Financial Statements
June 30, 2024

# Manteca Unified School District

# Independent Auditor's Report

To the Governing Board
Manteca Unified School District
Manteca, California

## Report on the Audit of the Financial Statements

### *Opinions*

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

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

### *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, general fund budgetary comparison schedule, schedule of changes in the District's net OPEB liability and related ratios, schedule of District's OPEB contributions, 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, and the schedule of pension 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*, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, and the combining schedule of nonmajor governmental funds 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, as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, and the combining schedule of nonmajor governmental funds 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 December 16, 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.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Manteca Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Manteca Unified School District.

## REPORTING THE DISTRICT AS A WHOLE

### The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private- sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we presented all of the District activities in the governmental activities.

**Governmental Activities** - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### 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 law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

## THE DISTRICT AS A TRUSTEE

### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for Community Facilities District (CFD). The District's fiduciary activities are reported in the Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

### Net Position

The District's net position was $651,310,725 for the fiscal year ended June 30, 2024. Of this amount, $(132,881,153) was a deficit unrestricted net position. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2023 Restated |
| Assets | | |
| Current and other assets | $ 610,465,271 | $ 508,204,812 |
| Capital assets | 646,461,448 | 578,561,441 |
| Total assets | 1,256,926,719 | 1,086,766,253 |
| Deferred outflows of resources | 111,521,440 | 83,583,620 |
| Liabilities | | |
| Current liabilities | 44,155,722 | 47,308,239 |
| Long-term liabilities | 644,427,039 | 552,287,471 |
| Total liabilities | 688,582,761 | 599,595,710 |
| Deferred inflows of resources | 28,554,673 | 44,950,679 |
| Net Position | | |
| Net investment in capital assets | 459,722,170 | 426,853,515 |
| Restricted | 324,469,708 | 251,339,554 |
| Unrestricted | (132,881,153) | (152,389,585) |
| Total net position | $ 651,310,725 | $ 525,803,484 |

The deficit of ($132,881,153) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements improved from the deficit ($152,389,585) in prior year.

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 20. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

| | Governmental Activities 2024 | Governmental Activities 2023 |
|---|---|---|
| Revenues | | |
| Program revenues | | |
| Charges for services and sales | $ 4,146,302 | $ 9,018,876 |
| Operating grants and contributions | 115,921,679 | 166,472,956 |
| Capital grants and contributions | - | 6,812 |
| General revenues | | |
| Federal and State aid not restricted | 276,411,949 | 222,263,073 |
| Property taxes | 153,178,807 | 111,531,146 |
| Other general revenues | 12,642,055 | 3,010,258 |
| Total revenues | 562,300,792 | 512,303,121 |
| Expenses | | |
| Instruction-related | 293,608,641 | 252,111,207 |
| Pupil services | 57,775,322 | 42,191,650 |
| Administration | 18,034,902 | 19,438,927 |
| Plant services | 45,109,013 | 43,371,391 |
| All other services | 22,265,672 | 31,008,312 |
| Total expenses | 436,793,550 | 388,121,487 |
| Change in net position | $ 125,507,242 | $ 124,181,634 |

**Governmental Activities**

The cost of all of our governmental activities this year was $436,793,550. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $316,725,569 because the cost was paid by those who benefited from the programs $4,146,302 or by other governments and organizations who subsidized certain programs with grants and contributions $115,919,923. We paid for the remaining "public benefit" portion of our governmental activities with $276,411,949 in Federal and State Aid, $153,178,807 in property taxes, and $12,642,055 in other general revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Instruction-related | $ 293,608,641 | $ 252,111,207 | $ 218,803,784 | $ 146,632,704 |
| Pupil services | 57,775,322 | 42,191,650 | 24,148,324 | 14,010,584 |
| Administration | 18,034,902 | 19,438,927 | 16,372,000 | 14,641,072 |
| Plant services | 45,109,013 | 43,371,391 | 38,027,985 | 20,833,009 |
| All other services | 22,265,672 | 31,008,312 | 19,373,476 | 16,505,474 |
| Total | $ 436,793,550 | $ 388,121,487 | $ 316,725,569 | $ 212,622,843 |

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of $567,974,517, which is an increase of $105,473,935 from last year (Table 4).

**Table 4**

| | Balances and Activity | | | |
|---|---|---|---|---|
| Governmental Fund | June 30, 2023 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2024 |
| General | $ 166,313,418 | $ 456,893,422 | $ 411,364,076 | $ 211,842,764 |
| Student Activity Fund | 1,630,595 | 2,382,169 | 2,141,953 | 1,870,811 |
| Child Development | 429,939 | 2,162,488 | 1,656,761 | 935,666 |
| Cafeteria | 18,691,245 | 26,933,674 | 18,469,450 | 27,155,469 |
| Building | 88,552,870 | 77,991,494 | 47,467,030 | 119,077,334 |
| Capital Facilities | 48,519,058 | 12,926,431 | 1,945,785 | 59,499,704 |
| County School Facilities | 31,540 | 1,757 | - | 33,297 |
| Special Reserve Fund for Capital Outlay Projects | 66,867,381 | 10,535,257 | 15,449,514 | 61,953,124 |
| Capital Project Component Unit | 40,989,346 | 8,446,188 | 1,128,239 | 48,307,295 |
| Bond Interest and Redemption | 30,431,160 | 29,152,803 | 22,302,000 | 37,281,963 |
| School Farm | 44,030 | 57,666 | 84,606 | 17,090 |
| Total | $ 462,500,581 | $ 627,483,349 | $ 522,009,414 | $ 567,974,517 |

The primary reasons for these increases/decreases are:

- Our General Fund increased by $45.53 million as a result of additional Local Control Funding Formula (LCFF) dollars based on enrollment growth, unspent Supplemental and Concentration Grant state funding, as well as carryover of Lottery and multiple restricted categorical funds.

- Our Building Fund increased by $30.52 million dollars from the prior year due to the issuance of Series B of the Measure A General Obligation bonds offset by expenditures made on bond capital projects.

- Our Special Reserve Fund for Capital Outlay Projects decreased by $4.9 million due to the purchase of real property and spending on various capital maintenance and improvement projects.

- Our Cafeteria Fund increased by $8.46 million primarily due to higher participation in the meal programs.

- Capital Facilities Fund increased by approximately $10.98 million primarily due to developer fees collected as a result of an increase in new construction projects in the area.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 12, 2024.

## CAPITAL ASSET AND LONG-TERM LIABILITIES ADMINISTRATION

### Capital Assets and Right-to-Use Leased Assets

At June 30, 2024, the District had $646,461,448 in a broad range of capital assets and right-to-use lease assets (net of depreciation and amortization), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $67,900,007, or 11.7%, from last year (Table 5).

**Table 5**

| | Governmental Activities | |
|---|---|---|
| | 2024 | Restated 2023 |
| Land and construction in progress | $ 295,795,735 | $ 235,859,010 |
| Buildings and improvements | 338,786,444 | 331,375,052 |
| Equipment | 9,494,666 | 8,166,389 |
| Leased assets | 1,059,982 | 1,066,125 |
| Right-to-use subscription IT assets | 1,324,621 | 2,094,865 |
| Total | $ 646,461,448 | $ 578,561,441 |

This year's additions of $84.6 million included building modernization projects, real property acquisition, heating, ventilation and air conditioning replacements, vehicles, farm equipment, grounds equipment such as tractors and mowers, and specialized equipment for Career Technical Education classes.

Multiple capital projects are planned for the 2024-2025 year with anticipated capital expenditures to be $159.8 million. We present more detailed information about our capital assets in the Notes to the financial statements.

**Long-Term Liabilities**

At the end of this year, the District had $644,427,039 in long-term liabilities outstanding versus $552,287,471 last year, an increase of 17%. Those long-term obligations consisted of:

**Table 6**

| | Governmental Activities | |
|---|---|---|
| | 2024 | Restated 2023 |
| Long-Term Liabilities | | |
| General obligation bonds | $ 293,951,160 | $ 240,549,288 |
| Qualified Zone Academy Bonds | 11,982,000 | 13,979,000 |
| Certificates of participation | 13,190,766 | 13,342,744 |
| Unamortized premiums/(discounts) | 14,900,559 | 11,907,824 |
| Leases | 849,513 | 895,606 |
| Early retirement liabilities | 2,086,826 | 3,130,239 |
| Compensated absences | 1,207,226 | 1,193,797 |
| Subscriptions | 980,943 | 1,382,199 |
| Net OPEB liability | 36,148,690 | 32,529,302 |
| Aggregate net pension liability | 269,129,356 | 233,377,472 |
| Total | $ 644,427,039 | $ 552,287,471 |

The District's general obligation bond rating continues to be Aa2. The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $293,951,160 is below this statutorily imposed limit.

At year-end, the District has a net pension liability of $269.13 million versus $233.38 last year, an increase of $35.75 million, or 15.3%.

Other liabilities include compensated absences payable, net other postemployment benefits (OPEB) liability (not including health benefits) and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Notes to the financial statements.

## SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

***Our Vision:***
Every student works to achieve grade level standards, feels safe, and is supported to realize individual success.

***Our Mission:***
Through smart actions and decisions, MUSD (Manteca Unified School District) will work together using meaningful, measurable, and aligned data for all students to achieve mastery of grade level standards in all subjects based on their unique educational pathway in a safe environment inclusive of design, security, and climate.

### ACCOMPLISHMENTS ALIGNED TO OUR TARGETS

1. **Grade Level Standards:**
   *MUSD delivers effective, differentiated instruction aligned to state standards so that all students may work to achieve grade level state standards in their unique educational pathway.*

   a. **Standards-Based Grading (Early Adopters)**: Over the past three years, Manteca Unified's Reporting Committee made up of teachers, principals, and district administrators, worked together to develop the new standards-based reporting system. As part of our process, the new report cards were tested in selected classrooms across the district during the 2023/2024 school year. Known as a pilot program, it included about 3,200 families and 110 TK-6 teachers who adopted the system early. Early adopter teachers utilized standards-based grading during the 2023/24 school year, with a full expansion of the program in 2024/25 for TK-6$^{th}$ grade.

   b. **MUSD Board Approved Use of Career Technical Education Incentive Grant (CTEIG):** The CTEIG is a matching grant from the California Department of Education. For every $2 MUSD allocates to CTE, we can request $1 from the CTEIG. These funds help MUSD's CTE programs to update curricula, technology, and equipment to industry standards.

   c. **Community Input Meetings**: In March and April 2024, MUSD hosted in-person and virtual LCAP Community Input workshops to gather feedback from staff, families, and the community. These workshops were strategically designed to engage attendees in critical topics like academic growth, student supports, and college preparedness, with educational experts facilitating discussions. The District emphasized inclusivity and intentionality in collecting and using qualitative data to refine educational practices.

   d. **Flexible Furniture**: During the 2023/24 school year, to designate more money and resources directly into the classroom as part of ongoing modernization efforts, flexible furniture was piloted at high schools during the 2023/24 school year and was installed in all high schools during Summer 2024.

***2.*** **Safety:**
*Students learn in a safe environment inclusive of design, security, and climate.*

a. **First Responder Meetings**: MUSD's Coordinator of Emergency Preparedness & Safety organized quarterly meetings throughout the 2023/24 school year with first responder local partners, including Manteca Police, Lathrop Police, and Stockton Unified Police Departments as well as local fire departments. During the meetings, MUSD leaders and first responder representatives evaluated MUSD's safety protocols and response plans to ensure efficacy.

b. **Early Education Centers:** During the 2023/24 school year, two Early Education Centers were planned as part of a multi-phased project with the potential to expand as full TK-8 elementary schools if needed to address the needs of our expanding student population. Over the next three to five years, the design process will continue to evolve based on Board direction and current demographic analysis and grade-level needs.

c. **Major Facilities and Maintenance Updates**: The Facilities & Operations team was proud to continue work on many planned projects, including major updates to East Union High School, Manteca High School, New Haven Elementary, Brock Elliott Elementary, and Joshua Cowell Elementary.

d. **Contraband Detection Dogs**: Committed to maintaining safe learning environments, Manteca Unified implemented contraband detection services using trained personnel and canines to inspect campuses for prohibited items like drugs, weapons, and alcohol. These unannounced inspections occur periodically in common areas as a proactive measure to promote safety and prevent potential dangers on school grounds.

***3.*** **Emerging Students:**
*Through smart actions and decisions, MUSD will work together to use meaningful and measurable data to engage and accelerate individual learning plans.*

a. **Expansion of Equity & Access Administrative Team:** In the 2023/24 school year, Manteca Unified made notable strides in advancing equity and access throughout the District. This progress is the culmination of cultural proficiency trainings, propelled by an Equity & Access administrative team, and innovated data practices aimed at identifying student needs and areas of disproportionality more effectively than ever before. Additionally, Title IX (9) posters were created and shared throughout Manteca Unified to remind students of their rights and to reenforce procedures for reporting discrimination based on sex, gender expression, gender identity, and sexual orientation.

b. **Expanded Learning Opportunities:** To meet the needs of all MUSD students, various Expanded Learning opportunities were offered district-wide during the 2023/24 school year. 4,207 students participated in Expanded Learning Opportunities through a 9-hour school day offering, clubs and activities, and academic enrichment program. MUSD also formed the ELOP Guiding Coalition, including community partners and administration, to refine the Expanded Learning plan. The coalition revised the plan to streamline language and better align it with the District's Vision and Mission.

c. **Coordination of Services Team (COST):** During the 2023/24 school year, the COST model was expanded to all MUSD schools, breaking down barriers to learning and unlocking the potential of all students. The COST process allows for early intervention when a student is struggling and serves as an effective preventative measure at the school level. During the 2023/24 school year, there were 7,290 COST interventions district-wide.

d. **English Language Development:** MUSD adopted a new English Language Development curriculum for grades 9-12, selecting Houghton Mifflin Harcourt: English 3D with Language Launch, driving academic growth for emerging students. During the 2023/24 school year, over 500 students were reclassified as English Language Proficient.

## General Accomplishments

1. **Needs-Based Budgeting:** During the 2023-24 school year, Manteca Unified School District worked to implement a significant shift in budgeting strategy. This shift fully aligned school site strategic plans with MUSD's Local Control & Accountability Plan (LCAP) which determines how MUSD's budget is spent to ensure that every dollar has a goal, a plan, and a purpose. To achieve this alignment between site strategic plans, the LCAP, and the District's budget, several essential steps had to occur, including data collection, gathering input, establishing a common language, planning through an equity lens, and allocating dollars where they are most needed.

2. **"Awards for Achievement" Board Policy Amendment:** The amendment, initiated by MUSD's Student Board, introduced criteria for the State Seal of Civic Engagement (AB24). The Seal of Civic Engagement will join the Seal of Biliteracy and the Golden Merit Seal as marks of distinguishment students can earn upon graduation.

3. **Approval of Transition to Full-Day Kindergarten:** During the 2023/24 school year, Manteca Unified's Board approved all kindergarten programs district-wide to transition to full-day schedules, effective 2024-25, as part of MUSD's alignment plan for UTK-3rd grade. This decision was made to provide equitable access for all young learners and was informed by the success of MUSD's UTK program during the 2023/24 school year, which is indicative of the positive impact of an extended schedule on early childhood education.

4. **California Distinguished School Award:** Manteca High School earned the 2024 California Distinguished School Award, recognizing its remarkable academic growth and dedication to student success. The school achieved a 61.8-point increase in English Language Arts (ELA) in just one year and demonstrated excellence in math and reduced suspension rates. This honor reflects the commitment and hard work of MHS students, staff, and the entire school community.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2024-25 Adopted Budget Report for the Manteca Unified School District was adopted by the Board of Trustees on June 18, 2024. The budget documents demonstrated that the District would maintain reserve balances at or above the 3% minimum state standard requirement necessary for positive certification.

On May 10, 2024, Governor Newsom presented the May revision for the 2024-2025 state budget proposal. The projected deficit announced in the January proposal had fluctuated up and down for several months where it settled at an estimated $27.6 billion as of the May revision. The governor proposed a 1.07% cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF) for 2024-25 and addressed the state budget deficit challenge through reserve draw downs, spending reductions, new revenue proposals, internal borrowing, funding delays, funding shifts, and deferrals. Since the legality of part of the Governor's proposal was questioned due to negative impacts to future year's education funding, education labor groups began actively negotiating with the State for an equitable solution to bridge the deficit gap without harming future funding for education. The ending result was a budget adopted by the legislature in June that relied on depleting rainy day reserve accounts and deferrals which the District is strategically equipped with cash reserves to manage.

The 2024-25 budget is the first year after the infusion of millions of dollars in Federal and State pandemic funds. As such, the District has realigned many of the programs previously funded by pandemic funds to the Learning Recovery Block Grant to continue a focus on student emotional assistance and instructional supports for learning recovery.

The LCFF state aid payments estimated in the Multi-Year Projection presented in the budget report were developed using COLA at 1.07% for 2024-25, 2.93% for 2025-26, and 3.08% for 2026-27 based on the Governor's 2024-25 May revise budget proposal. The projection also included revenue and costs related to the continued projected growth in enrollment across the District over the next three years, as well as the ongoing expansion of the Universal Transitional Kindergarten program.

As the 2024-25 Budget Report showed with the positive certification and positive cash flow analysis, the District through careful, strategic planning continues to advance the District Vision: Every student works to achieve grade level standards, feels safe and is supported to realize individual success.

The District continues to demonstrate positive budget certification and cash flow analysis as a result of careful, strategic planning that advances the District Vision: *Every student works to achieve grade level standards, feels safe and is supported to realize individual success*.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business and Information Official at Manteca Unified School District, P.O. Box 32, Manteca, California, 95336, or e-mail at vbrunn@musd.net.

| | |
|---|---|
| **Assets** | |
| Deposits and investments | $ 582,861,541 |
| Receivables | 23,247,389 |
| Prepaid expense | 1,992,218 |
| Stores inventories | 826,821 |
| Other current assets | 32,340 |
| Lease receivables | 1,504,962 |
| Capital assets, not depreciated | 295,795,735 |
| Capital assets, net of accumulated depreciation/amortization | 350,665,713 |
| Total assets | 1,256,926,719 |
| **Deferred Outflows of Resources** | |
| OPEB related | 15,259,637 |
| Pension related | 96,261,803 |
| Total deferred outflows of resources | 111,521,440 |
| **Liabilities** | |
| Accounts payable | 37,525,661 |
| Interest payable | 3,112,643 |
| Unearned revenue | 3,517,418 |
| Noncurrent liabilities | |
| Due within one year | |
| Leases, subscriptions, early retirement, and compensated absences | 2,644,368 |
| Bonded debt and certificates of participation | 13,282,942 |
| Due in more than one year | |
| Leases, subscriptions, early retirement, and compensated absences | 2,480,140 |
| Bonded debt and certificates of participation | 320,741,543 |
| Net other postemployment benefits liability (OPEB) | 36,148,690 |
| Aggregate net pension liabilities | 269,129,356 |
| Total liabilities | 688,582,761 |
| **Deferred Inflows of Resources** | |
| OPEB related | 4,607,055 |
| Pension related | 22,499,942 |
| Lease related | 1,447,676 |
| Total deferred inflows of resources | 28,554,673 |
| **Net Position** | |
| Net investment in capital assets | 459,722,170 |
| Restricted for | |
| Debt service | 34,169,320 |
| Capital projects | 171,471,273 |
| Educational programs | 89,757,240 |
| Food service | 29,071,875 |
| Unrestricted deficit | (132,881,153) |
| Total net position | $ 651,310,725 |

| Functions/Programs | Expenses | Program Revenues: Charges for Services and Sales | Program Revenues: Operating Grants and Contributions | Net Expenses Revenues and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Instruction | $ 241,552,397 | $ 3,896,943 | $ 59,223,266 | $ (178,432,188) |
| Instruction-related activities | | | | |
| Supervision of instruction | 17,088,658 | 1,792 | 8,796,044 | (8,290,822) |
| Instructional library, media, and technology | 6,159,325 | 3,832 | 133,773 | (6,021,720) |
| School site administration | 28,808,261 | 4,781 | 2,744,426 | (26,059,054) |
| Pupil services | | | | |
| Home-to-school transportation | 9,158,500 | - | 20,596 | (9,137,904) |
| Food services | 18,865,468 | 18,606 | 25,854,602 | 7,007,740 |
| All other pupil services | 29,751,354 | 54,419 | 7,678,775 | (22,018,160) |
| Administration | | | | |
| Data processing | 1,021,419 | - | - | (1,021,419) |
| All other administration | 17,013,483 | 25,419 | 1,637,483 | (15,350,581) |
| Plant services | 45,109,013 | 110,270 | 6,970,758 | (38,027,985) |
| Ancillary services | 6,705,193 | 30,240 | 2,861,956 | (3,812,997) |
| Community services | 65,966 | - | - | (65,966) |
| Enterprise services | 2,057,189 | - | - | (2,057,189) |
| Interest on long-term liabilities | 11,852,601 | - | - | (11,852,601) |
| Other outgo | 1,584,723 | - | - | (1,584,723) |
| Total governmental activities | $ 436,793,550 | $ 4,146,302 | $ 115,921,679 | (316,725,569) |
| General Revenues and Subventions | | | | |
| Property taxes, levied for general purposes | | | | 88,596,603 |
| Property taxes, levied for debt service | | | | 36,064,783 |
| Taxes levied for other specific purposes | | | | 28,517,421 |
| Federal and State aid not restricted to specific purposes | | | | 276,411,949 |
| Interest and investment earnings | | | | 9,798,872 |
| Miscellaneous | | | | 2,843,183 |
| Total general revenues | | | | 442,232,811 |
| Change in Net Position | | | | 125,507,242 |
| Net Position - Beginning | | | | 525,803,483 |
| Net Position - Ending | | | | $ 651,310,725 |

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and investments | $ 207,603,580 | $ 144,185,675 | $ 59,403,499 | $ 140,230,964 | $ 551,423,718 |
| Restricted cash and investments | - | - | - | 31,432,161 | 31,432,161 |
| Receivables | 16,856,618 | 1,677,853 | 668,132 | 4,045,506 | 23,248,109 |
| Due from other funds | 10,471,787 | - | 5,002,418 | 43,059 | 15,517,264 |
| Prepaid expenditures | 1,986,742 | - | - | 5,476 | 1,992,218 |
| Stores inventories | 243,977 | - | - | 582,844 | 826,821 |
| Other current assets | - | - | - | 32,340 | 32,340 |
| Lease receivables | 1,504,962 | - | - | - | 1,504,962 |
| Total assets | $ 238,667,666 | $ 145,863,528 | $ 65,074,049 | $ 176,372,350 | $ 625,977,593 |
| Liabilities | | | | | |
| Accounts payable | $ 16,806,586 | $ 16,311,989 | $ 3,120,925 | $ 1,261,055 | $ 37,500,555 |
| Due to other funds | 5,063,222 | 10,474,205 | - | - | 15,537,427 |
| Unearned revenue | 3,507,418 | - | - | 10,000 | 3,517,418 |
| Total liabilities | 25,377,226 | 26,786,194 | 3,120,925 | 1,271,055 | 56,555,400 |
| Deferred Inflows of Resources | | | | | |
| Deferred inflows of resources related to leases | 1,447,676 | - | - | - | 1,447,676 |
| Fund Balances | | | | | |
| Nonspendable | 2,303,610 | - | - | 588,569 | 2,892,179 |
| Restricted | 89,455,739 | 119,077,334 | 61,953,124 | 174,495,635 | 444,981,832 |
| Committed | 62,618,586 | - | - | - | 62,618,586 |
| Assigned | 44,668,273 | - | - | 17,091 | 44,685,364 |
| Unassigned | 12,796,556 | - | - | - | 12,796,556 |
| Total fund balances | 211,842,764 | 119,077,334 | 61,953,124 | 175,101,295 | 567,974,517 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 238,667,666 | $ 145,863,528 | $ 65,074,049 | $ 176,372,350 | $ 625,977,593 |

| | | |
|---|---|---|
| Total Fund Balance - Governmental Funds | | $ 567,974,517 |
| 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 | $ 941,525,636 | |
| Accumulated depreciation is | (295,064,188) | |
| Net capital assets | | 646,461,448 |
| In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred. | | (3,112,643) |
| 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 | | |
| Net other postemployment benefits (OPEB) | 15,259,637 | |
| Aggregate net pension liability | 96,261,803 | |
| Total deferred outflows of resources | | 111,521,440 |
| 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 | | |
| Net other postemployment benefits (OPEB) | $ (4,607,055) | |
| Aggregate net pension liability | (22,499,942) | |
| Total deferred inflows of resources | | (27,106,997) |
| Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (269,129,356) |
| The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (36,148,690) |

| | | |
|---|---|---|
| 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 at year-end consist of | | |
| General obligation bonds | (293,951,160) | |
| Certificates of participation | (13,190,766) | |
| Leases | (849,513) | |
| Subscription-based IT arrangements | (980,943) | |
| Early retirement liabilities | (2,086,826) | |
| Bond premium | (14,900,559) | |
| Compensated absences (vacations) | (1,207,226) | |
| Qualified Zone Academy Bonds | (11,982,000) | |
| Total long-term liabilities | | (339,148,993) |
| Total net position - governmental activities | | $ 651,310,725 |

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Local Control Funding Formula | $ 324,161,837 | $ - | $ - | $ - | $ 324,161,837 |
| Federal sources | 48,734,053 | - | 578,126 | 14,776,467 | 64,088,646 |
| Other State sources | 55,571,390 | - | - | 13,007,023 | 68,578,413 |
| Other local sources | 27,734,642 | 12,991,494 | 4,957,131 | 50,597,958 | 96,281,225 |
| Total revenues | 456,201,922 | 12,991,494 | 5,535,257 | 78,381,448 | 553,110,121 |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | 226,475,366 | - | - | 1,655,511 | 228,130,877 |
| Instruction-related activities | | | | | |
| Supervision of instruction | 16,074,387 | - | - | - | 16,074,387 |
| Instructional library, media, and technology | 5,987,294 | - | - | - | 5,987,294 |
| School site administration | 27,223,186 | - | - | - | 27,223,186 |
| Pupil services | | | | | |
| Home-to-school transportation | 8,900,152 | - | - | - | 8,900,152 |
| Food services | 926,710 | - | - | 17,349,382 | 18,276,092 |
| All other pupil services | 28,163,421 | - | - | - | 28,163,421 |
| Administration | | | | | |
| Data processing | 985,575 | - | - | - | 985,575 |
| All other administration | 15,857,419 | - | - | 608,641 | 16,466,060 |
| Plant services | 44,145,779 | 26,475 | 289,793 | 310,898 | 44,772,945 |
| Ancillary services | 2,148,714 | - | - | 2,141,953 | 4,290,667 |
| Community services | 66,824 | - | - | - | 66,824 |
| Other outgo | 4,841,779 | - | - | - | 4,841,779 |
| Enterprise services | - | - | - | 84,606 | 84,606 |
| Capital outlay | 23,544,524 | 46,932,755 | 12,554,634 | 2,274,186 | 85,306,099 |
| Debt service | | | | | |
| Principal | 883,895 | - | 1,997,000 | 15,707,101 | 18,587,996 |
| Interest and other | 118,975 | 507,800 | 608,087 | 7,596,516 | 8,831,378 |
| Total expenditures | 406,344,000 | 47,467,030 | 15,449,514 | 47,728,794 | 516,989,338 |
| Excess (Deficiency) of Revenues Over Expenditures | 49,857,922 | (34,475,536) | (9,914,257) | 30,652,654 | 36,120,783 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | 5,000,000 | 20,076 | 5,020,076 |
| Leases, as lessee | 643,907 | - | - | - | 643,907 |
| Subscriptions | 47,593 | - | - | - | 47,593 |
| General obligation bonds issued | - | 65,000,000 | - | | 65,000,000 |
| Premium on general obligation bonds issued | - | - | - | 3,661,652 | 3,661,652 |
| Transfers out | (5,020,076) | - | - | - | (5,020,076) |
| Net Financing Sources (Uses) | (4,328,576) | 65,000,000 | 5,000,000 | 3,681,728 | 69,353,152 |
| Net Change in Fund Balances | 45,529,346 | 30,524,464 | (4,914,257) | 34,334,382 | 105,473,935 |
| Fund Balance - Beginning | 166,313,418 | 88,552,870 | 66,867,381 | 140,766,913 | 462,500,581 |
| Fund Balance - Ending | $ 211,842,764 | $ 119,077,334 | $ 61,953,124 | $ 175,101,295 | $ 567,974,517 |

| | | |
|---|---|---|
| Total Net Change in Fund Balances - Governmental Funds | | $ 105,473,935 |
| Amounts Reported for Governmental Activities in the Statement of Activities are Different Because | | |
| This is the amount by which capital outlays exceeds depreciation and amortization in the period. | | |
| Depreciation and amortization expenses | $ (17,378,048) | |
| Capital outlays | 85,306,099 | |
| Net expense adjustment | | 67,928,050 |
| The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was | | (2,842,832) |
| The District issued capital appreciation Certificates of Participation (COP). The accretion of interest on the COP during the current fiscal year was | | (859,209) |
| Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. | | (28,044) |
| Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. | | (643,907) |
| Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. | | (47,593) |

| | |
|---|---|
| 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. | (13,429) |
| 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. | 3,647,777 |
| 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. | 1,253,820 |
| Proceeds received from General obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | (65,000,000) |
| Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. | |
| Premium on issuance recognized | (3,661,652) |
| Premium amortization | 668,917 |
| Payment of principal and accreted interest 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 | 14,440,960 |
| Qualified Zone Academy bonds | 1,997,000 |
| Certificates of participation | 1,011,187 |
| Early retirement liabilities | 1,043,413 |
| Leases | 690,000 |
| Subscription-based IT arrangements | 448,849 |
| Change in net position of governmental activities | $ 125,507,242 |

| | Internal Service Fund |
|---|---|
| Assets | |
| Current assets | |
| Cash and cash equivalents | $ 5,662 |
| Due from other funds | 20,163 |
| Total current assets | 25,825 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 25,825 |
| Total liabilities | 25,825 |
| Net Position | |
| Unrestricted | - |
| Total net position | $ - |

| | Internal Service Fund |
|---|---|
| **Operating Revenues** | |
| Charges for services | $ 785,208 |
| Total operating revenues | 785,208 |
| **Operating Expenses** | |
| Payroll costs | 279,927 |
| Supplies and materials | 302 |
| Facility rental | 47,762 |
| Other operating costs | 462,023 |
| Total operating expenses | 790,014 |
| **Operating Loss** | (4,806) |
| **Nonoperating Revenues (Expenses)** | |
| Fair market value adjustments | 700 |
| Interest income | 4,106 |
| Total nonoperating revenues (expenses) | 4,806 |
| **Total Net Position - Ending** | $ - |

| | Internal Service Fund |
|---|---|
| Operating Activities | |
| Cash receipts from in-District sources | $ 786,274 |
| Cash payments for interfund services used | 116,995 |
| Cash payments to other suppliers of goods or services | (665,397) |
| Cash payments to employees for services | (279,927) |
| Net Cash from Operating Activities | (42,055) |
| Investing Activities | |
| Loss on investments | 700 |
| Interest on investments | 4,106 |
| Net Cash From Investing Activities | 4,806 |
| Net Change in Cash and Cash Equivalents | (37,249) |
| Cash and Cash Equivalents, Beginning | 42,911 |
| Cash and Cash Equivalents, Ending | $ 5,662 |
| Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities | |
| Operating loss | $ (4,806) |
| Changes in assets and liabilities | |
| Receivables | 1,066 |
| Due from other fund | 116,995 |
| Accounts payable | (155,310) |
| Net Cash from Operating Activities | $ (42,055) |

| | CFD Custodial Funds |
|---|---|
| **Assets** | |
| Cash and investments | $ 4,014,989 |
| Total assets | $ 4,014,989 |
| **Net Position** | |
| Restricted for individuals, organizations, and other governments | $ 4,014,989 |

| | CFD Custodial Funds |
|---|---|
| Additions | |
| Interest | $ 140,286 |
| All Other Local Revenue | 6,282,588 |
| Total additions | $ 6,422,874 |
| Deductions | |
| Debt service payments | 6,866,282 |
| Total deductions | $ 6,866,282 |
| Change in Fiduciary Net Position | (443,408) |
| Net Position - Beginning | 4,458,397 |
| Net Position - Ending | $ 4,014,989 |

## Note 1 - Summary of Significant Accounting Policies

**Financial Reporting Entity**

The Manteca Unified School District (the District) was organized in 1966 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades TK - 12 as mandated by the State and/or Federal agencies. The District operates twenty elementary, five high schools, two continuation high schools, one online academy, and an adult school program at multiple sites.

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

**Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. The component unit, although a legally separate tax-exempt entity is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Community Facilities District's financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units. Individually-prepared financial statements are not prepared for the CFDs.

**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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

**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 nonmajor 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 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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 extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

In addition, under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 11, Adult Education Fund does not currently meet the definition of a special revenue fund as these funds are no longer primarily composed of restricted or committed revenue sources.

As a result, the General Fund reflects an increase in fund balance of $45,529,346.

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

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of resources that are restricted for capital outlay, but not required to be reported in another fund (Education Code Section 42840).

**Nonmajor 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 Activity Fund** The Student Activity 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.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **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).

- **School Farm Fund** The School Farm Fund is used to account for the activity of the School Farm.

**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 lA), 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 et seq.).

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

**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 a local educational agency (*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 proprietary funds:

- **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 that is accounted for in an internal service fund.

**Fiduciary Funds** Fiduciary funds are used to account resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are for the Community Facilities Districts (CFD) Debt Services.

**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, and exclude fiduciary activity. 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 and amortization of leased 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.

**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. Nonmajor 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 the 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 changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**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.

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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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.

**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.

**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, 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 and State investment pools are determined by the program sponsor.

**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 weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when consumed rather than when purchased.

**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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. 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.

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.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using 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 intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

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 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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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.

However, 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.

**Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest 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. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/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 related to leases, for pension related items, and for OPEB related items.

**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 by the fund in which the employee worked.

**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.

Leases and Subscription Based Information Technology Arrangements (SBITA)

As lessor: The District is a lessor for noncancellable facilities leases of District property. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease/subscription receipts/payments to present value, (2) lease/subscription term, and (3) lease receipts. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription if certain changes occur that are expected to significantly affect the amount of the lease/subscription.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

**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 non-spendable 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 governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

**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 on-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.

**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 interfund insurance 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 in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

**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 San Joaquin bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

## 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 | $ 582,855,879 |
| Proprietary funds | 5,662 |
| Fiduciary funds | 4,014,989 |
| Total deposits and investments | $ 586,876,530 |

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

| | |
|---|---|
| Cash on hand and in banks | 4,669,006 |
| Cash with fiscal agent | 35,447,150 |
| Cash in revolving | 15,855 |
| Collections awaiting deposit | 94,806 |
| Investments | 546,649,713 |
| Total deposits and investments | $ 586,876,530 |

### 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, credit risk, and concentration of credit 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 |

**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 monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio. The District manages its exposure to interest rate risk by investing in the Santa Clara County treasury pool. The weighted average maturity of the pool was 748 days.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investment in the County Treasury Investment Pool are not rated as of June 30, 2024.

**Custodial Credit Risk - Deposits**

his 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. On June 30, 2024, District bank balances of $4.5 million were exposed to custodial credit risk because they were uninsured but were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Fair Value Measurements**

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

- Level 1 - quoted prices in active markets for identical assets.
- Level 2 - quoted prices in active or inactive for the same or similar assets.
- Level 3 - estimates using the best information available when there is little or no market.

As of June 30, 2024, the District's investments in the San Joaquin County Treasury Investment Pool are uncategorized.

## Note 3 - Receivables

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

| | General Fund | Building Fund | Special Reserve for Capital Outlay Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| Federal Government | | | | | |
| Categorical aid | $ 8,279,817 | $ - | $ - | $ 1,210,314 | $ 9,490,131 |
| State Government | | | | | |
| LCFF apportionment | 3,533,303 | - | - | - | 3,533,303 |
| Categorical aid | 2,659,193 | - | - | 1,288,956 | 3,948,149 |
| Local Government | | | | | |
| Interest | 1,563,419 | 1,677,853 | 668,132 | 1,469,196 | 5,378,600 |
| Other local sources | 820,886 | - | - | 77,040 | 897,926 |
| Total | $ 16,856,618 | $ 1,677,853 | $ 668,132 | $ 4,045,506 | $ 23,248,109 |

## Note 4 - Capital Assets

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

| | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 89,337,549 | $ 1,625,270 | $ - | $ 90,962,819 |
| Construction in progress | 146,521,461 | 82,048,595 | (23,737,140) | 204,832,916 |
| Total capital assets not being depreciated | 235,859,010 | 83,673,865 | (23,737,140) | 295,795,735 |
| Capital assets being depreciated/amortized | | | | |
| Land improvements | 26,178,139 | 210,510 | - | 26,388,649 |
| Buildings and improvements | 534,565,272 | 21,577,558 | - | 556,142,830 |
| Furniture and equipment | 55,444,698 | 2,877,906 | (101,836) | 58,220,768 |
| Leases as lessee | 1,917,195 | 655,807 | (509,210) | 2,063,792 |
| Subscriptions | 2,866,269 | 47,593 | - | 2,913,862 |
| Total capital assets being depreciated/amortized | 620,971,573 | 25,369,374 | (611,046) | 645,729,901 |
| Total capital assets | 856,830,583 | 109,043,239 | (24,348,186) | 941,525,636 |
| Accumulated depreciation/amortization | | | | |
| Land improvements | (16,530,599) | (878,850) | - | (17,409,449) |
| Buildings and improvements | (212,837,760) | (13,497,826) | - | (226,335,586) |
| Furniture and equipment | (47,278,309) | (1,521,585) | 73,792 | (48,726,102) |
| Leases as lessee | (851,070) | (661,950) | 509,210 | (1,003,810) |
| Subscriptions | (771,404) | (817,837) | - | (1,589,241) |
| Total accumulated depreciation/amortization | (278,269,142) | (17,378,048) | 583,002 | (295,064,188) |
| Capital assets, net | 578,561,441 | 91,665,191 | (23,765,184) | 646,461,448 |

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

| | |
|---|---|
| Governmental Activities | |
| Instruction | $ 8,988,913 |
| Supervision of instruction | 633,370 |
| Instructional library, media, and technology | 235,914 |
| School site administration | 1,072,660 |
| Home-to-school transportation | 350,688 |
| Food services | 720,123 |
| All other pupil services | 1,109,707 |
| Ancilliary services | 253,787 |
| Enterprise | 81,300 |
| Data processing | 648,803 |
| All other administration | 38,834 |
| Plant services | 3,243,950 |
| Total depreciation and amortization expenses governmental activities | $ 17,378,048 |

## Note 5 - Lease Receivables

The District is leasing land and buildings to third parties under noncancellable lease agreements. The lease agreements expire through fiscal year 2065.The District recognized $61 thousand of lease revenue and $5 thousand of interest revenue during the current fiscal year related to the leases. As of June 30, 2024, the District's receivable for lease payments was $1.5 million and was calculated using a discount rate of 0.33%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was $1.45 million.

## Note 6 - 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 nonmajor governmental funds and proprietary funds are as follows:

| | Due To | | | | |
|---|---|---|---|---|---|
| Due From | General Fund | Special Reserve Fund for Capital Outlay Projects | Nonmajor Governmental Funds | Proprietary Funds | Total |
| General Fund | $ - | $ 5,000,000 | $ 43,059 | $ 20,163 | $ 5,063,222 |
| Building fund | 10,471,787 | 2,418 | - | - | 10,474,205 |
| Total | $ 10,471,787 | $ 5,002,418 | $ 43,059 | $ 20,163 | $ 15,537,427 |

All balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**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, consisted of the general fund transferring $5,000,000 to the special reserve fund for capital outlay projects for the facilities master plan.

## Note 7 - Accounts Payable

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects Fund | Nonmajor Governmental Funds | Total | Proprietary Funds |
|---|---|---|---|---|---|---|
| Vendor payables | $ 14,486,325 | $ 16,311,989 | $ 3,120,925 | $ 1,150,588 | $ 35,069,827 | $ 25,825 |
| Salaries and benefits | 2,320,261 | - | - | 110,467 | 2,430,728 | - |
| Total | $ 16,806,586 | $ 16,311,989 | $ 3,120,925 | $ 1,261,055 | $ 37,500,555 | $ 25,825 |

## Note 8 - 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 | Accretions/ Additions | Deductions | Balance June 30, 2024 | Due in One Year |
|---|---|---|---|---|---|
| Long-Term Liabilities | | | | | |
| General obligation bonds | $ 240,549,288 | $ 67,842,832 | $ (14,440,960) | $ 293,951,160 | $ 10,315,000 |
| Qualified zone academy bonds | 13,979,000 | - | (1,997,000) | 11,982,000 | 1,997,000 |
| Certificates of participation | 13,342,744 | 859,209 | (1,011,187) | 13,190,766 | 271,510 |
| Unamortized debt premiums | 11,907,824 | 3,661,652 | (668,917) | 14,900,559 | 699,432 |
| Leases | 895,606 | 643,907 | (690,000) | 849,513 | 561,096 |
| Early retirement liabilities | 3,130,239 | - | (1,043,413) | 2,086,826 | 1,043,413 |
| Compensated absences | 1,193,797 | 610,328 | (596,899) | 1,207,226 | 603,613 |
| Subscriptions | 1,382,199 | 47,593 | (448,849) | 980,943 | 436,246 |
| Total | $ 286,380,697 | $ 73,665,521 | $ (20,897,225) | $ 339,148,993 | $ 15,927,310 |

Payments on the General Obligation Bonds are made by the bond interest and redemption fund with local revenues. The CFD fund makes payments for the Certificates of Participation. Qualified Zone Academy Bonds are paid out of the Special Reserve Fund for Capital Outlay Projects. The accrued vacation, early retirement liabilities, net OPEB obligations, and net pension liability are paid by the fund in which the related employee costs are accounted for. The District's certificates of participation are secured with collateral of the related facilities.

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

| Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2023 | Issued | Interest Accreted | Redeemed | Bonds Outstanding June 30, 2024 |
|---|---|---|---|---|---|---|---|---|
| 8/1/04 | 8/2029 | 2.000-5.250% | $ 42,495,677 | $ 3,720,546 | $ - | $ 242,317 | $ - | $ 3,962,863 |
| 7/28/06 | 8/2036 | 4.250-4.375% | 23,504,208 | 47,023,742 | - | 2,600,515 | (980,960) | 48,643,297 |
| 7/16/15 | 8/2045 | 3.750-5.000% | 60,000,000 | 44,180,000 | - | - | (265,000) | 43,915,000 |
| 7/16/15 | 8/2023 | 2.000-5.000% | 28,915,000 | 3,865,000 | - | - | (3,865,000) | - |
| 9/28/17 | 8/2042 | 3.000-5.000% | 63,000,000 | 51,285,000 | - | - | (945,000) | 50,340,000 |
| 6/2/20 | 8/2040 | 1.500-4.000% | 36,000,000 | 33,420,000 | - | - | (670,000) | 32,750,000 |
| 9/30/21 | 8/2051 | 2.500-4.00% | 65,000,000 | 57,055,000 | - | - | (7,715,000) | 49,340,000 |
| | | | 65,000,000 | - | 65,000,000 | - | - | 65,000,000 |
| | | | | $ 240,549,288 | $ 65,000,000 | $ 2,842,832 | $ (14,440,960) | $ 293,951,160 |

**Debt Service Requirements to Maturity**

The current interest bonds mature through 2054 as follows:

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2025 | $ 10,315,000 | $ 9,149,616 | $ 19,464,616 |
| 2026 | 9,150,000 | 9,131,364 | 18,281,364 |
| 2027 | 9,250,000 | 8,673,164 | 17,923,164 |
| 2028 | 2,890,000 | 8,208,288 | 11,098,288 |
| 2029 | 3,340,000 | 8,066,137 | 11,406,137 |
| 2030-2034 | 24,490,000 | 37,640,045 | 62,130,045 |
| 2035-2039 | 41,860,000 | 31,262,560 | 73,122,560 |
| 2040-2044 | 61,485,000 | 21,240,469 | 82,725,469 |
| 2045-2049 | 42,125,000 | 10,953,538 | 53,078,538 |
| 2050-2054 | 36,440,000 | 5,254,751 | 41,694,751 |
| Total | $ 241,345,000 | $ 149,579,929 | $ 390,924,929 |

The capital appreciation bonds mature through 2037 as follows:

| Fiscal Year | Initial Bond Value | Accreted Interest | Accreted Obligation | Unaccreted Interest | Maturity Value |
|---|---|---|---|---|---|
| 2025 | 2,301,970 | 3,198,030 | 5,500,000 | - | 5,500,000 |
| 2026 | 2,178,916 | 3,045,327 | 5,224,243 | 260,757 | 5,485,000 |
| 2027 | 2,065,412 | 2,904,016 | 4,969,428 | 510,572 | 5,480,000 |
| 2028 | 1,955,196 | 2,765,688 | 4,720,884 | 749,116 | 5,470,000 |
| 2029 | 3,096,536 | 5,355,169 | 8,451,705 | 2,313,295 | 10,765,000 |
| 2030-2034 | 6,239,432 | 8,942,538 | 15,181,970 | 6,773,030 | 21,955,000 |
| 2035-2037 | 3,052,516 | 5,505,414 | 8,557,930 | 7,702,070 | 16,260,000 |
| Total | $ 20,889,978 | $ 31,716,182 | $ 52,606,160 | $ 18,308,840 | $ 70,915,000 |

**Qualified Zone Academy Bonds**

In November 2012, Manteca Unified School District issued $29,995,000 in Qualified Zone Academy Bonds (QZAB) to finance for solar energy facilities to be located at the various school sites. The Bonds mature through 2029 with an interest rate of 4.35% per annum. The District received approximately $578 thousand during the fiscal year from the IRS as a tax credit for the renewable energy project. The District anticipates receiving a similar credit over the course of the loan to offset future interest payments.

The principal and interest payments through November, 2030 are as follows:

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2025 | 1,997,000 | 521,217 | 2,518,217 |
| 2026 | 1,997,000 | 434,348 | 2,431,348 |
| 2027 | 1,997,000 | 347,478 | 2,344,478 |
| 2028 | 1,997,000 | 260,609 | 2,257,609 |
| 2029 | 1,997,000 | 173,739 | 2,170,739 |
| 2030 | 1,997,000 | 86,870 | 2,083,870 |
| Total | $ 11,982,000 | $ 1,824,261 | $ 13,806,261 |

**Certificates of Participation**

The certificates of participation were issued in 2004 in the amount of $10,845,147 to provide funds for the construction of certain school facilities for the benefit of Community Facilities District N. 1989-1 (Weston Ranch) of the Manteca Unified School District. The certificates mature through 2034 with interest rates from 2.5 percent – 3.75%.

The certificates mature through 2034 as follows:

| Fiscal Year | Initial Bond Value | Accreted Interest | Accreted Obligation | Unaccreted Interest | Maturity Value |
|---|---|---|---|---|---|
| 2025 | $ 271,510 | $ 498,490 | $ 770,000 | $ - | $ 770,000 |
| 2026 | 373,699 | 702,712 | 1,076,411 | 58,589 | 1,135,000 |
| 2027 | 360,678 | 694,507 | 776,168 | 119,815 | 1,175,000 |
| 2028 | 350,164 | 686,261 | 1,036,425 | 183,575 | 1,220,000 |
| 2029 | 341,474 | 675,143 | 1,016,617 | 248,383 | 1,265,000 |
| 2030-2034 | 2,829,664 | 5,685,480 | 8,515,145 | 4,499,856 | 13,015,000 |
| Total | $ 4,527,189 | $ 8,942,593 | $ 13,190,766 | $ 5,110,218 | $ 18,580,000 |

**Early Retirement Liabilities**

In January 2021, the District offered an annuity-based early retirement incentive program. The District has an obligation of $2.1 million to PARS for supplementary retirement plan as of June 30, 2024. Annual payment of $1,043,413 will be made through July 10, 2025.

**Lease Payables**

The District is obligated under leases covering certain vehicles, office equipment, copy machines, and a building that expire at various dates during the next five years. The lease term for vehicles ranges from 32 to 60 months. Office equipment and copy machines have lease terms ranging from 45 to 60 months, and some contain an option to purchase at the end of the term. The leases have an interest rate range of 0.0% to 23.13%. The value of the right to use asset at the end of the current fiscal year was $2,063,792 and had accumulated amortization of $1,003,811.

The future principal and interest payments as of June 30, 2024 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 359,656 | 54,234 | 413,890 |
| 2026 | 172,705 | 37,508 | 210,213 |
| 2027 | 132,136 | 24,684 | 156,820 |
| 2028 | 133,153 | 12,232 | 145,385 |
| 2029 | 51,863 | 1,351 | 53,214 |
| Total | $ 849,513 | $ 130,009 | $ 979,522 |

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

The District has entered into various SBITAs for accounting and educational software programs. Terms range from 34 to 60 months and have an interest rate range of 4.75% and 5.5%. The value of the subscription asset at the end of the current fiscal year was $2,913,862 and had accumulated amortization of $1,589,241. During the fiscal year, the District recorded $1,589,241 in amortization expense and interest expense of $49,907. The remaining principal and interest payment requirements for the SBITA liabilities as of June 30, 2024, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $458,248 | $48,746 | $506,995 |
| 2026 | 330,634 | 25,376 | 356,010 |
| 2027 | 192,061 | 9,324 | 201,385 |
| Total | $ 980,943 | $ 83,446 | $ 1,064,390 |

## Note 9 - Net 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 |
|---|---|---|---|---|
| Retiree Health Plan | $ 35,157,128 | $ 15,259,637 | $ 4,607,055 | $ 3,106,303 |
| Medicare Premium Payment (MPP) Program | 991,562 | - | - | 30,772 |
| Total | $ 36,148,690 | $ 15,259,637 | $ 4,607,055 | $ 3,137,075 |

### Plan Administration

The District's retiree healthcare plan (Plan) Public Agency Retirement Services (PARS), an agent multiple-employer defined benefit healthcare program. The Plan is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. The District participates in the PARS Trust Fund Program, an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through PARS. PARS issue publicly available financial reports that can be found on the PARS website at: http://www.pars.org.

**Plan Membership**

At July 1, 2023, the valuation date, the Plan membership consisted of the following:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits payments | 293 |
| Active employees | 1,990 |
| Total | 2,283 |

**Benefits Provided**

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**Contributions**

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, TEA, CSEA, and the unrepresented groups are based on availability of funds. For the fiscal year ended June 30, 2024, the District contributed $2,169,689 to the Plan, all of which was used for current premiums.

**Net OPEB Liability of the District**

The District's net OPEB liability of $35,157,128 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, 2023. The components of the net OPEB liability of the District at June 30, 2024, were as follows:

| | |
|---|---|
| Total OPEB liability | $ 51,661,634 |
| Plan fiduciary net position | (16,504,506) |
| Net OPEB liability | $ 35,157,128 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 31.95% |

**Actuarial Assumptions**

The net 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 | percent |
| Salary increases | 3.00 | percent, average, including inflation |
| Discount rate | 4.73 | percent |
| Investment rate of return | 5.50 | percent, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | 6.00 | percent for 2023 |

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

Mortality rates were from CalSTRS Experience Analysis (2015-2018) for certificated employees and the CalPERS Experience study (2000-2019) for classified employees. Mortality rates vary by age and sex. If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023, valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2023.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Discount Rate**

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – To the extent that OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

| Reporting Date | Measurement Date | Long-Term Expected Return of Plan Investment (If Any) | Fidelity GO AA 20 Years Municipal Index | Discount Rate |
|---|---|---|---|---|
| June 30, 2023 | June 30, 2022 | 5.50% | 3.69% | 5.10% |
| June 30, 2024 | June 30, 2023 | 5.50% | 3.86% | 4.73% |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target 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 |
|---|---|---|
| Broad U.S Equity | 50.0% | 4.4% |
| U.S Fixed | 45.0% | 1.8% |
| Cash Equivalents | 5.0% | 0.2% |

**Changes in the Net OPEB Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance, June 30, 2022 | $ 46,868,819 | $ 15,361,851 | $ 31,506,968 |
| Service cost | 2,267,146 | - | 2,267,146 |
| Interest | 2,372,991 | - | 2,372,991 |
| Employer Contributions | - | 3,585,567 | (3,585,567) |
| Actual Investment Income | - | 1,219,328 | (1,219,328) |
| Difference between expected and actual experience | 2,457,502 | - | 2,457,502 |
| Changes of assumptions and other inputs | 1,280,743 | - | 1,280,743 |
| Benefit payments | (3,585,567) | (3,585,567) | - |
| Administrative expense | - | (76,673) | 76,673 |
| Net change in total OPEB liability | 4,792,815 | 1,142,655 | 3,650,160 |
| Balance, June 30, 2023 | $ 51,661,634 | $ 16,504,506 | $ 35,157,128 |

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

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

| Discount Rate | Net OPEB Liability |
|---|---|
| 1% decrease (3.73%) | $ 39,456,717 |
| Current discount rate (4.73%) | 35,157,128 |
| 1% increase (5.73%) | 31,207,344 |

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

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

| Healthcare Cost Trend Rate | Net OPEB Liability |
|---|---|
| 1% decrease (5.0%) | $ 29,764,030 |
| Current healthcare cost trend rate (6.0%) | 35,157,128 |
| 1% increase (7.0%) | 41,552,958 |

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

For the year ended June 30,2024, the District recognized OPEB expense of $3,106,303. 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 | $ 4,329,351 | $ - |
| Differences between expected and actual experience | 2,194,839 | 1,139,817 |
| Changes of assumptions | 6,513,740 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 2,221,707 | 3,467,238 |
| Total | $ 15,259,637 | $ 4,607,055 |

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2025 | $ 786,705 |
| 2026 | 758,562 |
| 2027 | 1,177,871 |
| 2028 | 669,925 |
| 2029 | 751,857 |
| Thereafter | 2,178,311 |
| Total | $ 6,323,231 |

**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, 2021, 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 $991,562 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 0.3268%, and 0.3104%, resulting in a net increase in the proportionate share of 0.0164%.

For the year ended June 30, 2024, the District recognized OPEB expense of $30,772.

**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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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**

The discount rate used to measure the total OPEB liability as of June 30, 2023, is 3.65%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.65%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.11% from 3.54% as of June 30, 2022.

**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%) | $ 1,077,624 |
| Current discount rate (3.65%) | 991,562 |
| 1% increase (4.65%) | 916,730 |

**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 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 Rate | Net OPEB Liability |
|---|---|
| 1% decrease (3.5% Part A and 4.4% Part B) | $ 912,335 |
| Current Medicare costs trend rate (4.5% Part A and 5.4% Part B) | 991,562 |
| 1% increase (5.5% Part A and 6.4% Part B) | 1,081,005 |

## Note 10 - Conduit Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello- Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $57,550,155 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

| Special Tax Bonds: | Assessment District Debt |
|---|---|
| Community Facilities District 1989-1 (CFD #1) | $ 18,440,155 |
| Dated November 2001 | |
| Annual debt service payments, including interest at 2.5 percent to 4 percent, range from | |
| Final payment due September 2031 | |
| Capital appreciation bonds mature September 2017 to September 2027 with interest yield | |
| Community Facilities District 1989-1 (CFD #1) | 705,000 |
| Dated January 2004 | |
| Annual debt service payments, including interest at 2.5 percent to 4.75 percent, range from | |
| Final payment due September 2024 | |
| Community Facilities District 1989-2 (CFD #2) | 8,425,000 |
| Dated January 2013 | |
| Annual debt service payments, including interest at 2 percent to 3.625 percent, range from | |
| Final payment due September 2029 | |
| Community Facilities District 1989-2 (CFD #2) | 7,310,000 |
| Dated January 2017 | |
| Annual debt service payments, including interest at 2 percent to 5.0 percent, range from | |
| Final payment due September 2034 | 8,240,000 |
| Community Facilities District 2000-3 (CFD #3) | |
| Dated January 2017 | |
| Annual debt service payments, including interest at 2 percent to 5 percent, range from | |
| Final payment due September 2035 | |
| Community Facilities District 2000-3 (CFD #3) | 9,875,000 |
| Dated October 2018 | |
| Annual debt service payments, including interest at 3 percent to 5 percent, range from | |
| Final payment due September 2045 | |
| Community Facilities District 2000-3 (CFD #4) | 4,555,000 |
| Dated October 2018 | |
| Annual debt service payments, including interest at 3 percent to 5 percent, range from | |
| Final payment due September 2044 | |
| Total Assessment District Debt | $ 57,550,155 |

## Note 11 - Fund Balances

Fund balances are composed of the following elements:

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| Nonspendable | | | | | |
| Prepaid expenditures | 1,986,742 | - | - | 5,476 | 1,992,218 |
| Revolving cash | $ 15,605 | $ - | $ - | $ 249 | $ 15,854 |
| Stores inventories | 243,977 | - | - | 582,844 | 826,821 |
| Leases, as lessor | 57,286 | - | - | - | 57,286 |
| Total Nonspendable | 2,303,610 | - | - | 588,569 | 2,892,179 |
| Restricted | | | | | |
| Adult education | $ 167,763 | $ - | $ - | $ - | $ 167,763 |
| Arts and Music | 16,604,642 | - | - | - | 16,604,642 |
| Capital projects | - | 119,077,334 | 61,953,124 | 107,840,296 | 288,870,754 |
| Child development | | - | - | 935,666 | 935,666 |
| Child nutrition | 2,504,975 | - | - | 26,566,900 | 29,071,875 |
| Professional Development | 74,994 | - | - | - | 74,994 |
| Debt service | - | - | - | 37,281,963 | 37,281,963 |
| Educator Effectiveness | 2,580,821 | - | - | - | 2,580,821 |
| Expanded Learning Opportunities | 16,551,231 | - | - | - | 16,551,231 |
| Instructional Materials | 3,335,429 | - | - | - | 3,335,429 |
| Learning Recovery | 28,772,202 | - | - | - | 28,772,202 |
| Other Education Programs | 15,225,616 | - | - | | 15,225,616 |
| Special Education Early Intervention | 3,638,066 | - | - | - | 3,638,066 |
| Student activity | - | - | - | 1,870,810 | 1,870,810 |
| Total restricted | 89,455,739 | 119,077,334 | 61,953,124 | 174,495,635 | 444,981,832 |
| Committed | | | | | |
| Curriculum adoption | 39,725,879 | - | - | - | 39,725,879 |
| Student device refresh | 22,892,707 | - | - | - | 22,892,707 |
| Total committed | 62,618,586 | - | - | - | 62,618,586 |
| Assigned | | | | | |
| Adult education | 82,882 | - | - | - | 82,882 |
| Attendance fluctuations | 2,500,000 | - | - | - | 2,500,000 |
| Deferred maintenance | 7,950,000 | - | - | - | 7,950,000 |
| Instructional materials | 7,051,096 | - | - | - | 7,051,096 |
| Other | 41,226 | - | - | 17,091 | 58,317 |
| Retirement benefits | 13,470,946 | - | - | - | 13,470,946 |
| Site carryover program | 1,165,045 | - | - | - | 1,165,045 |
| Supplemental/concentration | 12,407,078 | - | - | - | 12,407,078 |
| Total assigned | 44,668,273 | - | - | 17,091 | 44,685,364 |
| Unassigned | | | | | |
| Reserve for economic uncertainties | 12,796,556 | - | - | - | 12,796,556 |
| Total unassigned | 12,796,556 | - | - | - | 12,796,556 |
| Total | $ 211,842,764 | $ 119,077,334 | $ 61,953,124 | $ 175,101,295 | $ 567,974,517 |

## Note 12 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of $250 million, subject to various policy sublimits generally ranging from $500 to $25 million and deductible is $200,000 per occurrence where liability is $100,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence and $2 million aggregate, with excess liability coverage over $50 million, all subject to various deductibles up to $100,000 per occurrence. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years. There has not been a significant reduction in coverage from the prior year.

### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with Nor Cal Relief and Schools Association for Excess Risk (Nor-Cal ReLiEF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

### Workers' Compensation

For fiscal year 2024, the District participated in the San Joaquin County Schools Workers' Compensation Insurance Group, an insurance purchasing pool. The intent of the San Joaquin County Schools Workers' Compensation Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Joaquin County Schools Workers' Compensation Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Joaquin County Schools Workers' Compensation Insurance Group.

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 the San Joaquin County Schools Workers' Compensation Insurance Group. Participation in the San Joaquin County Schools Workers' Compensation Insurance Group is limited to districts that can meet the San Joaquin County Schools Workers' Compensation Insurance Group selection criteria.

**Employee Medical Benefits**

The District has contracted with the California's Valued Trust Medical to provide employee health benefits. California's Valued Trust Medical is a shared risk pool comprised of more than 200 district members covering the entire state of 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.

## 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:

| Pension Plan | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|---|---|---|---|---|
| CalSTRS | $ 168,258,848 | $ 57,525,274 | $ 19,878,912 | $ 23,795,979 |
| CalPERS | 100,870,508 | 38,736,529 | 2,621,030 | 15,625,581 |
| Total | $ 269,129,356 | $ 96,261,803 | $ 22,499,942 | $ 39,421,560 |

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.

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

| | STRP Defined Benefit Program | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required 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 $27,986,236.

**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 | $ 168,258,848 |
| State's proportionate share of the net pension liability | 80,617,546 |
| Total | $ 248,876,394 |

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 period June 30, 2023 and June 30, 2022, respectively was 0.2209% and 0.2068%, resulting in a net increase in the proportionate share of 0.0141%.

For the year ended June 30, 2024, the District recognized pension expense of $23,795,979. In addition, the District recognized pension expense and revenue of $10,996,213 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 | $ 27,986,236 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 14,622,167 | 10,876,209 |
| Differences between projected and actual earnings on pension plan investments | 720,217 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 13,222,374 | 9,002,703 |
| Changes of assumptions | 974,280 | - |
| Total | $ 57,525,274 | $ 19,878,912 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2025 | $ (5,293,551) |
| 2026 | (8,295,925) |
| 2027 | 13,633,111 |
| 2028 | 676,582 |
| Total | $ 720,217 |

The deferred outflows/(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 | $ 1,762,339 |
| 2026 | (250,031) |
| 2027 | 1,017,837 |
| 2028 | (44,156) |
| 2029 | 2,674,400 |
| Thereafter | 3,779,520 |
| Total | $ 8,939,909 |

**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 consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 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%) | $ 282,240,791 |
| Current discount rate (7.10%) | 168,258,848 |
| 1% increase (8.10%) | 73,583,559 |

**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) | |
|---|---|---|
| Hire date | On or before December 31, 2012 | On or after January 1, 2013 |
| 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% |

**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 $15,083,101.

**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 $100,870,508. 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 0.2787% and 0.2606%, resulting in a net increase in the proportionate share of 0.0181%.

For the year ended June 30, 2024, the District recognized pension expense of $15,625,581. 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 | $ 15,083,101 | $ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 4,550,901 | 1,071,807 |
| Differences between projected and actual earnings on pension plan investments | 10,774,413 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 3,681,050 | 1,549,223 |
| Changes of assumptions | 4,647,064 | - |
| Total | $ 38,736,529 | $ 2,621,030 |

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

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

| Year Ended June 30, | Deferred Outflows) of Resources |
|---|---|
| 2025 | $ 2,009,848 |
| 2026 | 1,190,685 |
| 2027 | 7,238,571 |
| 2028 | 335,309 |
| Total | $ 10,774,413 |

The deferred outflows/(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:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2025 | $ 3,707,869 |
| 2026 | 4,412,797 |
| 2027 | 2,137,319 |
| Total | $ 10,257,985 |

**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 both short-term and 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% |

**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 statutory contribution rates 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%) | $ 145,832,680 |
| Current discount rate (6.90%) | 100,870,508 |
| 1% increase (7.90%) | 63,710,295 |

**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 $12,894,913.

## 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 involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

### Construction Commitments

As of June 30, 2024, the District had commitments of $170 million with respect to the unfinished capital projects.

## Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Joaquin County School Workers' Compensation and Health Care Insurance Group (SJCSWCIG), public entity risk pools, San Joaquin County Schools Data Processing Center (SJCSDPC) (JPA's), and Northern California Regional Excess Liability Fund (Nor-Cal ReLiEF) public risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for the health, workers' compensation insurance coverage are paid to San Joaquin County School Workers' Compensation and Health Care Insurance Group (SJCSWCIG). Payments for liability, property, and crime insurance are paid to Assad Insurance Agency. The relationships between the District, the pools, and the JPA's 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 generally available from the respective entities.

The District has appointed one member to the governing board of the workers' compensation JPA and one board member to the Nor Cal ReLiEF JPA.

## Note 16 - Subsequent Events

Subsequent to the end of the fiscal year 2024,the District issued $44.3 million of Series A (2024) Special Tax Bonds and $26.4 million of Series D (2024) Special Tax Bonds both dated December 17, 2024. Series A (2024) Special Tax Bonds mature on September 1, 2054, and yield 3.160% - 3.980% interest. The Series D (2024) Special Tax Bonds mature on September 1, 2050, and yield 2.780% - 3.660% interest.

Required Supplementary Information
June 30, 2024

# Manteca Unified School District

| | Budgeted Amounts | | | Variances - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | Final to Actual |
| Revenues | | | | |
| Local Control Funding Formula | $ 311,516,653 | $ 320,510,037 | $ 324,161,837 | $ 3,651,800 |
| Federal sources | 24,248,837 | 53,230,797 | 48,734,053 | (4,496,744) |
| Other State sources | 33,376,027 | 45,246,292 | 55,571,390 | 10,325,098 |
| Other local sources | 10,437,136 | 20,328,281 | 27,734,642 | 7,406,361 |
| Total revenues [1] | 379,578,653 | 439,315,407 | 456,201,922 | 16,886,515 |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 154,611,160 | 157,788,862 | 151,971,794 | 5,817,068 |
| Classified salaries | 60,605,660 | 60,138,508 | 59,171,965 | 966,543 |
| Employee benefits | 90,053,841 | 90,800,942 | 85,403,615 | 5,397,327 |
| Books and supplies | 45,656,287 | 65,972,324 | 32,580,889 | 33,391,435 |
| Services and operating expenditures | 42,302,885 | 54,794,780 | 44,959,276 | 9,835,504 |
| Other outgo | 4,929,754 | 4,323,579 | 6,544,931 | (2,221,352) |
| Capital outlay | 6,679,417 | 24,782,887 | 24,708,660 | 74,227 |
| Debt service | | | | |
| Debt service - principal | - | - | 883,895 | (883,895) |
| Debt service - interest and other | - | - | 118,975 | (118,975) |
| Total expenditures [1] | 404,839,004 | 458,601,882 | 406,344,000 | 52,257,882 |
| Excess (Deficiency) of Revenues Over Expenditures | (25,260,351) | (19,286,475) | 49,857,922 | 69,144,397 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 2,200,000 | - | - | - |
| Leases and subscriptions | - | - | 691,500 | 691,500 |
| Transfers out | - | 4,020,075 | (5,020,076) | (9,040,151) |
| Net financing sources (uses) | 2,200,000 | 4,020,075 | (4,328,576) | (8,348,651) |
| Net Change in Fund Balances | (23,060,351) | (15,266,400) | 45,529,346 | 60,795,746 |
| Fund Balance - Beginning | 166,313,418 | 166,313,418 | 166,313,418 | - |
| Fund Balance - Ending | $ 143,253,067 | $ 151,047,018 | $ 211,842,764 | $ 60,795,746 |

[1] Due to the consolidation of Fund 11, Adult Education Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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 and are included in the original and final General Fund budgets. On behalf payments of $12,894,913 are included in the actual revenues and expenditures and are included in the budgeted amounts.

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2020 | 2018 |
|---|---|---|---|---|---|---|---|
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total OPEB Liability | | | | | | | |
| Service cost | $ 2,267,146 | $ 1,909,530 | $ 2,060,034 | $ 1,993,798 | $ 1,904,005 | $ 1,777,769 | $ 1,710,708 |
| Interest | 2,372,991 | 2,351,936 | 1,877,356 | 1,937,528 | 2,024,373 | 1,602,314 | 1,596,680 |
| Difference between expected and actual experience | 2,457,502 | - | 3,822,375 | - | 3,245,644 | - | (524,758) |
| Changes of assumptions | 1,280,743 | 329,257 | (2,501,633) | 1,349,732 | (1,727,551) | (2,464,371) | - |
| Benefit payments | (3,585,567) | (3,810,165) | (3,792,034) | (2,100,087) | (2,483,572) | (3,672,919) | - |
| Net change in total OPEB liability | 4,792,815 | 780,558 | 1,466,098 | 3,180,971 | 2,962,899 | (2,757,207) | 2,782,630 |
| Total OPEB Liability - Beginning | $ 46,868,819 | $ 46,088,261 | $ 44,622,163 | $ 41,441,192 | 38,478,293 | 41,235,500 | 38,452,870 |
| Total OPEB Liability - Ending (a) | $ 51,661,634 | $ 46,868,819 | $ 46,088,261 | $ 44,622,163 | $ 41,441,192 | $ 38,478,293 | $ 41,235,500 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - employer | $ 3,585,567 | $ 3,810,165 | $ 3,792,034 | $ 2,100,087 | $ 2,483,572 | $ 3,672,919 | $ - |
| Net investment income | 1,219,328 | (2,619,838) | 3,009,350 | 728,207 | 693,397 | 807,373 | 1,169,172 |
| Benefit payments | (3,585,567) | (3,810,165) | (3,792,034) | (2,100,087) | (2,483,572) | (3,672,919) | - |
| Administrative expense | (76,673) | (83,642) | (80,326) | (72,480) | (69,581) | (69,548) | (78,016) |
| Net change in plan fiduciary net position | 1,142,655 | (2,703,480) | 2,929,024 | 655,727 | 623,816 | 737,825 | 1,091,156 |
| Plan Fiduciary Net Position - Beginning | $ 15,361,851 | $ 18,065,331 | $ 15,136,307 | $ 14,480,580 | 13,856,764 | 13,118,939 | 12,027,783 |
| Plan Fiduciary Net Position - Ending (b) | $ 16,504,506 | $ 15,361,851 | $ 18,065,331 | $ 15,136,307 | $ 14,480,580 | $ 13,856,764 | $ 13,118,939 |
| Net OPEB Liability - Ending (a) - (b) | $ 35,157,128 | $ 31,506,968 | $ 28,022,930 | $ 29,485,856 | $ 26,960,612 | $ 24,621,529 | $ 28,116,561 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 31.95% | 32.78% | 39.20% | 33.92% | 34.94% | 36.01% | 31.81% |
| Covered-Employee Payroll | $ 204,936,261 | $ 160,323,772 | $ 164,035,518 | $ 156,514,023 | $ 144,456,765 | $ 135,888,448 | Not available |
| Net OPEB Liability as a Percentage of Covered-Employee Payroll | 17% | 19% | 17% | 19% | 19% | 18% | #VALUE! |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 4,757,478 | $ 3,170,991 | $ 3,078,632 | $ 2,924,625 | $ 2,924,625 | $ 2,591,914 | Not available |
| Contribution in relation to the actuarially determined contribution | 4,329,351 | 3,585,567 | 3,810,165 | 3,792,034 | 2,100,087 | 2,483,572 | 3,672,919 |
| Contribution deficiency (excess) | $ 428,127 | $ (414,576) | $ (731,533) | $ (867,409) | $ 824,538 | $ 108,342 | Not available |
| Covered-employee payroll | $ 232,424,734 | $ 204,936,261 | $ 160,323,772 | $ 164,035,518 | $ 156,514,023 | $ 144,456,765 | $ 135,888,448 |
| Contributions as a percentage of covered-employee | 1.86% | 1.75% | 2.38% | 2.31% | 1.34% | 1.72% | N/A |

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

| Year ended June 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Proportion of the net OPEB liability | 0.3268% | 0.3104% | 0.3142% | 0.3812% | 0.3684% | not available | not available |
| Proportionate share of the net OPEB liability | 991,562 | 1,022,334 | $ 1,253,293 | $ 1,615,369 | $ 1,371,890 | not available | not available |
| Covered payroll | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] |
| Proportionate share of the net OPEB liability as a percentage of it's covered payroll | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] | N/A[1] |
| Plan fiduciary net position as a percentage of the total OPEB liability | -0.96% | -0.94% | -0.80% | -0.71% | -0.81% | -0.40% | 0.01% |
| Measurement date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |

[1] 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.

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| **CalSTRS** | | | | | | | | | | |
| Proportion of the net pension liability | 0.2209% | 0.2068% | 0.2090% | 0.2188% | 0.2082% | 0.2152% | 0.1971% | 0.2051% | 0.2004% | 0.1952% |
| Proportionate share of the net pension liability | $ 168,258,848 | $ 143,691,154 | $ 95,128,321 | $ 211,996,382 | $ 188,081,860 | $ 197,818,050 | $ 182,288,666 | $ 165,904,949 | $ 134,906,701 | $ 114,047,326 |
| State's proportionate share of the net pension liability | $ 80,617,546 | $ 71,959,968 | 47,864,882 | 109,284,160 | 102,611,211 | 113,260,085 | 107,840,435 | 94,446,728 | 71,350,773 | 68,866,700 |
| Total | $ 248,876,394 | $ 215,651,122 | $ 142,993,203 | $ 321,280,542 | $ 290,693,071 | $ 311,078,135 | $ 290,129,101 | $ 260,351,677 | $ 206,257,474 | $ 182,914,026 |
| Covered payroll | $ 135,384,864 | $ 122,092,139 | $ 113,859,703 | $ 115,752,515 | $ 117,744,214 | $ 105,937,436 | $ 101,035,676 | $ 101,340,103 | $ 91,925,056 | 88,238,269 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 124.28% | 117.69% | 83.55% | 183.15% | 159.74% | 186.73% | 180.42% | 163.71% | 146.76% | 129% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% | 81% | 87% | 72% | 73% | 71% | 69% | 70% | 74% | 77% |
| **CalPERS** | | | | | | | | | | |
| Proportion of the net pension liability | 0.2787% | 0.2606% | 0.2555% | 0.2677% | 0.2799% | 0.2846% | 0.2772% | 0.2785% | 0.2721% | 0.2542% |
| Proportionate share of the net pension liability | $ 100,870,508 | $ 89,686,318 | $ 51,944,438 | $ 82,129,687 | $ 81,572,946 | $ 75,889,034 | $ 66,171,275 | $ 55,013,403 | $ 40,106,810 | $ 28,856,850 |
| Covered payroll | $ 48,496,819 | $ 40,042,174 | $ 36,659,889 | $ 37,582,800 | $ 38,769,810 | $ 38,519,329 | $ 34,852,772 | $ 33,430,877 | $ 30,001,189 | $ 26,860,151 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 207.99% | 223.98% | 141.69% | 218.53% | 210.40% | 197.02% | 189.86% | 164.56% | 133.68% | 107% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 70% | 81% | 70% | 70% | 71% | 72% | 74% | 79% | 83% |

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **CalSTRS** | | | | | | | | | | |
| Contractually required contribution | $ 27,986,236 | $ 25,858,509 | $ 20,657,990 | $ 18,388,342 | $ 19,793,680 | $ 19,168,758 | $ 15,286,772 | $ 12,710,288 | $ 10,873,793 | $ 8,162,945 |
| Less contributions in relation to the contractually required contribution | 27,986,236 | 25,858,509 | 20,657,990 | 18,388,342 | 19,793,680 | 19,168,758 | 15,286,772 | 12,710,288 | 10,873,793 | 8,162,945 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 146,524,796 | $ 135,384,864 | $ 122,092,139 | $ 113,859,703 | $ 115,752,515 | $ 117,744,214 | $ 105,937,436 | $ 101,035,676 | $ 101,340,103 | $ 91,925,056 |
| Contributions as a percentage of covered payroll | 19.10% | 19.10% | 16.92% | 16.15% | 17.10% | 16.28% | 14.43% | 12.58% | 10.73% | 8.88% |
| **CalPERS** | | | | | | | | | | |
| Contractually required contribution | $ 15,083,101 | $ 12,303,643 | $ 9,173,662 | $ 7,588,597 | $ 7,411,704 | $ 7,002,603 | $ 5,982,437 | $ 4,840,353 | $ 3,960,556 | $ 3,531,440 |
| Less contributions in relation to the contractually required contribution | 15,083,101 | 12,303,643 | 9,173,662 | 7,588,597 | 7,411,704 | 7,002,603 | 5,982,437 | 4,840,353 | 3,960,556 | 3,531,440 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 56,533,362 | $ 48,496,819 | $ 40,042,174 | $ 36,659,889 | $ 37,582,800 | $ 38,769,810 | $ 38,519,329 | $ 34,852,772 | $ 33,430,877 | $ 30,001,189 |
| Contributions as a percentage of covered payroll | 26.68% | 25.37% | 22.91% | 20.70% | 19.72% | 18.06% | 15.53% | 13.89% | 11.85% | 11.77% |

## 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.

At June 30, 2024, the District major fund exceeded the budgeted amount in total as follows:

| | Expenditure and Other Uses | | |
|---|---|---|---|
| Funds | Budget | Actual | Excess |
| General Fund | $ 4,323,579 | $ 6,544,931 | $ (2,221,352) |

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

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net 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 benefit terms.
- *Changes of Assumptions* – There were no changes in assumptions.

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

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

- *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 and CalPERS plans from the previous valuations.

**Schedule of the 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

# Manteca Unified School District

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Financial Assistance Listing | Pass-Through Entity Identifying Number | Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Passed Through California Department of Education (CDE) | | | |
| COVID-19, Elementary and Secondary School Emergency Relief Fund | 84.425U | 15559 | $ 20,939,676 |
| COVID-19, Elementary and Secondary School Emergency Relief Fund | 84.425U | 10155 | 6,029,410 |
| COVID-19, Elementary and Secondary School Emergency Relief Fund | 84.425U | 15620 | 1,664,075 |
| COVID-19, Elementary and Secondary School Emergency Relief Fund | 84.425U | 15621 | 2,868,579 |
| COVID-19, Elementary and Secondary School Emergency Relief Fund | 84.425U | 15566 | 180,787 |
| Subtotal | | | 31,682,527 |
| Passed Through by San Joaquin COE (SELPA) | | | |
| Special Education–Grants to States (IDEA, Part B) | 84.027 | 13379 | 5,380,606 |
| Special Education–Grants to States (IDEA, Part B) | 84.027 | 10115 | 18,043 |
| Special Education–Grants to States (IDEA, Part B) | 84.027 | 15197 | 285,234 |
| Special Education–Grants to States (IDEA, Part B) | 84.027 | 13693 | 15,000 |
| Subtotal | | | 5,698,883 |
| Special Education–Preschool Grants (IDEA Preschool) | 84.173 | 13430 | 85,470 |
| Subtotal | | | 85,470 |
| Total Special Education Cluster | | | 5,784,353 |
| Adult Education - Basic Grants to States | 84.002 | 14508 | 175,593 |
| Adult Education - Basic Grants to States | 84.002 | 14109 | 18,356 |
| Adult Education - Basic Grants to States | 84.002 | 13978 | 47,904 |
| Subtotal | | | 241,853 |
| Title I Grants to Local Educational Agencies | 84.010 | 14329 | 4,457,745 |
| Title I Grants to Local Educational Agencies | 84.010 | 15438 | 130,223 |
| Subtotal | | | 4,587,968 |
| Migrant Education State Grant Program | 84.011 | 14838 | 162,411 |
| Supporting Effective Instruction State Grants | 84.367 | 14341 | 996,070 |
| English Language Acquisition State Grants | 84.365 | 14346 | 1,347,671 |
| Student Support and Academic Enrichment Program | 84.424 | 15396 | 793,416 |
| Career and Technical Education - Basic Grants to States | 84.048 | 14894 | 217,130 |
| Indian Education Grants to Local Education Agencies | 84.060 | 10011 | 32,480 |
| Total U.S. Department of Education | | | 45,845,879 |

| | | | |
|---|---|---|---|
| U.S. Department of Agriculture | | | |
| Passed Through California Department of Education (CDE) | | | |
| Child Nutrition Cluster | | | |
| National School Lunch Program | 10.555 | 13523 | 8,476,765 |
| National School Lunch Program | 10.555 | 15655 | 1,410,298 |
| National School Lunch Program | 10.555 | 15708 | 177,257 |
| Subtotal | | | 10,064,320 |
| School Breakfast Program | 10.553 | 13525 | 3,378,438 |
| Subtotal | | | 3,378,438 |
| Total Child Nutrition Cluster | | | 13,442,758 |
| Passed through California Department of Social Services | | | |
| Child and Adult Care Food Program (CACFP) | 10.558 | 13393 | 1,333,709 |
| Total U.S. Department of Agriculture | | | 14,776,467 |
| Federal Communications Commission | | | |
| Emergency Connectivity Fund Program | 32.009 | N/A | 2,598,000 |
| Total Federal Communications Commission | | | 2,598,000 |
| U.S. Department of Defense | | | |
| ROTC Language and Culture Training Grants | 12.357 | N/A | 290,174 |
| | | | 290,174 |
| Total Federal Financial Assistance | | | $ 63,510,520 |

| | Final Report | |
|---|---|---|
| | Second Period Report | Annual Report |
| Regular ADA | | |
| Transitional kindergarten through third | 6,987.14 | 6,983.07 |
| Fourth through sixth | 5,188.14 | 5,192.31 |
| Seventh and eighth | 3,628.50 | 3,634.49 |
| Ninth through twelfth | 7,463.36 | 7,402.64 |
| Total Regular ADA | 23,267.14 | 23,212.51 |
| Special Education, Nonpublic, Nonsectarian Schools | | |
| Fourth through sixth | 2.50 | 3.87 |
| Seventh and eighth | 2.82 | 3.88 |
| Ninth through twelfth | 4.32 | 13.44 |
| Total Special Education, Nonpublic, Nonsectarian Schools | 9.64 | 21.19 |
| Community Day School | | |
| Transitional kindergarten through third | 2.30 | 2.46 |
| Fourth through sixth | 4.63 | 4.69 |
| Seventh and eighth | 3.54 | 5.22 |
| Ninth through twelfth | 23.19 | 24.30 |
| Total Community Day School | 33.66 | 36.67 |
| Total ADA | 23,310.44 | 23,270.37 |

| Grade Level | 1986-1987 Minutes Requirement | 2023-2024 Actual Minutes | Number of Minutes Credited Form J-13A | Total Minutes Offered | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|---|---|
| Kindergarten | 36,000 | 36,440 | N/A | 36,440 | 180 | N/A | Complied |
| Grades 1 - 3 | 50,400 | | | | | | |
| Grade 1 | | 52,370 | N/A | 52,370 | 180 | N/A | Complied |
| Grade 2 | | 52,370 | N/A | 52,370 | 180 | N/A | Complied |
| Grade 3 | | 52,370 | N/A | 52,370 | 180 | N/A | Complied |
| Grades 4 - 8 | 54,000 | | | | | | |
| Grade 4 | | 54,725 | N/A | 54,725 | 180 | N/A | Complied |
| Grade 5 | | 54,725 | N/A | 54,725 | 180 | N/A | Complied |
| Grade 6 | | 54,725 | N/A | 54,725 | 180 | N/A | Complied |
| Grade 7 | | 54,725 | N/A | 54,725 | 180 | N/A | Complied |
| Grade 8 | | 54,725 | N/A | 54,725 | 180 | N/A | Complied |
| Grades 9 - 12 | 64,800 | | | | | | |
| Grade 9 | | 65,192 | N/A | 65,192 | 180 | N/A | Complied |
| Grade 10 | | 65,192 | N/A | 65,192 | 180 | N/A | Complied |
| Grade 11 | | 65,192 | N/A | 65,192 | 180 | N/A | Complied |
| Grade 12 | | 65,192 | N/A | 65,192 | 180 | N/A | Complied |

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited Financial Statements.

| | General Fund | Special Reserve Fund for other than Capital Outlay Projects | Special Reserve Fund for Capial Postemployement Benefits | Adult Education Fund |
|---|---|---|---|---|
| Fund Balance | | | | |
| Balance, June 30, 2024, Unaudited Actuals | $ 135,461,362 | $ 62,659,812 | $ 13,470,946 | $ 250,644 |
| Regulatory to GAAP basis of accounting | 76,381,402 | (62,659,812) | (13,470,946) | (250,644) |
| Balance, June 30, 2024, Audited Financial Statements | $ 211,842,764 | $ - | $ - | $ - |

| | (Budget) 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| General Fund | | | | |
| Revenues | $ 341,758,749 | $ 456,201,922 | $ 439,898,955 | $ 335,367,786 |
| Other sources | 63,865,996 | 691,500 | 451,469 | 1,180,866 |
| Total Revenues and Other Sources | 405,624,745 | 456,893,422 | 440,350,424 | 336,548,652 |
| Expenditures | 419,067,204 | 406,344,000 | 364,597,773 | 304,892,363 |
| Other uses | 4,422,975 | 5,020,076 | 13,000,000 | 7,500,000 |
| Total Expenditures and Other Uses | 423,490,179 | 411,364,076 | 377,597,773 | 312,392,363 |
| Increase/(Decrease) in Fund Balance | (17,865,434) | 45,529,346 | 62,752,651 | 24,156,289 |
| Ending Fund Balance | $ 193,977,330 | $ 211,842,764 | $ 166,313,418 | $ 103,560,767 |
| Available Reserves | $ 12,635,157 | $ 12,796,556 | $ 11,509,011 | $ 9,510,664 |
| Available Reserves as a Percentage of Total Outgo | 2.98% | 3.11% | 3.05% | 3.04% |
| Long-Term Liabilities | $ 628,499,729 | $ 644,427,039 | $ 552,287,471 | $ 477,476,070 |
| K-12 Average Daily Attendance at P-2 | 23,270 | 23,310 | 22,571 | 21,376 |

The General Fund balance has increased by $108,281,997 over the past two years. The fiscal year 2024-2025 budget projects a decrease of $17,865,434. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating deficit during the 2024-2024 fiscal year. Total long-term liabilities have increased by $166,950,969 over the past two years.
Average daily attendance has increased by 1,934 ADA over the past two years. District anticipates an decrease of 40 ADA during fiscal year 2024-2025.

[1] Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

| | Student Activity Fund | Child Development Fund | Cafeteria Fund | School Farm Fund | Capital Facilities Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest and Redemption Fund | Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| Assets | | | | | | | | | |
| Cash and investments | $ 1,870,899 | $ 1,693,289 | $ 24,120,251 | $ 22,743 | $ 58,915,661 | $ 32,927 | $ 16,692,497 | $ 36,882,697 | $ 140,230,964 |
| Restricted cash and investments | - | - | - | - | - | - | 31,432,161 | - | 31,432,161 |
| Receivables | 558 | 18,685 | 2,796,540 | 288 | 626,912 | 370 | 202,887 | 399,266 | 4,045,506 |
| Due from other funds | - | - | 43,059 | - | - | - | - | - | 43,059 |
| Prepaid expenditures | - | - | 5,476 | | - | - | - | - | 5,476 |
| Stores inventories | - | - | 582,844 | - | - | - | - | - | 582,844 |
| Other current assets | 340 | - | 32,000 | - | - | - | - | - | 32,340 |
| Total assets | $ 1,871,797 | $ 1,711,974 | $ 27,580,170 | $ 23,031 | $ 59,542,573 | $ 33,297 | $ 48,327,545 | $ 37,281,963 | $ 176,372,350 |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | $ 987 | $ 766,308 | $ 424,701 | $ 5,940 | $ 42,869 | $ - | $ 20,250 | $ - | $ 1,261,055 |
| Unearned revenue | - | 10,000 | - | - | - | - | - | - | 10,000 |
| Total liabilities | 987 | 776,308 | 424,701 | 5,940 | 42,869 | - | 20,250 | - | 1,271,055 |
| Fund Balances | | | | | | | | | |
| Nonspendable | - | - | 588,569 | - | - | - | - | - | 588,569 |
| Restricted | 1,870,810 | 935,666 | 26,566,900 | - | 59,499,704 | 33,297 | 48,307,295 | 37,281,963 | 174,495,635 |
| Assigned | - | - | - | 17,091 | - | - | - | - | 17,091 |
| Total fund balances | 1,870,810 | 935,666 | 27,155,469 | 17,091 | 59,499,704 | 33,297 | 48,307,295 | 37,281,963 | 175,101,295 |
| Total liabilities and fund balances | $ 1,871,797 | $ 1,711,974 | $ 27,580,170 | $ 23,031 | $ 59,542,573 | $ 33,297 | $ 48,327,545 | $ 37,281,963 | $ 176,372,350 |

| | Student Activity Fund | Child Development Fund | Cafeteria Fund | School Farm Fund | Capital Facilities Fund | County School Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest and Redemption Fund | Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | | |
| Federal sources | $ - | $ - | $ 14,776,467 | $ - | - | $ - | $ - | $ - | $ 14,776,467 |
| Other State sources | - | 2,089,703 | 10,799,817 | - | - | - | - | 117,503 | 13,007,023 |
| Other local sources | 2,382,168 | 72,785 | 1,357,390 | 37,593 | 12,926,430 | 1,756 | 8,446,188 | 25,373,648 | 50,597,958 |
| Total revenues | 2,382,168 | 2,162,488 | 26,933,674 | 37,593 | 12,926,430 | 1,756 | 8,446,188 | 25,491,151 | 78,381,448 |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| Instruction | - | 1,655,511 | - | - | - | - | - | - | 1,655,511 |
| Food services | - | - | 17,349,382 | - | - | - | - | - | 17,349,382 |
| Administration | | | | | | | | | |
| All other administration | - | 1,250 | 364,008 | - | 243,383 | - | - | - | 608,641 |
| Plant services | - | - | 94,840 | - | - | - | 216,058 | - | 310,898 |
| Ancillary services | 2,141,953 | - | - | - | - | - | - | - | 2,141,953 |
| Enterprise services | - | - | - | 84,606 | - | - | - | - | 84,606 |
| Capital outlay | - | - | 399,602 | - | 1,702,402 | - | 172,182 | - | 2,274,186 |
| Debt service | | | | | | | | | |
| Principal | - | - | 254,954 | - | - | - | 1,011,187 | 14,440,960 | 15,707,101 |
| Interest and other | - | - | 6,664 | - | - | - | (271,188) | 7,861,040 | 7,596,516 |
| Total expenditures | 2,141,953 | 1,656,761 | 18,469,450 | 84,606 | 1,945,785 | - | 1,128,239 | 22,302,000 | 47,728,794 |
| Excess (Deficiency) of Revenues Over Expenditures | 240,215 | 505,727 | 8,464,224 | (47,013) | 10,980,645 | 1,756 | 7,317,949 | 3,189,151 | 30,652,654 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | - | - | - | 20,076 | - | - | - | - | 20,076 |
| Premium on general obligation bonds issued | - | - | - | | - | - | - | 3,661,652 | 3,661,652 |
| Net Financing Sources (Uses) | - | - | - | 20,076 | - | - | - | 3,661,652 | 3,681,728 |
| Net Change in Fund Balances | 240,215 | 505,727 | 8,464,224 | (26,937) | 10,980,645 | 1,756 | 7,317,949 | 6,850,803 | 34,334,382 |
| Fund Balance - Beginning | 1,630,595 | 429,939 | 18,691,245 | 44,028 | 48,519,059 | 31,541 | 40,989,346 | 30,431,160 | 140,766,913 |
| Fund Balance - Ending | $ 1,870,810 | $ 935,666 | $ 27,155,469 | $ 17,091 | $ 59,499,704 | $ 33,297 | $ 48,307,295 | $ 37,281,963 | $ 175,101,295 |

## 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 District under programs of the federal government for the year ended June 30, 2024. The information in this schedule 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 District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the 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 does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. For the fiscal year ending June 30, 2024, the District used food commodities totaling $464,099.

**Local Education Agency Organization Structure**

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

**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.

**Nonmajor Governmental Funds - Balance Sheet and 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 Nonmajor Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Other Information
June 30, 2024

# Manteca Unified School District

## ORGANIZATION

The Manteca Unified School District was established in 1966 and consists of an area comprising approximately 140 square miles. The District operates twenty elementary schools, five high schools, two continuation high school, one online academy, and an adult school. There were no boundary changes during the year.

## GOVERNING BOARD

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Marie Freitas | President | November 2026 |
| Eric Duncan Sr. | Vice President | November 2024 |
| Stephen J. Schluer | Clerk | November 2026 |
| Kathy Howe | Trustee | November 2026 |
| Cathy Pope-Gotschall | Trustee | November 2026 |
| Melanie Greene | Trustee | November 2024 |
| Marisella C. Guerrero | Trustee | November 2024 |

## ADMINISTRATION

| NAME | TITLE |
|---|---|
| Dr. Clark Burke | Superintendent |
| Roger Goatcher | Deputy Superintendent |
| Victoria Brunn | Chief Business and Information Officer |

Independent Auditor's Reports
June 30, 2024

# Manteca Unified 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
Manteca Unified School District
Manteca, 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, each major fund, and the aggregate remaining fund information of the Manteca Unified School District (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 December 16, 2024.

**Report on Internal Control over Financial Reporting**

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

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



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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.

Eide Bailly LLP

Menlo Park, California
December 16, 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
Manteca Unified School District
Manteca, California

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

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

We have audited Manteca Unified School District's (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.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Manteca Unified School District
Manteca, California

**Report on Compliance**

***Opinion on State Compliance***

We have audited the Manteca Unified School District's (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 | Yes |
| Continuation Education | Yes |
| 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 |

| 2023-2024 K-12 Audit Guide Procedures | Procedures Performed |
|---|---|
| Juvenile Court Schools | Not Applicable |
| Middle or Early College High Schools | Not Applicable |
| K-3 Grade Span Adjustment | Yes |
| Apprenticeship: Related and Supplemental Instruction | Not Applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not Applicable |
| Home to School Transportation Reimbursement | Yes |
| Independent Study Certification for ADA Loss Mitigation | 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) | Not Applicable |
| Career Technical Education Incentive Grant | Yes |
| Transitional Kindergarten | 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 |

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 identify 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 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.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

# Manteca Unified School District

**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**

| Name of Federal Program or Cluster | Federal Financial Assistance Listing Number |
|---|---|
| COVID-19, Education Stabilization Fund | 84.425D, 84.425C, 84.425U, 84.425W |
| Special Education Cluster | 84.027, 84.173 |
| Emergency Connectivity Fund Program | 32.009 |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $1,905,316 |
| Auditee qualified as low-risk auditee? | No |

**State Compliance**

| | |
|---|---|
| Internal control over state compliance programs | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Type of auditor's report issued on compliance for programs: | Unmodified |

None reported.

None reported.

None reported.

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

**Financial Statement Finding**

30000 – Material Weakness in Internal Control Over Financial Reporting, Audit Adjustments

Criteria
Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Additionally, management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition**
Audit adjustments were necessary for the financial statements to be presented in accordance with accounting principles generally accepted in the United State of America.

**Recommendation**
We recommend management continue its effort to implement year-end closing procedures to ensure all activities occurring at or near year-end are properly accrued.

**Current Status**
Resolved.