPERS) to prefund retiree medical benefits through participation in the California Employer's Retiree Benefit Trust (CERBT) Program; and appoints the incumbents in the following positions, Superintendent, Chief Business Officer, and the Fiscal Services Specialist, as Plan Administrators of the Program;

**AND BE IT THEREFORE RESOLVED**, that the Plan Administrators are authorized to execute the Program's legal and administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation, funding facilitation, investment management and administration in the Program, and to maintain compliance of any relevant regulation issues or as may be issued, therefore, authorizing the Plan Administrator to take whatever additional actions are required to administer the District's Program.

**APPROVED, PASSED, AND ADOPTED** the 22<sup>nd</sup> day of January 2025 by the Board of Trustees of the Hanford Elementary School District of Kings County by the following vote:

AYE:

NO:

ABSTAIN:

ABSENT:

BOARD OF TRUSTEES OF THE HANFORD ELEMENTARY SCHOOL DISTRICT

---

By: Robert "Bobby" Garcia  
Its: President

I certify that the Resolution above is a full and correct excerpt from the Journal of the Board of Trustees of the Hanford Elementary School District pertaining to the adoption of Resolution No. 19-25 at the Board of Trustees meeting held on January 22, 2025.

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Clerk of the Board of Trustees  
of the Hanford Elementary School District

**CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST PROGRAM ("CERBT")**

**AGREEMENT AND ELECTION  
OF**

---

(NAME OF EMPLOYER)

**TO PREFUND OTHER POST-EMPLOYMENT  
BENEFITS THROUGH CalPERS**

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post-employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) \_\_\_\_\_  
(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post-Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer defined benefit plan as defined in Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB Standards) consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:      CalPERS  
    CERBT (OPEB)  
    P.O. Box 1494  
    Sacramento, CA 95812-1494

Filing in person, deliver to:      CalPERS Mailroom  
    CERBT (OPEB)  
    400 Q Street  
    Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

### C. Other Post-Employment Benefits (OPEB) Cost Reports and Employer Contributions

(1) Employer shall provide to the Board an OPEB cost report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by applicable GASB OPEB Standards. This OPEB cost report may be prepared as an actuarial valuation report or, if the employer is qualified under GASB OPEB Standards, may be prepared as an Alternative Measurement Method (AMM) report.

- (a) Unless qualified under GASB OPEB Standards, to provide an AMM report, Employer shall provide to the Board an actuarial valuation report. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:
  - 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
  - 2) prepared in accordance with generally accepted actuarial practice and GASB OPEB Standards; and,
  - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.
- (b) If qualified under GASB OPEB Standards, Employer may provide to the Board an AMM report. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:
  - 1) affirmed by Employer's external auditor, or by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board, to be consistent with the AMM process described in GASB OPEB Standards;
  - 2) prepared in accordance with GASB OPEB Standards; and,
  - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any OPEB cost report for financial reporting purposes submitted to it, but shall not unreasonably do so. In the event that the Board



determines, in its sole discretion, that the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the OPEB cost report for financial reporting purposes acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB OPEB Standards. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) No contributions are required. Contributions can be made at any time following the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

#### D. Administration of Accounts, Investments, Allocation of Income

(1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts are maintained for each employer so that the Employer's assets will provide benefits only under the Employer's post-employment benefit plan(s).

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).

(3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.

(4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income shall be allocated among participating employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.

(6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

#### E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

#### F. Disbursements

(1) Employer may receive disbursements not to exceed the annual premium and other costs of post-employment healthcare benefits and other post-employment benefits as defined in GASB OPEB Standards.

(2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) will be processed monthly.

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

#### G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

## H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

- (a) Employer gives written notice to the Board of its election to terminate;
- (b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After the Employer's participation in the Prefunding Plan terminates, the governing body of the Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.
- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of post-employment health care benefits and other post-employment benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the

Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as that term is used in GASB OPEB Standards), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

## I. General Provisions

### (1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

### (2) Audit.

- (a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized

representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.

- (b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

### (3) Notice.

- (a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:
  1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.
  2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.
  3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.
  4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.
  5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written

confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

- (b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- (c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.
- (d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

#### (4) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

#### (5) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and

signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(6) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the \_\_\_\_\_ day of the month of \_\_\_\_\_ in the year \_\_\_\_\_, authorized entering into this Agreement.

Signature of the Presiding Officer: \_\_\_\_\_

Printed Name of the Presiding Officer: \_\_\_\_\_

Name of Governing Body: \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Date: \_\_\_\_\_

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
MELODY BENAVIDES  
DIVISION CHIEF, PENSION CONTRACTS AND PREFUNDING PROGRAMS  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS

The effective date of this Agreement is: \_\_\_\_\_

# Delegation of Authority to Request Disbursements

## California Employers' Retiree Benefit Trust (CERBT)

## Page 1 of 1



Prefunding Other Post-Employment Benefits (OPEB)  
with the  
California Employers' Retiree Benefit Trust (CERBT)

Hanford Elementary School District

# Outline for Discussion

- Why Should You Prefund OPEB?
- Advantages to Prefunding OPEB
- CERBT 115 Trust
  - Investments
  - Administration
- Next Steps

# District's OPEB Liabilities

## OPEB Actuarial Valuation Report by Foster & Foster

Valuation Date	1/1/2021	6/30/2023
Present Value of Future Benefits	Not Reported	\$26,097,694
Discount Rate (Assumed Rate of Return)	Not Reported	3.86%
<b>Total OPEB Liability</b>	<b>\$13,158,775</b>	<b>\$13,568,357</b>
OPEB Trust Assets (Fiduciary Net Position)	\$0	\$0
Balance Sheet	\$13,158,775	\$13,568,357
Funded Status	0%	0%

# Impact of Prefunding

# Why Should You Prefund OPEB?

## Increase investment income

- Outperform County Treasury & LAIF
- Build a larger base of assets to increase earnings

## Reduce unfunded liabilities and contributions

- Trust assets reduce liabilities
- Higher discount rates reduce liabilities and contributions

## Prudent financial management

- Improves financial reporting outcomes
- Contributes to preserving positive credit ratings

# CERBT Customer A

Measurement Date	6/30/2019 (Pay-Go)	6/30/2021 (Prefund)
Discount Rate	3.13%	5.00%
Total OPEB Liability	\$1,523,835	\$1,433,070
Cumulative CERBT Contributions	\$0	\$153,021
Net Investment Income Generated	\$0	\$14,493
CERBT Assets	\$0	\$167,514
Net OPEB Liability	\$1,523,835	\$1,265,545
Funded Status	0%	13%

# Your Discount Rate Sensitivity

	-1% 2.86%	Current 3.86%	+1% 4.86%
Net OPEB Liability	\$14,943,954	\$13,732,710	\$12,589,833
\$ Increase (Decrease)	\$1,211,244	\$0	(\$1,142,877)

# CalPERS IRC Section 115 Trust Funds

## California Employers' Retiree Benefit Trust (CERBT - OPEB)

- Voluntarily prefund non-pension, other post-employment benefits (OPEB)
- Established 2007
- 602 employer participants
- ~\$23.2B assets

## California Employers' Pension Prefunding Trust (CEPPT - Pension)

- Voluntarily prefund required pension contributions
- Established 2019
- 99 employer participants
- ~\$281M assets



# Prefunding Program Employers

**629 contracting employers (602 CERBT and 99 CEPPT)**



State of California



155 Cities or Towns



9 Counties

83 School Employers



33 Courts



348 Special Districts &  
Public Agencies



# Investment Management

# CERBT Portfolio Options

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	6.4%	6.1%	5.8%
Standard Deviation	11.5%	9.5%	8.1%

# CERBT Portfolio Details

Asset Classification	Benchmark	CERBT OPEB Strategy 1	CERBT OPEB Strategy 2	CERBT OPEB Strategy 3	Target Range
Global Equity	MSCI All Country World Index IMI (Net)	49%	34%	23%	±5%
Fixed Income	Bloomberg Long Liability Index	23%	41%	51%	±5%
Real Estate Investment Trusts ("REITs")	FTSE EPRA/NAREIT Developed Index (Net)	20%	17%	14%	±5%
Treasury Inflation Protected Securities (TIPS)	Bloomberg US TIPS Index, Series L	5%	5%	9%	±3%
Commodities	S&P GSCI Total Return Index	3%	3%	3%	±3%
Cash	91-Day Treasury Bill	-	-	-	+2%

# CERBT Time-weighted Investment Returns

Periods Ended November 30, 2024

CERBT OPEB	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$20,243,751,704	2.80%	2.02%	7.90%	19.16%	2.90%	6.89%	6.50%	5.63%
Benchmark		2.76%	1.90%	7.77%	18.85%	2.67%	6.63%	6.17%	5.25%
CERBT Strategy 2 (Inception October 1, 2011)	\$2,156,511,746	2.43%	1.41%	7.06%	16.21%	1.13%	4.91%	5.22%	6.58%
Benchmark		2.36%	1.28%	6.92%	15.91%	0.97%	4.72%	4.94%	6.32%
CERBT Strategy 3 (Inception January 1, 2012)	\$811,063,838	2.10%	0.97%	6.30%	13.88%	0.22%	3.61%	4.15%	5.01%
Benchmark		2.03%	0.85%	6.16%	13.60%	0.09%	3.46%	3.92%	4.75%
<b>CERBT Total</b>	<b>\$23,211,327,288</b>								

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

# You Control Your Participation

## Investment portfolio

- 3 investment options
- Choose a strategy based on yield, risk tolerance, and time horizon

## Voluntary contributions

- Never required
- Full control of amount and schedule

## Reimbursement/Liquidity

- Reimburse current year OPEB expense (Pay-go + Implicit subsidy)

# CERBT OPEB Funding Policy Examples

## Actuarial Determined Contribution (ADC) funding method

- 100% of ADC, net of pay-as-you-go costs
- 100% of ADC, reimburse for pay-as-you-go costs
- Other percentage of ADC

## Other funding methods

- Adhoc contributions
- Contribute fixed dollar amount annually
- Contribute any reserve, surplus, or one-time funds

# Total Participation Cost Fee Rate

- All-inclusive cost of participation
  - CERBT: 8.5 basis points (bps) fee on asset balance
  - CEPPT: 25 basis points (bps) fee on asset balance
  - Combines administrative, custodial, and investment fees
  - Self-funded, not-for-profit
  - Zero cost to join

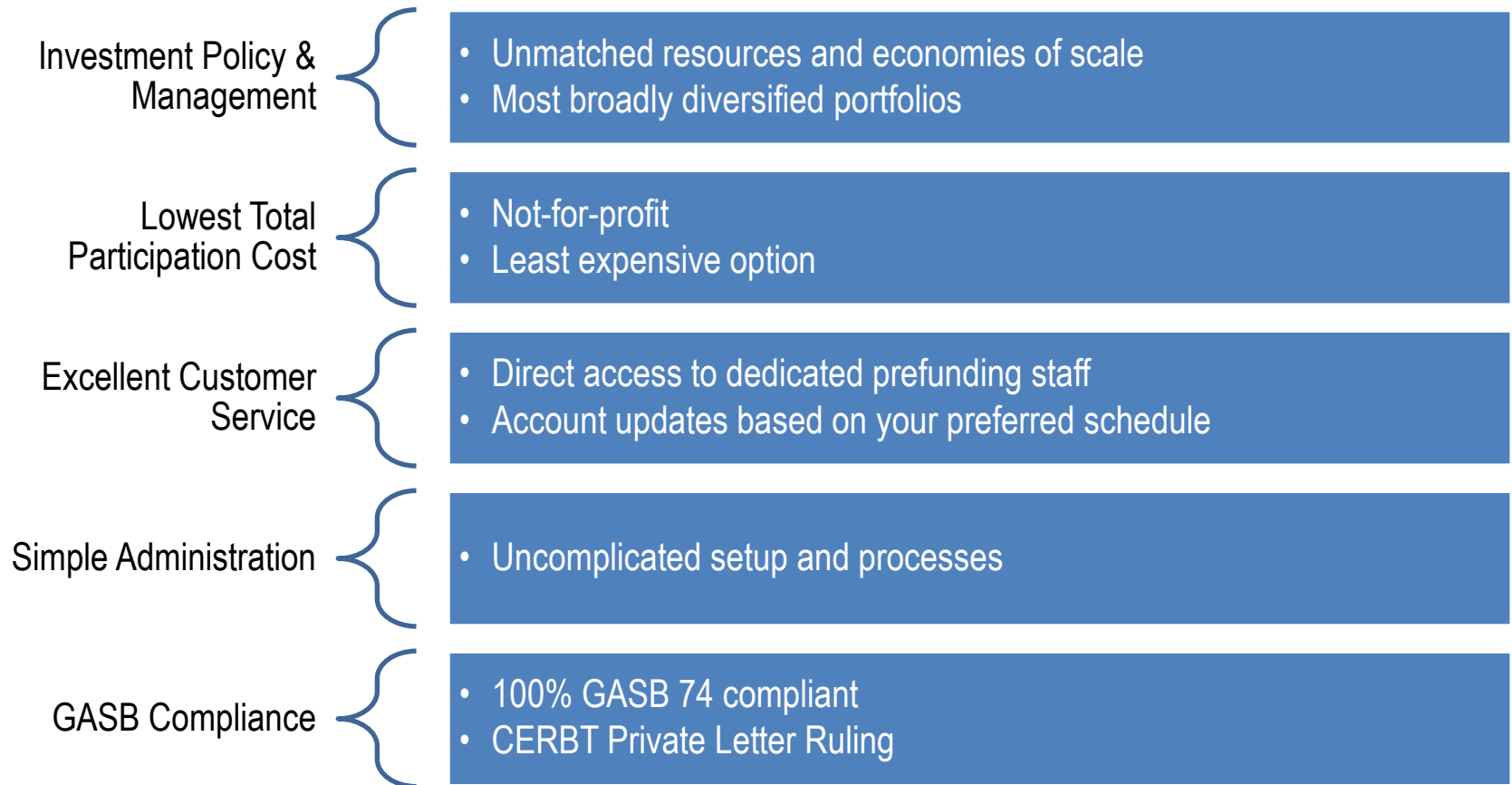
Asset Value on Deposit*	All-Inclusive Fee Rate	Annual Cost
\$1,000,000	8.5 Basis Points (0.085%)	\$850
\$1,000,000	25 Basis Points (0.25%)	\$2,500

\*Asset values shown assume the amount is deposited on the first day of a 12-month calendar year and remains constant the entire 12 months ending on the last day with the exact same amount. No investment gains/losses, or contribution additions/withdrawals are experienced at any time during the 12 months.

There are **no** additional fees of any kind. No set-up, joining, renewal, contribution, disbursement, termination fees. No minimum contribution amount.



# Advantages of the CERBT



# Trust Support Services

Contributions

Disbursements

Online Record Keeping Portal

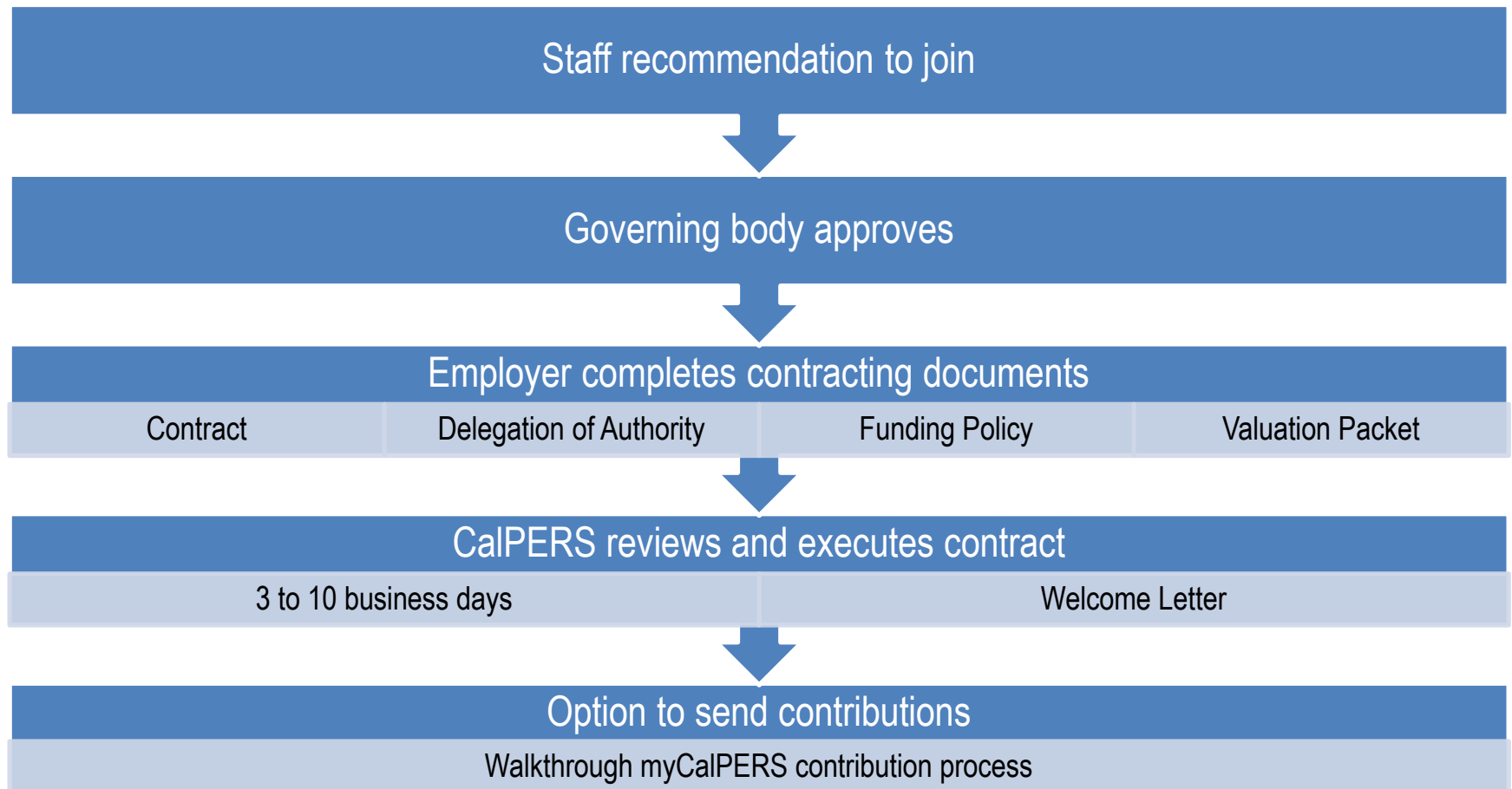
Account Updates

In-person Workshops and Webinars

Statements and Reporting

Strategy Change

# Uncomplicated Contracting Process



# CERBT Contracting Documents

Actuary	Governing Body	Employer
Actuarial Valuation	Contract Agreement	Certification of Funding Policy
Certification of Actuarial Information	Delegation of Authority to Request Disbursements	
Summary of Actuarial Information		

# Next Steps

## Continue Pay-As-You-Go Option

- Most expensive approach
- Rely 100% on current & future operating budget
- Increasing OPEB costs may stress future budget

## Setup CERBT Option

- ✓ Higher investment income than LAIF/Treasury
- ✓ Reduce budget dependency
- ✓ Rainy day fund
- ✓ Voluntary contributions & retain liquidity

# Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Darren Lathrop	Outreach & Support Manager	<a href="mailto:Darren.Lathrop@calpers.ca.gov">Darren.Lathrop@calpers.ca.gov</a>	(916) 795-0751	(916) 291-0391
Lee Lo	Section 115 Trust and 457 Outreach Manager	<a href="mailto:Lee.Lo@calpers.ca.gov">Lee.Lo@calpers.ca.gov</a>	(916) 795-4034	(916) 612-4128
Therese Luo	Outreach & Support Analyst	<a href="mailto:Therese.Luo@calpers.ca.gov">Therese.Luo@calpers.ca.gov</a>	(916) 795-2983	(916) 213-2879
Danny Kaufman	Outreach & Support Analyst	<a href="mailto:Daniel.Kaufman@calpers.ca.gov">Daniel.Kaufman@calpers.ca.gov</a>	(916) 795-8278	(916) 440-3821
Katie Nguyen	Outreach & Support Analyst	<a href="mailto:Katie.Nguyen@calpers.ca.gov">Katie.Nguyen@calpers.ca.gov</a>	(916) 795-8248	(916) 715-1911
Colleen Cain-Herrback	Program Manager	<a href="mailto:Colleen.Cain-Herrback@calpers.ca.gov">Colleen.Cain-Herrback@calpers.ca.gov</a>	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	<a href="mailto:Robert.Sharp@calpers.ca.gov">Robert.Sharp@calpers.ca.gov</a>	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
<a href="mailto:CEPPT4U@calpers.ca.gov">CEPPT4U@calpers.ca.gov</a> – Questions & Document Submittal	<a href="http://www.calpers.ca.gov/ceppt">www.calpers.ca.gov/ceppt</a>
<a href="mailto:CERBT4U@calpers.ca.gov">CERBT4U@calpers.ca.gov</a> - Questions & Document Submittal	<a href="http://www.calpers.ca.gov/cerbt">www.calpers.ca.gov/cerbt</a>
<a href="mailto:CERBTACCOUNT@calpers.ca.gov">CERBTACCOUNT@calpers.ca.gov</a> – Access to Online Record Keeping System	<a href="http://www.your-fundaccount.com/calpers/">www.your-fundaccount.com/calpers/</a> - Online Record Keeping System

## HANFORD ELEMENTARY SCHOOL DISTRICT

**AGENDA REQUEST FORM**

TO: Joy C. Gabler

FROM: David Endo

DATE: 01/13/2025

FOR: ☒ Board Meeting  
☐ Superintendent's Cabinet

FOR: ☐ Information  
☒ Action

Date you wish to have your item considered: 01/22/2025

**ITEM:**

Consider adoption of Resolution No. 20-25: Kings County Investment Policy.

**PURPOSE:**

The Hanford Elementary School District is required to annually adopt the Director of Finance's investment policy. This resolution approves the investment parameters set forth by the investment policy and delegates the District's investment authority to the Kings County Director of Finance. The policy has been reviewed and approved by the County Treasury Oversight Committee and the Board of Supervisors.

**FISCAL IMPACT:**

None.

**RECOMMENDATIONS:**

Adopt Resolution No. 20-25: Kings County Investment Policy.

BEFORE THE BOARD OF TRUSTEES OF THE  
HANFORD ELEMENTARY SCHOOL DISTRICT  
COUNTY OF KINGS, STATE OF CALIFORNIA

\*\*\*\*\*

IN THE MATTER OF APPROVING  
THE KINGS COUNTY DIRECTOR OF  
FINANCE'S STATEMENT OF INVESTMENT  
POLICY AND DELEGATING  
INVESTMENT AUTHORITY TO THE  
KINGS COUNTY DIRECTOR OF FINANCE  
UNDER CALIFORNIA GOVERNMENT CODE  
SECTIONS 53607, 53646 AND 53684 /

RESOLUTION NO. 20-25

WHEREAS, under Government Code section 53646, the Kings County Director of Finance ("Treasurer") may render an annual statement of investment policy to the Kings County Board of Supervisors and to the governing board of any local agency which has funds on deposit in the Kings County Treasury; and

WHEREAS, on December 17, 2024 the Kings County Board of Supervisors approved the Director of Finance's Statement of Investment Policy dated January 1, 2025 ("Investment Policy"); and

WHEREAS, the Investment Policy has been submitted to the District Board of Trustees ("District Board") for approval under Government Code section 53646; and

WHEREAS, under Government Code section 53646, the Treasurer may render a quarterly report ("Quarterly Report") to each local agency which has funds on deposit in the County Treasury and for which the Treasurer has made investments; and

WHEREAS, the Hanford Elementary School District ("District") has funds on deposit with the Kings County Director of Finance ("Treasurer"); and

WHEREAS, when keeping, holding, depositing and investing District funds on the District's behalf, the Treasurer acts as the "ex-officio" treasurer of the District; and

WHEREAS, the District Board has authority under Government Code sections 53607 and 53684 to delegate authority to the Treasurer to deposit and invest District funds under the provisions of Government Code sections 53601 and 53635; and

WHEREAS, the District Board now wishes to approve the Director of Finance's Statement of Investment Policy and to delegate investment authority to the Kings County Director of Finance ("Treasurer") for the ensuing twelve-month period.



NOW, THEREFORE, BE IT RESOLVED as follows:

1. Pursuant to Government Code section 53646, the District Board hereby approves the Investment Policy.
2. Pursuant to Government Code section 53646, the District Board acknowledges and approves the procedures utilized by the Treasurer in rendering and submitting each Quarterly Report, under the provisions of which the Treasurer shall render each such report. Under the provisions of Government Code section 53607, the Treasurer shall prepare a monthly report and maintain it on file in his/her office for review and inspection by the District Board, staff and designated agents.
3. Pursuant to Government Code sections 53607 and 53684, and subject to the requirements of Government Code sections 53601 and 53635, the District Board hereby delegates to the Kings County Director of Finance ("Treasurer") the discretionary authority to deposit, invest or reinvest the funds of the District in the County Treasury commencing on the date of approval of this resolution and continuing for the ensuing twelve months. Without limiting his discretion in any way, the Treasurer is hereby expressly authorized to invest such District funds in the Treasurer's Pooled Investment Portfolio.
4. The District Board hereby delegates to the Treasurer the discretionary authority to determine which District funds on deposit in the Kings County Treasury are monies which are sinking funds or money not required for immediate use within the meaning of Government Code section 53601 and which monies are excess funds within the meaning of Government Code section 53684.
5. The Treasurer shall assume full responsibility for such deposit and investment transactions until such time as the District Board revokes this delegation of authority or until the date which is twelve months from the date of approval of this resolution, unless renewed on or before that date by the District Board.

The foregoing resolution was adopted upon motion by Trustee \_\_\_\_\_, seconded by Trustee \_\_\_\_\_, at a regular meeting held on the 22<sup>nd</sup> day of January, 2025, by the following vote:

AYES: Trustees  
 NOES: Trustees  
 ABSENT: Trustees

\_\_\_\_\_  
 President of the Board of Trustees  
 Hanford Elementary School District

WITNESS my hand and seal of said Board of Trustees this 22<sup>nd</sup> day of January, 2025.

\_\_\_\_\_  
 Clerk of said Board of Trustees



**COUNTY OF KINGS**  
**DEPARTMENT OF FINANCE**

ERIK UREÑA, CPA • DIRECTOR OF FINANCE  
1400 W. LACEY BLVD • HANFORD, CA 93230

ACCOUNTING DIVISION  
(559) 852-2455 • FAX: (559) 587-9935

TAX COLLECTOR • TREASURER DIVISION  
TAX: (559) 852-2479 • TREASURER (559) 852-2477  
FAX: (559) 582-1236

DATE: December 20, 2024

TO: Kings County School Districts

FROM: Tammy Phelps, Assistant Director of Finance -Treasury

SUBJECT: 2025 Director of Finance's Investment Policy

*Tammy D. Phelps*

I am sending a copy of the 2025 Investment Policy. The Policy was reviewed and approved by the County Treasury Oversight Committee on December 9, 2024, and the Board of Supervisors on December 17, 2024. Also included is a sample district resolution approving the Statement of Investment Policy and delegating investment authority to the Kings County Director of Finance. Annually, your District Board must act on the resolution. For your convenience, the Office of Education is distributing these documents electronically via email. Please return approved resolutions to the Office of Education. There are no changes to the 2025 Director of Finance's Statement of Investment Policy.

If you have any questions, please feel free to call me at 852-2462.


**COUNTY OF KINGS**

**DIRECTOR OF FINANCE'S**

**STATEMENT OF**

**INVESTMENT POLICY**

**JANUARY 1, 2025**

  
Erik Ureña, CPA  
Director of Finance

Approved by CTOC    December 9, 2024  
Approved by BOS    December 17, 2024

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## **I. AUTHORITY**

Kings County Ordinance No.557, adopted on January 14, 1997, as an urgency ordinance, delegated to the County Director of Finance the authority to continue to invest or reinvest the funds of the County and the funds of other depositors in the County treasury, pursuant to Section 53600 et seq., inclusive of Section 53684, of the California Government Code. The County Director of Finance, as agent of the county, trustee, and fiduciary, assumes full responsibility for the investment program. The Board of Supervisors shall annually review the Director of Finance's performance and may annually renew this delegation of authority for a one-year period pursuant to Government Code 53607. The Board of Supervisors may also revoke the investment authority by County ordinance.

## **II. POLICY STATEMENT**

Annually, the County Director of Finance shall prepare an Investment Policy, pursuant to G.C. 27133 and G.C. 53646, that will be reviewed by the County Treasury Oversight Committee and rendered for approval to the Board of Supervisors and local agencies.

The purpose of this Statement of Investment Policy (Policy) is to establish cash management and investment guidelines for the County Director of Finance, who is responsible for the stewardship of the Kings County Investment Pool. Each transaction and the entire portfolio must comply with California Government Code Section 53601 et seq., Section 53635 et seq., and this policy. All portfolio activities will be judged by the Standard of Prudence and ranking of investment objectives. Those activities which violate its spirit and intent will be deemed to be contrary to the policy.

## **III. POOLED INVESTMENT FUND OVERSIGHT COMMITTEE**

In accordance with California Government Code Section 27130 et seq., the Board of Supervisors, in consultation with the County Director of Finance, has created a County Treasury Oversight Committee (Resolution No. 95-081, December 5, 1995) to allow local agency representatives participation in the policies that guide the investment of depositor funds. The primary responsibilities of the committee include: (a) to review and monitor the County Director of Finance's Statement of Investment Policy, (b) to cause an annual audit to be conducted to determine the County Treasury's compliance, and (c) to establish criteria for depositor withdrawal of funds for the purpose of investing or depositing outside the County Treasury pool. The meeting of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign for any member of a legislative body of any local agency that has deposited funds into the county treasury, in the previous three years or during the period that the employee is a member of the committee. While serving on the Oversight Committee, a member may not directly or indirectly raise money for any member of a legislative body of any local agency that has deposited funds into the county treasury. Finally, a member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or a financial



services firm, with whom the Director of Finance is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County treasury and investment operations.

#### IV. INVESTMENT OBJECTIVES

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

**A. SAFETY OF PRINCIPAL** - The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities default or erosion of market value. The objective will be to mitigate credit risk and interest rate risk.

**1. Credit Risk** is the risk of loss due to the failure of the security issuer or backer. Credit risk is mitigated by: (a) limiting investments to the safest types of securities; (b) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Treasury will do business; and (c) diversifying the investment portfolio so that potential losses on individual securities will be minimized.

**2. Interest Rate Risk** is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk is mitigated by: (a) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and (b) by investing operating funds primarily in shorter-term securities.

**B. LIQUIDITY** - As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the County Director of Finance to meet all operating requirements which may be reasonably anticipated in any depositor's fund. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). No more than 35% of the portfolio may be invested in securities maturing in three to five years and during peak tax collection no more than 30%. Percent restrictions shall be applicable only for the date of purchase. Any future percent deviations due to cash flow demands reducing the total investment portfolio shall not be considered out of compliance. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets (dynamic liquidity).

**C. PUBLIC TRUST** - In managing the Pooled Investment Fund, the County Director of Finance and the authorized investment staff should avoid any transactions that might impair public confidence in Kings County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

**D. MAXIMUM RATE OF RETURN** - As the fourth objective, the Pooled investment Fund is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities can be sold prior to maturity for the following reasons: (1) a declining credit security to minimize loss of principal; (2) a security swap to improve the quality, yield, or target duration in the portfolio; (3) the liquidity needs of the portfolio require that the security be sold; (4) a call notification of a make-whole bond which, given unfavorable market conditions, could deteriorate the price of the bond on the redemption date, or (5) to realize a profit. If there is a realized loss of principal, the loss will first be allocated against the interest earned in the current quarter on the sold security. If the security's current interest is not sufficient to cover the loss, then the Director of Finance may allocate the loss against a profit realized from selling a security in the same quarter, and/or the total current and future portfolio interest earnings. In the event of an imminent loss of principal for which the security's interest would not be sufficient to cover the loss, the Director of Finance may withhold from the total current and future portfolio interest earnings to reserve against a future maximum anticipated actual loss.

## **V. STANDARD OF CARE**

**A. PRUDENCE** - The County Director of Finance, as a trustee and therefore a fiduciary, is subject to the Prudent Investor Standard-which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors." The standard of prudence to be used by investment staff shall be the "prudent person" standard, which provides, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, liquidity needs, as well as the probable income to be derived." This standard shall be applied in the context of managing an overall portfolio.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds the County Director of Finance shall act with the care, skill, prudence, and diligence to meet the aims of the investment objectives listed in order in Section IV., Investment Objectives. Investment staff acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.



**B. ETHICS AND CONFLICT OF INTEREST** - Treasury staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. The investment staff shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. The investment staff shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the treasury.

Pursuant to Government Code Section 27133(d), the County Director of Finance, individual Treasury employees, or any member of the County Treasury Oversight Committee may not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business in an amount exceeding \$50.00.

**C. DELEGATION OF AUTHORITY** - Authority to manage the investment program is granted to the County Director of Finance by the Kings County Board of Supervisors. The moneys invested will be actively managed by the Director of Finance and his/her staff, who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff. (See also Safekeeping and Custody, Internal Controls VI B. below). The authority to execute investment transactions for the portfolio shall be limited to the Assistant Director of Finance - Treasury, the Treasury Manager, and in the absence of the Treasury Manager, the Accounting Specialist-Treasury Operations.

## **VI. SAFEKEEPING AND CUSTODY**

**A. DEPOSITORY INSTITUTIONS** – As far as possible, all money belonging to, or in the custody of the County Director of Finance shall be deposited for safekeeping in state or national banks selected by the Director of Finance, or may be invested as set forth in Section VII. To be eligible to receive funds, the bank shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities pursuant to Section 2906 of Title 12 of the United States Code.

**B. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS** - Schedule 1- Statement of Authorized Firms, on page 15, is a list of County Director of Finance approved financial institutions and broker/dealers authorized to provide investment services to the Treasury. Authorized firms can be added or deleted only with the Director of Finance’s approval. Any changes will result in modification to Schedule 1, but will not be considered a revision to this policy. Changes to authorized firms shall be reported to the County Treasury Oversight Committee and Board of Supervisors within two (2) weeks. The authorized parties include "primary" dealers or divisions of a primary dealer, selected on the basis of creditworthiness, capital adequacy, availability of investment inventory, and experience in trading in authorized investments. Firms utilized for money market mutual funds must either attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest

nationally recognized statistical-rating organizations (NRSRO) OR have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience (i) investing in the securities and obligations as authorized in G.C. 53601, or (ii) managing money market mutual funds; and have assets under management in excess of five hundred million dollars (\$500,000,000). All financial institutions and broker/dealers who desire to become qualified firms for County Treasury investment transactions must supply the audited financial statements, proof of National Association of Securities Dealers (NASD) certification, proof of State registration, completed broker/dealer questionnaire, and certification of having read the Kings County Investment Policy. An annual review of the financial condition of qualified firms will be conducted by the Assistant Director of Finance - Treasury.

The Treasury shall not do any investment business with any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution, in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the Board of Supervisors or any candidate for those offices. Firms must provide corporate policy statements regarding compliance with political contributions limitations of Rule G-37.

**C. INTERNAL CONTROLS** - The County Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the investment portfolio are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Daily, or when next available, the County Director of Finance or designee will

(1) Review and initial all Investment Purchase Orders to verify compliance with the overall Policy, Investment Parameters, and Authorized Institutions.

(2) Review and initial the "Daily Balance Sheet" to ensure continuous compliance of portfolio investments (percentage distribution) to the Policy and Investment Parameters.

Weekly, the County Director of Finance or designee will verify that the Portfolio Percentage Report by investment type is balanced to the Daily Balance Sheet.

Monthly, all funds maintained by the County Director of Finance, including cash in treasury, deposits in transit, Kings County Department of Finance's checking account balance, and investment holdings will be audited by the County Department of Finance – Accounting Division.

Quarterly, the County Director of Finance or designee will report compliance of the investment portfolio to the Director of Finance's Statement of Investment Policy. (See Section IX. Reporting Methods on page 12)



Annually, the County Treasury Oversight Committee shall hire an external auditor to conduct an independent review to assure compliance of the Director of Finance's investment activities with the Statement of Investment Policy.

**D. SAFEKEEPING** - All securities purchased either outright or on repurchase agreements shall be held in safekeeping by a third-party bank trust department acting as agent for the County under terms of a custody agreement executed by the bank and the Director of Finance. The only exceptions authorized are purchases from Local Agency Investment Fund (LAIF), collateralized time deposits, collateralized bank money market accounts, and investments in money market mutual funds.

**E. VOLUNTARY DEPOSITORS** - If a local agency determines the agency has excess funds which are not required for immediate use and with the consent of the County Director of Finance, the legislative or governing body may, by resolution or minute order, authorize the deposit of excess funds into the County Treasury for the purpose of investment pursuant to Government Code Section 53635. At no time will the County Treasury accept deposits of personal funds unless by Court order.

The County Director of Finance shall, on a case-by-case basis, determine the terms and conditions under which a city, public district, or any public or municipal corporations located within Kings County, and not required to deposit their funds in the County Treasury, may voluntarily deposit funds for investment purposes. The County Director of Finance shall evaluate each proposed deposit request prior to approving the deposit into the Treasury. The County Director of Finance must make a finding that the proposed deposit will not adversely affect the interests of the other depositors in the County Investment pool, prior to approving the deposit.

**F. WITHDRAWAL OF FUNDS FOR EXTERNAL INVESTMENT** -The County Treasury Oversight Committee's approved policy statement on "Treasury Restrictions on Withdrawal for External Investment" establishes the terms and conditions for Treasury depositors withdrawing funds for investment outside the County investment pool. (See Appendix A on page 17 and 18)

Any local agency, public entity, or public official that has funds on deposit in the County Treasury investment pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the County Treasury pool, shall submit a resolution or minute order approved by the legislative or governing body requesting the withdrawal of the funds. Funds withdrawn shall become the responsibility of the requesting legislative body, and the Director of Finance will be held harmless from liability.

The County Director of Finance shall evaluate each proposed withdrawal for its consistency with the County Treasury Oversight Committee policy prior to approving the withdrawal. The County Director of Finance must also make a finding that the proposed withdrawal will not adversely affect the interests of the other depositors in the County Treasury pool, prior to approving the withdrawal.

## VII. SUITABLE AND AUTHORIZED INVESTMENTS

- A. INVESTMENT TYPES** - The County treasury may invest money among the following authorized investments and within the limits imposed by Government Code 53601 et seq. or 53635 et seq., or as more further restricted in Schedule 2-Investment Parameters on page 16:
- 1. United States Treasury Bills, Notes, Bonds, and Certificates of Indebtedness**, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
  - 2. Registered state warrants or treasury notes or bonds of the State of California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
  - 3. Registered treasury notes or bonds of any of the other 49 states** including bonds payable solely out of the revenues from revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
  - 4. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
  - 5. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments**, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
  - 6. Banker's Acceptances (BA)** otherwise known as Bills of Exchange or Time Drafts, both domestic and foreign, drawn on and accepted by a commercial bank.
  - 7. Commercial Paper (CP)** of "prime" quality issued by corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000).
  - 8. Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank or a savings association or federal association, or by a federally- or state-licensed branch of a foreign bank.
  - 9. Certificates of Deposit Account Registry Service (CDARS)** placed with a local CDARS member. CDARS are fully insured as to principal and interest that may be accrued by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
  - 10. Collateralized Time Deposits** issued by a nationally or state-chartered bank or savings and loan association within the State of California with an overall rating of not less than "satisfactory"



in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities pursuant to Section 2906 of Title 12 of the United States Code.

**11. Repurchase Agreements or Reverse Repurchase Agreements, or Securites Lending Agreement** purchased in compliance with the Government Code 53601(j). Repurchase agreements must be issued by nationally or state-chartered banks or primary security dealers with whom the County Director of Finance has entered into a Master Repurchase Agreement.

**12. Medium Term Corporate Notes (MTN)**, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

**13. Shares of Beneficial Interest** issued by diversified management companies (1) that invests in the securities and obligations as authorized by subdivision (a) to (k), inclusive, or subdivisions (m) to (o) inclusive of Government Code 53601, and that comply with the investment restrictions of Article 2 of the Government Code (commencing with Section 53630), or (2) that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. (15 U.S.C. Sec 80a-1, and following.)

**14. Local Agency Investment Fund (LAIF)** an investment pool created by Government Code 16429.1 in which the State Treasurer invests pooled political subdivision funds.

**15. Notes, Bonds, or other obligations** secured by a valid first priority security interest in eligible securities listed in Section 53651 having a market value at least equal to that required by Section 53652.

**16. Shares of beneficial interest issued by a joint powers authority** organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

**17. Supranational Debt Obligations** United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only, eligible for purchase and sale within the United States. Authorized by CGC 53601 (q) and this policy.

**B. RESTRICTIONS ON AUTHORIZED INVESTMENTS-** In accordance with G.C. 53601.6, the County Treasury shall not invest any funds in inverse floaters, range notes, or mortgage derived interest-only strips. Additionally, no funds shall be invested in any security that could result in zero interest accrual if held to maturity. No funds shall be invested in Medium Term Corporate Notes with a make-whole call provision that, at time of purchase, are priced at a premium. No funds shall be invested in securities with a forward settlement date exceeding 45 days from the time of investment. No shares of beneficial interest will be purchased where the principal dollars invested are subject to daily net asset value (NAV) adjustments of the fund's portfolio except for the CalTrust. The Treasury shall not invest in financial options and futures contracts directly, but may purchase authorized investments of callable securities with imbedded call provisions. The Treasury will not purchase an authorized investment below the credit quality restriction of Schedule 2 - Investment Parameters, but may elect to hold an instrument to maturity that has been later downgraded by the nationally recognized statistical-rating organization i.e. Moody's, Standard and Poors, or Fitch.

**C. COMPETITIVE BIDDING** - Bids for investment products shall be taken from a minimum of three authorized institutions. Awards will be made giving consideration to safety, liquidity, a balanced portfolio, and diversification. Exceptions to the above would involve repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Director of Finance's investment program.

**D. COLLATERALIZATION** - In accordance with California Government Code 53652, **53601** (j) full collateralization of public deposits is required for collateralized time deposits, collateralized bank money market accounts, and repurchase agreements. The Director of Finance may waive collateralization for that portion of any deposit that is fully insured by the FDIC per Government Code 53653.

## **VIII. INVESTMENT PARAMETERS**

**A. DIVERSIFICATION** - The investments will be diversified by security type and institution within the percent restrictions of Government Code 53601, 53601.8, 53635, 53635.2, and 53635.8 or as further defined in Schedule 2, Investment Parameters. Percent restrictions shall be applicable only for the date of purchase. Any future percent deviations due to cash flow demands reducing the total investment portfolio shall not be considered out of compliance. Maximum investment amounts in any issuer name shall be limited as provided in the Investment Parameters on page 16.

**B. MAXIMUM MATURITIES** - Maturity limitations for each instrument type shall be restricted as provided in Government Code 53601, 53601.8, 53635, and 53635.8 or as further defined in Schedule 2 - Investment Parameters on page 16. No investment shall be made in any security, other than a security underlying a repurchase agreement authorized in this policy, which at the time of settlement has a term remaining to maturity in excess of five years, unless a



legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment.

## IX. REPORTING

**A. METHODS** - The County Director of Finance or designee shall prepare an investment report at least quarterly, including a succinct management summary that provides a clear picture of the status of the investment portfolio. This summary will be prepared in a manner which will allow the reader to ascertain whether investment activities have conformed to the investment policy.

The report will be provided within 45 days following the end of the quarter covered by the report and submitted to the County Board of Supervisors, County Administrative Officer, Finance Director, other members of the County Treasury Oversight Committee, and pool participants.

The report will include the following:

1. A Statement of Compliance with the Investment Policy.
2. A listing of individual securities and moneys held at the end of the reporting period to include:
  - (a) The type of instrument.
  - (b) The name of the issuer.
  - (c) Purchase date, maturity date, and days to maturity.
  - (d) Issuers rating. (Long term or short term, as appropriate)
  - (e) Par and dollar amount invested in each security.
  - (f) The current market value of securities as of the date of the report and the source of the valuation.
3. A statement estimating the ability of the County Treasury to meet its pool's expenditure requirement for the next six months.
4. A statement of the method of interest accounting used.
5. Portfolio Sector Allocation and Quality Allocation graphs.
6. A Statement of Interest Earnings Report for the Quarter.
7. If applicable, a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, but excluding funds deposited into the Local Agency Investment Fund administered by the State Treasurer.

**B. QUARTERLY INTEREST CALCULATION AND APPORTIONMENT** - Gross interest for the quarter is the total interest earned on an accrual basis on the Treasury portfolio investments for that quarter. Administrative expenses pursuant to G.C. 27013 are deducted to arrive at net interest to be apportioned. Administrative expenses consist of audit expenses, direct

banking expenses, not otherwise recovered directly from Treasury depositors, safekeeping fees, plus actual quarterly Treasury operational expenses. The net earnings for the quarter are divided by the Treasury's total average daily balance creating an "interest allocation factor" or "daily interest factor" for each average dollar invested. Multiply the "interest allocation factor" by the quarterly average daily balance of each fund to determine the interest earnings for each fund. Interest is apportioned quarterly to all depositors in the Treasury pool. The "interest allocation factor" can be converted into the annualized quarterly interest rate; multiply the factor by the number of days in the year and divide that answer by the number of days in the quarter.

## **X. POLICY EXCEPTIONS & REVISIONS**

**A. EXEMPTION** - Any previously legal investments that settled prior to the effective date and that no longer meet the current guidelines of this Policy, shall be exempted from the new requirements. At maturity or liquidation, such moneys shall be reinvested only as provided by this Policy.

Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance thereof. The proceeds of sales, or funds set aside for the repayment, of any notes or other indebtedness issued shall not be invested for a term that exceeds the term of the notes.

**B. AMENDMENTS** - This policy shall be reviewed at least on an annual basis. Any changes shall be submitted by the Director of Finance to the County Treasury Oversight Committee for consideration and comments, and the Board of Supervisors for review and approval.

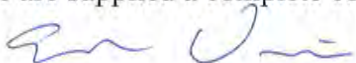


**KINGS COUNTY DIRECTOR OF FINANCE'S  
SCHEDULE 1 - STATEMENT OF AUTHORIZED FIRMS**

The Treasury is authorized to conduct investment security transactions with the following investment firms and broker/dealers, designated by the Federal Reserve Bank as primary government dealers or divisions of primary dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

- A. Firms designated by the Federal Reserve Bank as Primary Government Dealers or a division of a Primary Dealer:  
  
 UBS Financial Services Inc., an affiliate of UBS Securities LLC  
 RBC Capital Markets, LLC  
 Wells Fargo Securities, LLC  
 Cantor Fitzgerald & Co.  
 Daiwa Capital Markets America Inc.
- B. Firms designated for the purchase of money market mutual funds pursuant to G.C. 53601 (l) and (p):  
  
 BlackRock  
 BMO Bank, NA
- C. Firms designated for repurchase agreements with Master Repurchase Agreements on file:  
  
 UBS Financial Services Inc., an affiliate of UBS Securities LLC
- D. State of California, Local Agency Investment Fund
- E. Purchases directly from major issuers of commercial paper, bankers acceptances, negotiable certificates of deposit, or collateralized time deposits, meeting the requirements set forth in section 53635, 53601(g), 53601(i), 53601(n), respectively, and 53635.2 of the California Government Code.

To ensure compliance with the County Director of Finance's Investment Policy, firms designated in A and C above are supplied a complete copy of the policy and must certify having read it.



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Erik Ureña, CPA, Director of Finance

Dated: December 3, 2024

SCHEDULE 2 – INVESTMENT PARAMETERS (Revised 12/5/23)

AUTHORIZED INVESTMENTS	DIVERSIFICATION	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (NRSRO)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	95% Max.	None	Max. 5 years	N/A
Notes, participations, or obligations issued by Federal agencies or United States government-sponsored enterprises (GSE)	85% Max.	None	Max. 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the State of California or local agencies or County of Kings or any other State	20% or \$20mm Max.	None	Max. 5 years unless prior BOS approval	L/T rating A or A2 or better
Bankers Acceptances	40% Max.	Max. \$5mm any one name	Max. 180 days	S/T rating A-1 or P-1 L/T rating (if Out-standing) AA- or Aa3 or better
Commercial paper of corporations organized and operating within the U.S. with total assets exceeding \$500 mm	40% Max.	Max. 10% in any one name, No Extendable CP	Max. 270 days.	S/T rating A-1 or P-1 L/T rating (if Out-standing) AA- or Aa3 or better
State of California Local Agency Investment Fund	Max. Dollars allowed by State Treasurer	Max. Transactions allowed by State Treasurer	Overnight liquidity	N/A
Negotiable CD's issued by National or State chartered banks or a federally- or state- licensed branch of a foreign bank	25% Max. (CDs + CDARS)	G.C. 53638 policy restrictions	Max. 3 years	L/T rating AA- or Aa3 or better
Certificates of Deposit Account Registry Service (CDARS)	25% Max. (CDs + CDARS)	G.C. 53601.8 & 53635.8 conditions apply	Max. 3 years	100% FDIC/NCUA insured as to Principal and Interest
Collateralized Time Deposits.	10% Max.	Collateral policy restrictions G.C. 53601(n)	Max. 24 months	
Repurchase Agreements with collateral restricted to U. S. Treasury, Federal Agencies, or United States government-sponsored enterprises (GSE)	10% Max.	Master Repurchase and Tri-Party Custodial Agreements to be on file. 102% haircut	Max. 1 year	
Reverse Repurchase Agreements or Securities Lending on U.S. Treasury & Federal Agency Securities in portfolio	10% Max. with approval of the Director of Finance	G.C. 53601(j) Reverse Repurchase and Securities Lending restrictions	Max. 92 days unless guaranteed spread	
Corporate Notes on U.S. Corp or U.S. Subsidiary of a foreign corp.	30% Max.	Max. \$50mm any one name. Make - Whole Call Restrictions	Max. 5 years	L/T rating AA- or Aa3 or better
Asset Backed Securities on U.S. Corp.	0% Max.	Not authorized	Not authorized	Not Authorized
Money Market mutual funds that invest in eligible securities meeting Government Code requirements.	20% Max.	Fund 5 years or more old NAV pricing <i>restriction</i> No front or back loads	Overnight liquidity	L/T rating: Highest rating from two NRSRO, i.e. AAA, Aaa, etc. Retain Investment Advisor per G.C. 53601(i) & (p)
Supranationals – Washington dollar denominated IBRD, IFC or IADB	10% per fund 20% Max. 10% per Name	Max. 10% in any one name	Max. 5 years	L/T rating: Highest rating from two NRSRO, i.e. AAA, Aaa, etc.
California Asset Management Program - CAMP	15% Max.	Max. Transactions allowed by CAMP Administration	Overnight liquidity	N/A

## APPENDIX A

### COUNTY TREASURY OVERSIGHT COMMITTEE

Policy Statement and Authorized Practice Approved March 4, 1996

#### Treasury Restrictions on Withdrawal for External Investment

Authorization: Pursuant to Government Code Section 27130 and Kings County Board of Supervisor's Resolution No. 95-081, dated December 5, 1995, the Kings County Treasury Oversight Committee is authorized to establish criteria on the withdrawal of funds on deposit in the County Treasury investment pool for the purpose of investing or depositing those funds outside the County Treasury pool.

Request for Withdrawal: Any local agency, public entity, or public official that has funds on deposit in the County Treasury investment pool and that seeks to withdraw funds for external deposit or investment, shall first submit a request by resolution or minute order approved by the legislative or governing body for withdrawal of the funds.

Assessment of Withdrawal Impact: The County Director of Finance shall evaluate all requests for withdrawal to determine if the interests of the other Treasury depositors in the County Treasury pool will be adversely affected. If the County Director of Finance determines that the combined number of requests or total dollar amount requested is sufficient to constitute a "run on the treasury", no withdrawal requests shall be processed until the County Treasury Oversight Committee has reviewed the treasury financial position and assists the Director of Finance in establishing an action plan.

Approval or Disapproval: The County Director of Finance shall approve all requests upon the finding that other Treasury depositors will not be adversely affected. If other Treasury depositors are perceived to be adversely impacted, the County Director of Finance may postpone action on any withdrawal request until the County Treasury Oversight Committee has reviewed the situation.

Approved Withdrawal Criteria: Approved withdrawals will be processed dependent on availability of funds, the type of investments required to be liquidated, market conditions, settlement periods, and dollar amounts to be withdrawn. The following are target goals for withdrawals:

- a. If adequate liquidity exists in short-term investments and requires minimal liquidation and settlement, withdrawals of amounts up to \$1,000,000.00 shall be processed immediately upon the County Director of Finance's approval.
- b. If the County Treasury liquidity position is such as to require liquidation of more difficult investment(s), the below processing times shall apply based on the withdrawal dollar amounts and market factors.
  - (1). If the withdrawal amount is less than \$1,000,000.00, and favorable market conditions exist, requests shall be processed within three workdays.



- (2). If the withdrawal amount is greater than \$1,000,000.00, or unfavorable market conditions exist, requests shall be processed within five workdays.

Disclaimer of Liability: Any and all funds withdrawn from the County Treasury investment pool for the purpose of investing or depositing such funds outside the pool shall become the responsibility of the legislative body requesting the action. The County Director of Finance or County of Kings shall in no manner be held responsible or liable for withdrawn funds or investments purchased with said funds. The request of any legislative body, by resolution or minute order, authorizing the withdrawal of funds for deposit or investment outside the County Treasury investment pool must provide a disclaimer of liability. The Director of Finance shall not honor any such withdrawal request if a disclaimer clause is not provided.

## GLOSSARY OF TERMS

**AGENCIES OR FEDERAL AGENCIES:** Federal sponsored agency securities including discount notes, or interest-bearing notes, and bonds. The agencies were created by Congress to reduce the cost of capital for certain borrowing sectors of the economy deemed to be important enough to warrant assistance, such as farmers, homeowners, and students.

**ASKED PRICE:** The lowest price at which a dealer is willing to sell a security.

**BANKERS ACCEPTANCES (BA'S):** A time draft or bill of exchange that is accepted payment by banks engaged in financing of international trade. The accepting institution guarantees payment of the bill as well as the issuer.

**BID:** Price at which someone is willing here and now to purchase a security.

**BOOK VALUE:** The value at which a security is carried on the inventory list or other financial records of an investor. The Book Value may differ significantly from the security's current value in the market.

**BROKER:** Person or firm acting as intermediary between buyer and seller.

**CALLABLE BOND:** A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**CERTIFICATES OF DEPOSIT (CD'S):** A time deposit with a specific maturity evidenced by a certificate. They are issued in two forms, negotiable and collateralized.

**Negotiable Certificates of Deposit:** May be sold by one holder to another prior to maturity. The issuing bank agrees to pay the amount of the deposit plus interest earned to the BEARER of the certificate at maturity.

**Collateralized Time Deposits:** These certificates are collateralized and are not money market instruments since they cannot be traded in the secondary market. They are issued on a fixed maturity basis and fixed payee.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICES (CDARS):** Certificates of Deposit that are placed by a member bank with commercial banks, savings banks, savings and loan associations, or credit unions, such that the principal and all accrued interest during the term of the certificate are fully insured by either the FDIC OR NCUA.

**COLLATERAL:** Securities pledged by a bank to secure deposits of public funds, or an asset pledged by a borrower to a lender.

**COMMERCIAL PAPER:** An unsecured short-term promissory note issued by corporations with maturities ranging from 2 to 270 days.

**COUNTY TREASURY OVERSIGHT COMMITTEE:** A committee established by Board of Supervisors Resolution No. 95-081, dated December 5, 1995 to allow local agency representatives participation in the policies that guide the investment of depositor funds. The primary responsibilities include: (1) review and monitor the County Director of Finance's investment policy, (2) cause an annual audit to be conducted to determine the county treasury's compliance, and (3) establish criteria for depositor withdrawal of funds for the purpose of investing or depositing outside the county treasury pool.

**COUPON RATE:** The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own account.

**DEBENTURE:** A longer-term debt instrument issued by a corporation that is unsecured by other collateral. Hence, only the good faith and credit standing of the issuer backs the security.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery vs. payment and delivery vs. receipt. Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills

**DIVERSIFICATION:** A process of investing assets among a range of security types by sector, maturity, and quality rating.

**DOLLAR WEIGHTED AVERAGE MATURITY:** The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investments.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g. S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL FARM CREDIT BANKS (FFCB):** is a nationwide system of lending institutions that provide credit and related services to farmers, ranchers, producers and harvesters of agricultural products, and other farm related businesses.



**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** The institutions that regulate and lend to savings and loan association. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC) :** is a federally chartered and stockholder-owned corporation. Freddie Mac purchases mortgage loans from qualified financial institutions and resales these loans in the form of guaranteed mortgage securities.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are members of the system.

**FLOATER:** A derivative that has its coupon determined by using the yield of other securities.

**FUTURES:** Futures contracts are the units of trading at a commodity exchange. They are legally binding agreements made within the confines of an exchange trading area. All futures contracts call for the purchase or sale of a physical commodity or financial instrument on dates from one month to more than two years in the future.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae)** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institution. Security holder is protected by full faith and credit of the U.S. Government. Ginnie MAE securities are backed by the FHA, VA, or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Maes.

**GOVERNMENT-SPONSORED ENTERPRISES (GSE):** General term for several privately owned, publicly chartered agencies created to reduce borrowing costs for certain sectors of the economy such as

farmers, homeowners and students. The GSEs that issue debt instruments include: Federal Home Loan Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit System, Federal Agricultural Mortgage Corporation, and the Student Loan Marketing Association.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable sales can be done at those quotes.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the California State Treasurer for investment and reinvestment.

**MARKET RISK:** The risk that the value of a security will rise or decline as a result of changes in market conditions.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase - reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

**MONEY MARKET MUTUAL FUND:** Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, etc.).

**NATIONALLY RECOGNIZED STATISTICAL-RATING ORGANIZATION (NRSRO)** Independent credit rating agencies which are utilized to analyze and rate the quality of the issuers underlying debt.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.)

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**OPTIONS:** The buyer of a call option has the right to buy the underlying security at fixed price. The option seller is obligated to sell the security if the buyer chooses to exercise the option.



**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealer, banks and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In California the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities approved by the State, the authorized investments. The trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**REINVESTMENT RISK:** The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

**REPURCHASE AGREEMENT (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, this is increasing bank reserves.

**REVERSE REPURCHASE AGREEMENT:** A dealer of securities buys securities from an investor with an agreement to sell them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" or "investor" money for the period of the agreement, and the terms of the agreement are structured to compensate the dealer for this. Investors use reverse-repos to meet temporary cash shortages without liquidating the investments.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITY:** Any investment instrument authorized for purchase under Government Code 53601 or 53635.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investor in securities transactions by administering securities legislation.

**SECURITIES LENDING AGREEMENT:** An agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

**SUPRANATIONALS:** An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

**SURPLUS FUNDS:** All moneys are not required to meet the banks demands on the treasury to redeem check warrants on any given day are considered "surplus funds" for investments.

**TREASURY BILLS:** A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY NOTES:** A interest bearing security issued by the U.S. Treasury to finance the Federal debt with a maturity range of from zero to ten years.

**TREASURY BOND:** Long-term U.S. Treasury securities having initial maturities between ten to thirty years.

**TRI-PARTY CUSTODIAL AGREEMENT:** A third party custodian bank agrees to safekeep the repo collateral in a segregated custody account for the client. The custodian bank independently prices the collateral and ensures that the collateral is properly securitized.

**UNIFORM NET CAPITAL RULE (SEC RULE 15C3-1):** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period of the date of purchase to the date of maturity of the bond.

**YIELD-TO-CALL (YTC):** The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**YIELD CURVE:** A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

**YIELD-TO-MATURITY:** The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.