



Financial Statements
June 30, 2024

Lompoc Unified School District

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Independent Auditor's Report

To the Governing Board
Lompoc Unified School District
Lompoc, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Lompoc 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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS,

schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

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

Rancho Cucamonga, California
December 13, 2024



LOMPOC UNIFIED SCHOOL DISTRICT

Trusting Relationships + High Expectations = Every Student Achieves

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This section of LompoC 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 LompoC Unified School District 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. They present the governmental activities. 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 inflow 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 governmental activities.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified 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 LompoC 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 present the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, 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 - All 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 statement.

FINANCIAL HIGHLIGHTS

Overall, at the conclusion of the 2023-2024 school year, the District's General Fund ending balance was \$65,505,079.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$62,747,173 for the fiscal year ended June 30, 2024. Of this amount, \$(53,476,704) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that 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
Assets		
Current and other assets	\$ 98,904,593	\$ 87,355,157
Capital assets	91,882,906	88,877,802
Total assets	<u>190,787,499</u>	<u>176,232,959</u>
Deferred outflows of resources	<u>35,015,637</u>	<u>30,587,584</u>
Liabilities		
Current liabilities	14,895,762	18,227,178
Long-term liabilities other than OPEB and pensions	23,016,719	25,502,466
Other postemployment benefits (OPEB) liability	5,209,525	6,809,722
Aggregate net pension liabilities	<u>108,366,455</u>	<u>101,090,465</u>
Total liabilities	<u>151,488,461</u>	<u>151,629,831</u>
Deferred inflows of resources	<u>11,567,502</u>	<u>15,449,584</u>
Net Position		
Net investment in capital assets	71,179,728	67,197,837
Restricted	42,879,611	40,580,933
Unrestricted (deficit)	<u>(53,476,704)</u>	<u>(68,037,642)</u>
Total net position	<u>\$ 60,582,635</u>	<u>\$ 39,741,128</u>

The \$(53,476,704) in unrestricted (deficit) net position represents the accumulated results of all past years' operations. Unrestricted net deficit decreased by \$14,560,938, or 21.4%, \$(53,476,704) compared to the prior year balance of \$(68,037,642).

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 14. 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	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 1,746,417	\$ 1,217,385
Operating grants and contributions	48,717,847	55,850,287
General revenues		
Federal and State aid not restricted	94,694,343	87,543,522
Property taxes	35,139,453	34,949,226
Other general revenues	5,436,983	1,964,727
Total revenues	185,735,043	181,525,147
Expenses		
Instruction	102,645,871	97,638,694
Pupil services	22,062,970	19,005,582
Administration	9,308,571	8,838,251
Plant services	15,750,785	15,235,090
All other services	12,960,801	5,624,182
Total expenses	162,728,998	146,341,799
Change in net position	\$ 23,006,045	\$ 35,183,348

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$162,728,998. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$35,139,453 because the cost was paid by those who benefited from the programs (\$1,746,417), or by other governments and organizations who subsidized certain programs with grants and contributions (\$48,717,847). We paid for the remaining "public benefit" portion of our governmental activities with \$100,131,326 , in Federal and State funds and other 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-related, 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	\$ 102,645,871	\$ 97,638,694	\$ (69,848,535)	\$ (58,227,657)
Pupil services	22,062,970	19,005,582	(10,063,763)	(7,974,303)
Administration	9,308,571	8,838,251	(8,236,984)	(6,243,872)
Plant services	15,750,785	15,235,090	(15,137,886)	(14,838,097)
All other services	12,960,801	5,624,182	(8,977,566)	(1,990,198)
Total	\$ 162,728,998	\$ 146,341,799	\$ (112,264,734)	\$ (89,274,127)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$84,031,915, which is an increase of \$14,877,725, or 21.5% from last year. (Table 4)

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	\$ 54,510,173	\$ 173,359,773	\$ 162,364,867	\$ 65,505,079
Student Activity Fund	706,463	1,102,599	1,116,463	692,599
Adult Education Fund	1,386,175	1,942,230	1,600,818	1,727,587
Cafeteria Fund	5,327,318	7,273,620	5,148,822	7,452,116
Capital Facilities Fund	1,306,342	163,223	6,871	1,462,694
County School Facilities	304,300	15,436	61,398	258,338
Special Reserve Fund for Capital Outlay Projects	1,670,317	760,599	874,830	1,556,086
Bond Interest and Redemption Fund	3,943,102	2,433,495	999,181	5,377,416
Total	\$ 69,154,190	\$ 187,050,975	\$ 172,173,250	\$ 84,031,915

The primary reasons for these increases/decreases are:

1. General Fund is the District's principal operating fund. The fund balance in the General Fund increased from \$69 million to \$84 million due to one-time funding, and deferred expenses to new year.
2. The Cafeteria Fund increased due to one-time funding and universal meals.
3. The Bond Interest and Redemption Fund is County controlled and dependent on the structure of the debt.

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 June 25, 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 61.)

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$91,882,906, in a broad range of capital assets (net of depreciation and amortization), including land and construction in process, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$3,005,104, or 3.4% from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 19,879,313	\$ 12,030,269
Land improvements	20,346,102	21,775,865
Buildings and improvements	46,201,992	49,260,028
Furniture and equipment	4,930,941	5,038,801
Right-to-use leased assets	224,670	489,045
Right-to-use subscription IT assets	299,888	283,794
Total	\$ 91,882,906	\$ 88,877,802

Several capital projects are planned for the 2024-2025 year. We anticipate capital additions to be \$3,535,482 for the 2024-2025 year. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities Other than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had \$23,016,719, in long-term liabilities other than OPEB and pensions versus \$25,502,466, last year, a decrease of \$2,485,747, or 9.7%. The liabilities consisted of the following:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 6,180,000	\$ 6,915,000
Premium on issuance	401,681	459,065
Private placement -		
Energy efficiency financing	13,718,557	13,935,916
Leases	276,728	494,323
Subscription-based IT arrangements	171,680	190,856
Private placement - finance purchase agreement	414,868	452,251
Supplemental Early Retirement Plan	590,793	1,181,586
Early retirement incentives	-	6,553
Compensated absences	1,262,412	1,866,916
	<u> </u>	<u> </u>
Total	<u>\$ 23,016,719</u>	<u>\$ 25,502,466</u>

The State limits the amount of general obligation debt that Districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below statutorily imposed limit.

We provide more detailed information regarding long-term liabilities other than OPEB and pensions in Note 8 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had an other post-employment benefits (OPEB) liability of \$5,209,525, versus \$6,809,722, last year, a decrease of \$1,600,197, or 23.5%.

In addition, at year-end, the District had an aggregate net pension liability of \$108,366,455 versus \$101,090,465 last year, an increase of \$7,275,990, or 7.2%.

We provide more detailed information regarding OPEB and pensions in Note 9 and Note 12, respectively, of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2024-2025 year, the governing board and management used the following criteria:

Revenues:

1. The LCFF Base Grant will increase by the COLA percentage 1.07%.
2. Funded ADA will be based on the average of the last three years.
3. Federal, Other State and Other Local Revenue will be budgeted according to published funding results and actual revenue receipts.

Expenditures:

1. Benefits will increase due to increase of Health Insurance and PERS rates.
2. (still in negotiations with CSEA)
3. The District will have large capitalized projects budgeted in ESSER for kindergarten classrooms.

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 Douglas Sorum, Assistant Superintendent, Business Services, at Lompoc Unified School District, 1301 North "A" Street, P.O. Box 8000, Lompoc, California, 93438-8000, or e-mail at sorum.douglas@lusd.org.

Lompoc Unified School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 88,099,379
Receivables	10,489,656
Prepaid expense	253,301
Stores inventories	62,257
Capital assets not depreciated or amortized	19,879,313
Capital assets, net of accumulated depreciation and amortization	72,003,593
Total assets	190,787,499
Deferred Outflows of Resources	
Deferred charge on refunding	460,336
Deferred outflows of resources related to OPEB	455,169
Deferred outflows of resources related to pensions	34,100,132
Total deferred outflows of resources	35,015,637
Liabilities	
Accounts payable	13,290,168
Accrued interest payable	23,084
Unearned revenue	1,582,510
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	2,019,957
OPEB liability due in one year	633,592
Long-term liabilities other than OPEB and pensions due in more than one year	20,996,762
Other postemployment benefits liability (OPEB)	4,575,933
Aggregate net pension liability	108,366,455
Total liabilities	151,488,461
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,057,870
Deferred inflows of resources related to pensions	8,509,632
Total deferred inflows of resources	11,567,502
Net Position	
Net investment in capital assets	71,179,728
Restricted for	
Debt service	5,354,332
Capital projects	2,300,077
Educational programs	27,803,435
Food services	7,421,767
Other activities	2,164,538
Unrestricted (deficit)	(53,476,704)
Total net position (deficit)	\$ 62,747,173

Lompoc Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 86,461,125	\$ 990,028	\$ 29,148,428	\$ (56,322,669)
Instruction-related activities				
Supervision of instruction	4,897,181	79,787	1,580,891	(3,236,503)
Instructional library, media, and technology	1,992,192	-	6,256	(1,985,936)
School site administration	9,295,373	27,181	964,765	(8,303,427)
Pupil services				
Home-to-school transportation	2,120,800	-	-	(2,120,800)
Food services	5,467,392	33,158	6,662,228	1,227,994
All other pupil services	14,474,778	155,178	5,148,643	(9,170,957)
Administration				
Data processing	2,616,756	6,156	106,602	(2,503,998)
All other administration	6,691,815	20,719	938,110	(5,732,986)
Plant services	15,750,785	69,481	543,418	(15,137,886)
Ancillary services	3,180,561	3,414	1,180,276	(1,996,871)
Interest on long-term liabilities	678,489	-	-	(678,489)
Other outgo	9,101,751	361,315	2,438,230	(6,302,206)
Total governmental activities	<u>\$ 162,728,998</u>	<u>\$ 1,746,417</u>	<u>\$ 48,717,847</u>	<u>(112,264,734)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				32,416,439
Property taxes, levied for debt service				2,240,551
Taxes levied for other specific purposes				482,463
Federal and State aid not restricted to specific purposes				94,694,343
Interest, investment earnings, and change in fair market valuations				2,985,545
Interagency revenues				237,284
Miscellaneous				2,214,154
Subtotal, general revenues and subventions				<u>135,270,779</u>
Change in Net Position				23,006,045
Net Position - Beginning				<u>39,741,128</u>
Net Position - Ending				<u>\$ 62,747,173</u>

Lompoc Unified School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Deposits and investments	\$ 70,585,980	\$ 17,513,399	\$ 88,099,379
Receivables	9,118,158	1,371,498	10,489,656
Due from other funds	165,065	3,097	168,162
Prepaid expenditures	251,476	1,825	253,301
Stores inventories	37,753	24,504	62,257
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 80,158,432</u>	<u>\$ 18,914,323</u>	<u>\$ 99,072,755</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 13,067,746	\$ 222,422	\$ 13,290,168
Due to other funds	3,097	165,065	168,162
Unearned revenue	1,582,510	-	1,582,510
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>14,653,353</u>	<u>387,487</u>	<u>15,040,840</u>
Fund Balances			
Nonspendable	294,229	30,349	324,578
Restricted	27,803,435	17,263,798	45,067,233
Committed	12,010,438	-	12,010,438
Assigned	14,240,841	1,232,689	15,473,530
Unassigned	11,156,136	-	11,156,136
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>65,505,079</u>	<u>18,526,836</u>	<u>84,031,915</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 80,158,432</u>	<u>\$ 18,914,323</u>	<u>\$ 99,072,755</u>

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

Total Fund Balance - Governmental Funds		\$ 84,031,915
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	\$ 216,593,962	
Accumulated depreciation and amortization is	<u>(124,711,056)</u>	
Net capital assets		91,882,906
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.		
		(23,084)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	460,336	
Other postemployment benefits (OPEB) liability	455,169	
Aggregate net pension liability	<u>34,100,132</u>	
Total deferred outflows of resources		35,015,637
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(3,057,870)	
Aggregate net pension liability	<u>(8,509,632)</u>	
Total deferred inflows of resource		(11,567,502)
Aggregate net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		
		(108,366,455)
The District's OPEB liability is not due and payable in the current period and is not reported as a liability in the funds.		
		(5,209,525)
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	(6,180,000)	
Premium on issuance	(401,681)	
Private placement - energy efficiency financing	(13,718,557)	
Leases	(276,728)	
Subscription-based IT arrangements	(171,680)	
Private placement - finance purchase agreement	(414,868)	
Supplemental Early Retirement Plan	(590,793)	
Compensated absences (vacations)	<u>(1,262,412)</u>	
Total long-term liabilities		<u>(23,016,719)</u>
Total net position - governmental activities		<u>\$ 62,747,173</u>

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula (LCFF)	\$ 121,990,931	\$ -	\$ 121,990,931
Federal sources	18,666,673	5,162,476	23,829,149
Other State sources	16,949,419	4,384,035	21,333,454
Other local sources	15,201,925	4,144,691	19,346,616
Total revenues	<u>172,808,948</u>	<u>13,691,202</u>	<u>186,500,150</u>
Expenditures			
Current			
Instruction	84,713,020	684,493	85,397,513
Instruction-related activities			
Supervision of instruction	4,809,367	202,575	5,011,942
Instructional library, media, and technology	2,040,806	-	2,040,806
School site administration	9,123,578	507,619	9,631,197
Pupil services			
Home-to-school transportation	1,911,918	-	1,911,918
Food services	397,673	4,947,417	5,345,090
All other pupil services	14,772,961	126,386	14,899,347
Administration			
Data processing	2,557,491	-	2,557,491
All other administration	6,575,699	206,230	6,781,929
Plant services	13,884,676	165,488	14,050,164
Ancillary services	2,105,488	1,116,463	3,221,951
Other outgo	9,101,751	-	9,101,751
Facility acquisition and construction	8,919,044	852,531	9,771,575
Debt service			
Principal	1,042,338	735,000	1,777,338
Interest and other	409,057	264,181	673,238
Total expenditures	<u>162,364,867</u>	<u>9,808,383</u>	<u>172,173,250</u>
Excess of Revenues Over Expenditures	<u>10,444,081</u>	<u>3,882,819</u>	<u>14,326,900</u>
Other Financing Sources			
Other sources - SBITAs	237,013	-	237,013
Other sources - leases	13,812	-	13,812
Other sources - Finance purchase agreement	300,000	-	300,000
Net Financing Sources	<u>550,825</u>	<u>-</u>	<u>550,825</u>
Net Change in Fund Balances	10,994,906	3,882,819	14,877,725
Fund Balance - Beginning	<u>54,510,173</u>	<u>14,644,017</u>	<u>69,154,190</u>
Fund Balance - Ending	<u>\$ 65,505,079</u>	<u>\$ 18,526,836</u>	<u>\$ 84,031,915</u>

Lompoc Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 14,877,725

Amounts Reported for Governmental Activities in the Statement of Activities are different from the fund financial statements because

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

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

Capital outlay	\$ 10,977,623
Depreciation and amortization expense	<u>(7,540,695)</u>

Net expense adjustment	3,436,928
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Costs of write-off for canceled capital projects: If a planned capital project is canceled, costs previously capitalized as work in progress must be written off to expense. (431,824)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (13,812)

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. (237,013)

The district entered into a finance purchase agreement to renovate classrooms for transitional Kindergarten. The amount financed by the arrangement is reported in the governmental funds as a source of financing. On the other hand, the finance purchase agreement is not revenue in the Statement of Activities, but rather constitutes a long-term liability in the Statement of Net Position. (300,000)

Lompoc Unified School District

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

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and early retirement incentives, 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 and early retirement incentives earned and used. \$ 1,201,850

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 aggregate net pension liability during the year. 2,771,769

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 OPEB liability during the year. (71,665)

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

Premium amortization	57,384
Deferred charge on refunding amortization	(65,762)

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

General obligation bonds	735,000
Private placement - energy efficiency financing	217,359
Private placement - finance purchase agreement	337,383
Leases	231,407
Subscription-based IT arrangements	256,189

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,127

Change in net position of governmental activities	\$ 23,006,045
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Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Lompoc Unified School District (the District) was unified on July 1, 1960, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program.

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 Lompoc Unified School District, this includes general operations, food service, and student related activities of the District.

Other Related Entities

The District has approved charter for the Manzanita Public Charter School (0973) pursuant to *Education Code* Section 47605. The charter school is operated independently and not considered a component unit of the District. The District receives revenues on behalf of the charter school, which it passes on to the charter school.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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.

As a result, the General Fund reflects an increase in fund balance of \$17,890,959.

Non-Major Governmental Funds

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

- **Student 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.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service Funds are used to account for financial resources to be used for the payment of principal and interest on general long-term liabilities.

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

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.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, 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 of capital assets and amortization of leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

Governmental Funds All governmental funds are accounted for using a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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

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

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

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, if measurable, and typically paid within 90 days. Principal and interest on general 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.

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 the Santa Barbara County Investment Pool are determined by the program sponsor.

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

Prepaid Expenditures (Expenses)

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

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 \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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 general capital assets are 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, if applicable.

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 in the governmental column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability and reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable 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.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the 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.

Accrued Liabilities and Long-Term Liabilities

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

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

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 deferred charge on refunding of debt, for pension related items, and for OPEB related items.

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

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

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

Fund Balances - Governmental Funds

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

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the 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 one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$45,044,149 of net position restricted by enabling legislation.

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 Santa Barbara 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	<u>\$ 88,099,379</u>
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Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 737,967
Cash in revolving	9,020
Investments	<u>87,352,392</u>
Total deposits and investments	<u>\$ 88,099,379</u>

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 manages its exposure to interest rate risk by holding the majority of its investments in the Santa Barbara County Treasury pool. The Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$87,352,392, with the Santa Barbara County Treasury Investment Pool. The average weighted maturity for this pool was 605 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 investment with the Santa Barbara County Treasury Investment Pool is currently not rated, nor is required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, \$213,050 of the District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

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	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	\$ 5,130,191	\$ 887,261	\$ 6,017,452
State Government			
Categorical aid	1,628,892	285,438	1,914,330
Lottery	585,873	-	585,873
Other state	-	80,483	80,483
Local Government			
Interest	329,417	117,336	446,753
Other local sources	1,443,785	980	1,444,765
Total	\$ 9,118,158	\$ 1,371,498	\$ 10,489,656

Note 4 - Capital Assets

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 9,336,000	\$ -	\$ -	\$ 9,336,000
Construction in progress	2,694,269	8,379,422	(530,378)	10,543,313
	<u>12,030,269</u>	<u>8,379,422</u>	<u>(530,378)</u>	<u>19,879,313</u>
Total capital assets not being depreciated or amortized				
	<u>12,030,269</u>	<u>8,379,422</u>	<u>(530,378)</u>	<u>19,879,313</u>
Capital assets being depreciated and amortized				
Land improvements	35,418,894	192,055	-	35,610,949
Buildings and improvements	136,940,717	1,332,139	-	138,272,856
Furniture and equipment	20,392,719	921,736	-	21,314,455
Right-to-use leased furniture and equipment	1,160,714	13,812	(437,408)	737,118
Right-to-use subscription IT assets	542,258	237,013	-	779,271
	<u>194,455,302</u>	<u>2,696,755</u>	<u>(437,408)</u>	<u>196,714,649</u>
Total capital assets being depreciated and amortized				
	<u>194,455,302</u>	<u>2,696,755</u>	<u>(437,408)</u>	<u>196,714,649</u>
Total capital assets				
	<u>206,485,571</u>	<u>11,076,177</u>	<u>(967,786)</u>	<u>216,593,962</u>
Accumulated depreciation and amortization				
Land improvements	(13,643,029)	(1,621,818)	-	(15,264,847)
Buildings and improvements	(87,680,689)	(4,390,175)	-	(92,070,864)
Furniture and equipment	(15,353,918)	(1,029,596)	-	(16,383,514)
Right-to-use leased furniture and equipment	(671,669)	(278,187)	437,408	(512,448)
Right-to-use subscription IT assets	(258,464)	(220,919)	-	(479,383)
	<u>(117,607,769)</u>	<u>(7,540,695)</u>	<u>437,408</u>	<u>(124,711,056)</u>
Total accumulated depreciation and amortization				
	<u>(117,607,769)</u>	<u>(7,540,695)</u>	<u>437,408</u>	<u>(124,711,056)</u>
Net depreciable and amortizable capital assets				
	<u>76,847,533</u>	<u>(4,843,940)</u>	<u>-</u>	<u>72,003,593</u>
Governmental activities capital assets, net				
	<u>\$ 88,877,802</u>	<u>\$ 3,535,482</u>	<u>\$ (530,378)</u>	<u>\$ 91,882,906</u>

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

Governmental Activities	
Instruction	\$ 4,077,969
Supervision of instruction	79,277
School site administration	3,830
Home-to-school transportation	276,030
Food services	238,710
All other pupil services	21,161
Data processing	213,809
All other administration	85,248
Plant services	<u>2,544,661</u>
Total depreciation and amortization expense governmental activities	<u><u>\$ 7,540,695</u></u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2024, between major governmental funds and non-major governmental funds are as follows:

Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 165,065	\$ 165,065
Non-Major Governmental Funds	<u>3,097</u>	<u>-</u>	<u>3,097</u>
Total	<u><u>\$ 3,097</u></u>	<u><u>\$ 165,065</u></u>	<u><u>\$ 168,162</u></u>

The balance of \$133,782 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for reimbursement of payroll expenditures and indirect cost charges.

The balance of \$31,283 due to the General Fund from the Adult Education Non-Major Governmental Fund is for reimbursement of payroll expenditures and indirect cost charges.

The balance of \$3,097 due to the Cafeteria Non-Major Governmental Fund from the General Fund is for services provided.

Note 6 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 4,569,038	\$ 109,767	\$ 4,678,805
Due to CDE	2,509,912	-	2,509,912
LCFF apportionment	158,919	-	158,919
Other vendor payables	5,804,364	112,655	5,917,019
Other local governments	25,513	-	25,513
	\$ 13,067,746	\$ 222,422	\$ 13,290,168

Note 7 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 462,633
State categorical aid	1,119,877
	\$ 1,582,510

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	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 6,915,000	\$ -	\$ (735,000)	\$ 6,180,000	\$ 545,000
Premium on issuance	459,065	-	(57,384)	401,681	-
Private placement -					
Energy efficiency financing	13,935,916	-	(217,359)	13,718,557	250,702
Leases payable	494,323	13,812	(231,407)	276,728	151,521
Subscription-based IT arrangements	190,856	237,013	(256,189)	171,680	117,961
Private placement -					
Finance purchase agreement	452,251	300,000	(337,383)	414,868	363,980
Supplemental Early Retirement Plan	1,181,586	-	(590,793)	590,793	590,793
Early retirement incentives	6,553	-	(6,553)	-	-
Compensated absences	1,866,916	-	(604,504)	1,262,412	-
Total	\$ 25,502,466	\$ 550,825	\$ (3,036,572)	\$ 23,016,719	\$ 2,019,957

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the private placement - energy efficiency financing, the lease payable, the subscription-based IT arrangement, the private placement - finance purchase agreement, the supplemental early retirement plan, and the early retirement incentive were made by the General Fund. The compensated absences will be paid by the General Fund, the Adult Education Fund, and the Child Nutrition Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Redeemed	Bonds Outstanding June 30, 2024
4/15/2015	6/1/2032	2.00-5.00%	9,920,000	\$ 6,915,000	\$ (735,000)	\$ 6,180,000

2015 General Obligation Refunding Bonds

In April 2015, the District issued \$9,920,000 of the 2015 General Obligation Refunding Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity to occur on June 1, 2032, with interest rates ranging from 2.00 to 5.00%. Proceeds from the sale of the bonds were used to refund portions of the District's outstanding General Obligation Bonds, Election of 2002, Series C. At June 30, 2024, the principal balance outstanding was \$6,180,000.

Debt Service Requirements to Maturity

The bonds mature through 2032 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	\$ 545,000	\$ 227,431	\$ 772,431
2026	560,000	200,181	760,181
2027	640,000	172,181	812,181
2028	795,000	140,181	935,181
2029	840,000	112,831	952,831
2030-2032	2,800,000	293,706	3,093,706
Total	\$ 6,180,000	\$ 1,146,511	\$ 7,326,511

Private Placement Debt**Energy Efficiency Financing**

In June 2020, the District entered into an energy efficiency financing agreement in the amount of \$14,426,062. Proceeds from the financing arrangements will be used to fund energy and water efficiency projects on sites throughout the District. The agreement was issued at 2.71% with the final payment to occur on June 26, 2040. The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 250,702	\$ 371,773	\$ 622,475
2026	310,951	364,979	675,930
2027	358,802	356,552	715,354
2028	429,264	346,829	776,093
2029	487,060	335,196	822,256
2030-2034	3,689,773	1,434,356	5,124,129
2035-2039	6,451,970	796,663	7,248,633
2040	1,740,035	47,155	1,787,190
Total	\$ 13,718,557	\$ 4,053,503	\$ 17,772,060

Leases

The District has entered into agreements to lease various facilities and equipment. The District’s liability on lease agreements is summarized below:

Lease	July 1, 2023	Additions	Payments	June 30, 2023
Konica Minolta Model 6136	\$ 70,838	\$ -	\$ (28,822)	\$ 42,016
Konica Minolta Model C3080	20,629	-	(8,393)	12,236
Pitney Bowes Postage Meter	5,782	-	(4,051)	1,731
Xerox Versalink C400 DN	63,541	-	(21,194)	42,347
Xerox AltaLink	249,067	-	(83,075)	165,992
Cisco Phone System	84,466	-	(84,466)	-
Quadient	-	13,812	(1,406)	12,406
Total	\$ 494,323	\$ 13,812	\$ (231,407)	\$ 276,728

Konica Minolta Model 6136

The District entered an agreement to lease a Konica Minolta Digital Monochrome Press, Model 6136, for five years, beginning November 30, 2020. Under the terms of the lease, the District pays monthly payments of \$2,515.72, which amounts to total principal and interest costs of \$150,943. The annual interest rate imputed for the lease is 2.37%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$42,664, and a lease liability of \$42,016 related to this agreement. During the fiscal year, the District recorded \$28,442 in amortization expense and \$1,367 in interest expense for the right to use the press.

Konica Minolta Model C3080

The District entered an agreement to lease a Konica Minolta Digital Color Press, Model C3080, for five years, beginning November 30, 2020. Under the terms of the lease, the District pays monthly payments of \$732.60, which amounts to total principal and interest costs of \$43,956. The annual interest rate imputed for the lease is 2.37%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$12,423, and a lease liability of \$12,236 related to this agreement. During the fiscal year, the District recorded \$8,283 in amortization expense and \$398 in interest expense for the right to use the press.

Pitney Bowes Postage Meter

The District entered an agreement to lease a Pitney Bowes postage meter SendPro P Series with accessories for five years, beginning November 29, 2019. Under the terms of the lease, the District pays monthly payments of \$349.40, which amounts to total principal and interest costs of \$20,964. The annual interest rate imputed for the lease is 3.62%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$1,915, and a lease liability of \$1,731 related to this agreement. During the fiscal year, the District recorded \$3,830 in amortization expense and \$142 in interest expense for the right to use the press.

Xerox Versalink C400 DN Printers

The District entered an agreement to lease 200 Xerox Versalink C400 DN printers, for five years, beginning May 3, 2021. Under the terms of the lease, the District pays monthly payments of \$1,894.10, which amounts to total principal and interest costs of \$113,646. The annual interest rate imputed for the lease is 2.85%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$31,740, and a lease liability of \$42,347 related to this agreement. During the fiscal year, the District recorded \$21,161 in amortization expense and \$1,535 in interest expense for the right to use the copiers.

Xerox AltaLink and Versalink Printers

The District entered an agreement to lease a total of 42 Xerox printers, for five years, beginning May 3, 2021. Under the terms of the lease, the District pays monthly payments of \$1,894.10, which amounts to total principal and interest costs of \$113,646. The annual interest rate imputed for the lease is 2.85%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$124,418, and a lease liability of \$165,992 related to this agreement. During the fiscal year, the District recorded \$82,946 in amortization expense and \$6,019 in interest expense for the right to use the copiers.

Cisco Phone System

The District entered an agreement to lease a Cisco Phone System, for five years, beginning May 26, 2020. Under the terms of the lease, the District pays annual payments of \$87,481.65, which amounted to total principal and interest costs of \$437,408. The annual interest rate imputed for the lease is 2.37%. At June 30, 2024, the right-to-use leased asset has been fully amortized and the lease liability related to this agreement has been fully paid. During the fiscal year, the District recorded \$131,223 in amortization expense and \$3,016 in interest expense for the right to use the copiers.

Quadient Mailing Equipment

The District entered an agreement to lease Quadient mailing equipment for three years, beginning March 18, 2024. Under the terms of the lease, the District pays monthly payments of \$423.32, which amounts to total principal and interest costs of \$15,240. The annual interest rate imputed for the lease is 6.50%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization, of \$11,510, and a lease liability of \$12,406 related to this agreement. During the fiscal year, the District recorded \$2,302 in amortization expense and \$287 in interest expense for the right to use the press.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 151,521	\$ 8,448	\$ 159,969
2026	121,902	1,924	123,826
2027	3,305	82	3,387
Total	\$ 276,728	\$ 10,454	\$ 287,182

Subscriptions-Based Information Technology Arrangements (SBITAs)

SBITAs	July 1, 2023	Additions	Payments	June 30, 2023
Illuminate	\$ 67,893	-	\$ (67,893)	-
Active Internet Technologies	92,452	-	(46,749)	45,703
Navigate 360	24,274	-	(12,422)	11,852
Power School	6,237	-	(3,154)	3,083
Google Workspace	-	92,806	(32,971)	59,835
Art of Ed	-	102,892	(78,300)	24,592
Agile Sports	-	41,315	(14,700)	26,615
Total	\$ 190,856	\$ 237,013	\$ (256,189)	\$ 171,680

Illuminate

The District entered into a SBITA for the learning assessment software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$35,497 and the lease liability related to this agreement has been fully paid. During the fiscal year, the District recorded \$70,994 in amortization expense. The subscription had an interest rate of 3.50%.

Active Internet Technologies

The District entered into a SBITA for the website management software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$77,477 and a SBITA liability of \$45,703 related to this agreement. During the fiscal year, the District recorded \$51,651 in amortization expense. The District is required to make annual principal and interest payments of \$53,885 through June 2025. The subscription has an interest rate of 3.50%.

Navigate 360

The District entered into a SBITA for the internet safety and emergency preparedness software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$19,816 and a SBITA liability of \$11,852 related to this agreement. During the fiscal year, the District recorded \$13,210 in amortization expense. The District is required to make annual principal and interest payments of \$13,546 through February 2026. The subscription has an interest rate of 3.50%.

Power School

The District entered into a SBITA for the student information system software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$9,089 and a SBITA liability of \$3,083 related to this agreement. During the fiscal year, the District recorded \$6,060 in amortization expense. The District is required to make annual principal and interest payments of \$3,226 through February 2026. The subscription has an interest rate of 3.50%.

Google Workspace

The District entered into a SBITA for the website management software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$61,871 and a SBITA liability of \$59,835 related to this agreement. During the fiscal year, the District recorded \$30,935 in amortization expense. The District is required to make annual principal and interest payments of \$32,971 through June 2026. The subscription has an interest rate of 6.73%.

Art of Ed

The District entered into a SBITA for the internet safety and emergency preparedness software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$68,595 and a SBITA liability of \$24,592 related to this agreement. During the fiscal year, the District recorded \$34,297 in amortization expense. The District is required to make annual principal and interest payments of \$13,500 through September 2026. The subscription has an interest rate of 3.50%.

Agile Sports

The District entered into a SBITA for the student information system software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$27,543 and a SBITA liability of \$26,615 related to this agreement. During the fiscal year, the District recorded \$13,772 in amortization expense. The District is required to make annual principal and interest payments of \$3,226 through February 2026. The subscription has an interest rate of 3.50%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 117,961	\$ 10,116	\$ 128,077
2026	53,719	7,452	61,171
Total	<u>\$ 171,680</u>	<u>\$ 17,568</u>	<u>\$ 189,248</u>

Finance Purchase Agreement

In 2022-2023 and 2023-2024 fiscal years, the District entered into a finance purchase agreement to fund certain facilities projects. The agreement has a final maturity to occur on August 31, 2025, with an interest rate of 4.25%. The remaining principal and interest payment requirements for the agreement are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 363,980	\$ 7,496	\$ 371,476
2026	50,888	270	51,158
Total	<u>\$ 414,868</u>	<u>\$ 7,766</u>	<u>\$ 422,634</u>

Supplemental Early Retirement Incentives

Classified Employees:

During the 2020-2021 fiscal year, the District offered supplemental early retirement incentives to classified employees. Classified employees with at least five years of full-time CalPERS service in the District and attainment of age 50 were eligible to participate in this supplemental early retirement incentive program. Qualifying employees receive a payment each year for medical insurance benefits. Eligible participants receive 80% of their final annual pay deposited to an IRC Section 403 (b) account in five annual installments. There are 28 participants in the plan. The outstanding contract amount for this purpose is \$590,793.

At June 30, 2024, future minimum payments on supplemental early retirement incentives were as follows:

<u>Year Ending June 30,</u>	
2025	<u>\$ 590,793</u>

Early Retirement Incentives

The District provides early retirement incentives, in accordance with District employment contracts, to employees who retire from the District and meet certain eligibility requirements. Employees have various payment options, ranging from a lump-sum payment to payments over several years.

Classified Early Retirement Plans:

Classified employees with at least 15 years of full-time CalPERS service in the District and attainment of age 57 are eligible to participate in this early retirement incentive program. Qualifying employees receive 17% of their last 12 months' salary for a maximum of five years. During the year the final payment was made for the retiree who met those eligibility requirements. No additional retirees met the eligibility requirements during the year.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,262,412.

Note 9 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 4,816,174	\$ 455,169	\$ 3,057,870	\$ 318,296
Medicare Premium Payment (MPP) Program	393,351	-	-	(31,887)
Total	<u>\$ 5,209,525</u>	<u>\$ 455,169</u>	<u>\$ 3,057,870</u>	<u>\$ 286,409</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	26
Active employees	<u>941</u>
Total	<u><u>967</u></u>

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The District does not explicitly contribute towards the cost of these benefits for retirees. Benefits are provided through a third-party insurer. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lompoc Federation of Teachers (LFT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, LTF, CSEA, and the unrepresented groups. For measurement period of July 1, 2023, to June 30, 2024, the District paid \$214,744 in benefits in the form of implicit subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of \$4,816,174 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.00%, average, including inflation
Discount rate	3.97% for 2024
Healthcare cost trend rates	5.50%
Retirees' share of benefit-related costs	100% of projected health insurance premiums for eligible retirees

The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates for active certificated employees, retired certificated members, and beneficiaries of certificated employees were based on CalSTRS experience analysis (2015-2018). Pre-retirement mortality rates for classified employees were based on CalPERS experience study (2000-2019). Post-retirement mortality rates for classified employees were based on post-retirement rates for healthy recipients from CalPERS experience study (2000-2019). 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 reduction. 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 July 1, 2023, valuation was based on the results of a review of plan experience for the period July 1, 2021, to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	<u>\$ 6,384,484</u>
Service cost	426,931
Interest	184,470
Differences between expected and actual experience	(414,967)
Changes of assumptions	(1,550,000)
Benefit payments	<u>(214,744)</u>
Net change in total OPEB liability	<u>(1,568,310)</u>
Balance, June 30, 2024	<u><u>\$ 4,816,174</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.97%)	\$ 5,182,419
Current discount rate (3.97%)	4,816,174
1% increase (4.97%)	4,477,581

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (4.50%)	\$ 4,299,465
Current healthcare cost trend rate (5.50%)	4,816,174
1% increase (6.50%)	5,425,093

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$318,296. 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
Differences between expected and actual experience in the measurement of the total OPEB liability	\$ 52,168	\$ 681,719
Changes of assumptions	403,001	2,376,151
Total	\$ 455,169	\$ 3,057,870

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (282,519)
2025	(288,818)
2026	(300,976)
2027	(309,797)
2028	(382,465)
Thereafter	(1,038,126)
Total	\$ (2,602,701)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$393,351 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 0.1296%, and 0.1291%, resulting in a net increase in the proportionate share of 0.0005%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(31,887).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

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

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

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

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

Discount Rate

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

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%)	\$ 427,492
Current discount rate (3.65%)	393,351
1% increase (4.65%)	363,666

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Cost 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 Cost Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 361,922
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	393,351
1% increase (5.5% Part A and 6.40% Part B)	428,834

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable			
Revolving cash	\$ 5,000	\$ 4,020	\$ 9,020
Stores inventories	37,753	24,504	62,257
Prepaid expenditures	251,476	1,825	253,301
	<u> </u>	<u> </u>	<u> </u>
Total nonspendable	294,229	30,349	324,578
	<u> </u>	<u> </u>	<u> </u>
Restricted			
Legally restricted programs	27,803,435	1,471,939	29,275,374
Student activity	-	692,599	692,599
Food service	-	7,421,767	7,421,767
Capital projects	-	2,300,077	2,300,077
Debt service	-	5,377,416	5,377,416
	<u> </u>	<u> </u>	<u> </u>
Total restricted	27,803,435	17,263,798	45,067,233
	<u> </u>	<u> </u>	<u> </u>
Committed			
Continuation of LCAP goals	6,601,392	-	6,601,392
Supplemental and Contration grants	2,805,132	-	2,805,132
Energy projects	2,013,758	-	2,013,758
OPEB	590,156	-	590,156
	<u> </u>	<u> </u>	<u> </u>
Total committed	12,010,438	-	12,010,438
	<u> </u>	<u> </u>	<u> </u>
Assigned			
Special reserve	9,087,889	-	9,087,889
2% reserve per Governing Board policy	3,241,569	-	3,241,569
Emergency maintenance and repairs	1,254,157	-	1,254,157
Deferred maintenance	313,119	-	313,119
Textbook and instructional supplies	344,107	-	344,107
Adult education	-	255,648	255,648
Capital projects	-	977,041	977,041
	<u> </u>	<u> </u>	<u> </u>
Total assigned	14,240,841	1,232,689	15,473,530
	<u> </u>	<u> </u>	<u> </u>
Unassigned			
Unassigned	11,156,136	-	11,156,136
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 65,505,079	\$ 18,526,836	\$ 84,031,915
	<u> </u>	<u> </u>	<u> </u>

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of losses related to torts; thefts, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2024, the District participated in the Southern California Regional Liability Excess Fund (ReLiEF) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SBC SIPE) public entity risk pool joint powers authority (JPA) for workers' compensation insurance coverage. The intent of SBC SIPE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District participates in the Self-Insured Schools of California III (SISC III) public risk entity pool for medical benefits insurance coverage. SISC III is a shared risk pool comprised of school districts throughout California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claims payments are made for all participating districts.

Note 12 - 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	\$ 66,748,086	\$ 20,377,591	\$ 5,671,057	\$ 9,127,913
CalPERS	41,618,369	13,722,541	2,838,575	5,089,078
Total	<u>\$ 108,366,455</u>	<u>\$ 34,100,132</u>	<u>\$ 8,509,632</u>	<u>\$ 14,216,991</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

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 \$11,147,769.

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	\$ 66,748,086
State's proportionate share of the net pension liability	31,980,885
Total	\$ 98,728,971

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 0.0876% and 0.0860%, resulting in a net increase in the proportionate share of 0.0016%.

For the year ended June 30, 2024, the District recognized pension expense of \$9,127,913. In addition, the District recognized pension expense and revenue of \$4,350,284, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,147,769	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,312,317	2,099,695
Differences between projected and actual earnings on pension plan investments	285,709	-
Differences between expected and actual experience in the measurement of the total pension liability	5,245,300	3,571,362
Changes of assumptions	386,496	
	<u>\$ 20,377,591</u>	<u>\$ 5,671,057</u>
Total		

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (2,099,946)
2026	(3,290,983)
2027	5,408,239
2028	268,399
	<u>\$ 285,709</u>
Total	

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	\$ 685,662
2026	420,862
2027	394,954
2028	173,169
2029	484,505
Thereafter	1,113,904
Total	<u>\$ 3,273,056</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 111,964,588
Current discount rate (7.10%)	66,748,086
1% increase (8.10%)	29,190,511

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:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

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 \$5,840,991.

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 \$41,618,369. 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 0.1150% and 0.1201%, resulting in a net decrease in the proportionate share of 0.0051%.

For the year ended June 30, 2024, the District recognized pension expense of \$5,089,078. 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	\$ 5,840,991	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	2,199,378
Differences between projected and actual earnings on pension plan investments	4,445,436	-
Differences between expected and actual experience in the measurement of the total pension liability	1,518,772	639,197
Changes of assumptions	1,917,342	-
	<u>\$ 13,722,541</u>	<u>\$ 2,838,575</u>
Total	<u>\$ 13,722,541</u>	<u>\$ 2,838,575</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 829,247
2026	491,267
2027	2,986,576
2028	138,346
	<u>\$ 4,445,436</u>
Total	<u>\$ 4,445,436</u>

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	\$ 177,974
2026	295,812
2027	123,753
Total	<u>\$ 597,539</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 60,169,404
Current discount rate (6.90%)	41,618,369
1% increase (7.90%)	26,286,361

Alternative Retirement Plan

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use an alternative retirement plan from Self-Insured Schools of California (SISC). Contributions made by the District vest immediately. The annual contribution for this program is actuarially determined and is paid entirely by the District. The required employer contribution rate for fiscal year 2016-2017 was 3.2% for previously covered employees hired prior to January 1, 2013, and 1.6% for employees hired on or after that date. There are no contribution requirements of the plan members hired prior to January 31, 2013. For the fiscal year ended June 30, 2024, the District paid a total of \$36,362 to the alternative benefits plan on behalf of eligible employees.

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 \$5,115,391 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 13 - 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 the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Kindergarten classrooms, four sites	\$ 2,300,579	01/31/25
Modernization, Manzanita ES	1,597,769	12/31/26
Kindergarten classrooms, Miguelito ES	1,120,600	01/25/25
Switchgear, Hapgood ES	282,420	01/31/25
Playgrounds, various sites	235,401	03/31/25
Portable classrooms, Miguelito ES	193,942	11/30/24
Security camera installation - various sites	36,925	08/31/24
Aquarium Tropical Gallery Exhibit, Cabrillo HS	15,000	12/31/25
Other projects	37,173	12/31/25
	<u>\$ 5,819,809</u>	
Total		

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Southern California Regional Liability Excess Fund (SC ReLiEF), Self-Insured Schools of California III (SISC III), and the Santa Barbara County Schools Self-Insurance Program for Employees (SBC SIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, benefits, and workers' compensation coverage, respectively. The relationships between the District, the pools, and the JPA 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 County are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2024, the District made payments of \$870,717, \$12,043,495, and \$1,080,314, to SC ReLiEF, SISC III, and SBC SIPE, respectively, for services received.



Required Supplementary Information
June 30, 2024

Lompoc Unified School District

Lompoc Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$120,840,558	\$122,419,923	\$121,990,931	\$ (428,992)
Federal sources	15,524,893	27,194,781	18,666,673	(8,528,108)
Other State sources	16,597,705	19,868,823	16,949,419	(2,919,404)
Other local sources	7,105,384	12,680,838	15,201,925	2,521,087
Total revenues ¹	<u>160,068,540</u>	<u>182,164,365</u>	<u>172,808,948</u>	<u>(9,355,417)</u>
Expenditures				
Current				
Certificated salaries	62,060,110	59,836,659	60,103,197	(266,538)
Classified salaries	22,934,771	21,509,531	21,397,595	111,936
Employee benefits	38,200,693	36,329,093	35,678,702	650,391
Books and supplies	6,064,492	8,835,149	5,411,727	3,423,422
Services and operating expenditures	22,108,770	24,780,481	19,320,329	5,460,152
Other outgo	8,509,956	9,660,267	8,879,649	780,618
Capital outlay	5,031,467	16,071,438	10,122,273	5,949,165
Debt service				
Debt service - principal	391,100	383,589	1,042,338	(658,749)
Debt service - interest and other	252,059	298,913	409,057	(110,144)
Total expenditures ¹	<u>165,553,418</u>	<u>177,705,120</u>	<u>162,364,867</u>	<u>15,340,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,484,878)</u>	<u>4,459,245</u>	<u>10,444,081</u>	<u>5,984,836</u>
Other Financing Sources				
Other sources - SBITAs	-	-	237,013	237,013
Other sources - leases	-	-	13,812	13,812
Other sources - Finance purchase agreement	-	-	300,000	300,000
Net financing sources	<u>-</u>	<u>-</u>	<u>550,825</u>	<u>550,825</u>
Net Change in Fund Balances	<u>(5,484,878)</u>	<u>4,459,245</u>	<u>10,994,906</u>	<u>6,535,661</u>
Fund Balance - Beginning	<u>54,510,173</u>	<u>54,510,173</u>	<u>54,510,173</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 49,025,295</u>	<u>\$ 58,969,418</u>	<u>\$ 65,505,079</u>	<u>\$ 6,535,661</u>

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds is included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 426,931	\$ 419,994	\$ 625,602	\$ 505,572
Interest	184,470	238,536	161,148	165,515
Differences between expected and actual experience	(414,967)	-	(462,003)	-
Changes of assumptions	(1,550,000)	(176,118)	(1,203,379)	533,663
Benefit payments	<u>(214,744)</u>	<u>(282,087)</u>	<u>(248,971)</u>	<u>(284,519)</u>
Net change in total OPEB liability	(1,568,310)	200,325	(1,127,603)	920,231
Total OPEB Liability - Beginning	<u>\$ 6,384,484</u>	<u>\$ 6,184,159</u>	<u>\$ 7,311,762</u>	<u>\$ 6,391,531</u>
Total OPEB Liability - Ending	<u>\$ 4,816,174</u>	<u>\$ 6,384,484</u>	<u>\$ 6,184,159</u>	<u>\$ 7,311,762</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
		<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost		\$ 429,454	\$ 331,709	\$ 357,192
Interest		181,042	178,835	157,563
Differences between expected and actual experience		122,663	-	-
Changes of assumptions		133,323	437,765	(412,854)
Benefit payments		<u>(264,431)</u>	<u>(196,317)</u>	<u>(195,228)</u>
Net change in total OPEB liability		602,051	751,992	(93,327)
Total OPEB Liability - Beginning		<u>5,789,480</u>	<u>5,037,488</u>	<u>5,130,815</u>
Total OPEB Liability - Ending		<u>\$ 6,391,531</u>	<u>\$ 5,789,480</u>	<u>\$ 5,037,488</u>
Covered Payroll		<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll		<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date		June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

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

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1296%	0.1291%	0.1335%	0.1312%
Proportionate share of the net OPEB liability	\$ 393,351	\$ 425,238	\$ 532,342	\$ 639,038
Covered payroll	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
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.1492%	0.1477%	0.1445%
Proportionate share of the net OPEB liability		\$ 555,790	\$ 565,328	\$ 607,940
Covered payroll		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
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

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.

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

Lompoc Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.0876%	0.0860%	0.0888%	0.0865%	0.0844%
Proportionate share of the net pension liability	\$ 66,748,086	\$ 59,768,043	\$ 40,406,190	\$ 83,865,434	\$ 76,197,056
State's proportionate share of the net pension liability	<u>31,980,885</u>	<u>29,931,602</u>	<u>20,330,828</u>	<u>43,232,641</u>	<u>41,570,581</u>
Total	<u>\$ 98,728,971</u>	<u>\$ 89,699,645</u>	<u>\$ 60,737,018</u>	<u>\$ 127,098,075</u>	<u>\$ 117,767,637</u>
Covered payroll	<u>\$ 55,126,712</u>	<u>\$ 52,022,571</u>	<u>\$ 48,980,960</u>	<u>\$ 47,499,058</u>	<u>\$ 45,879,552</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>121.08%</u>	<u>114.89%</u>	<u>82.49%</u>	<u>176.56%</u>	<u>166.08%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0823%	0.0798%	0.0857%	0.0948%	0.0830%
Proportionate share of the net pension liability	\$ 75,626,337	\$ 73,815,363	\$ 69,338,738	\$ 63,849,154	\$ 48,497,613
State's proportionate share of the net pension liability	<u>43,299,615</u>	<u>43,668,545</u>	<u>39,473,307</u>	<u>33,769,164</u>	<u>29,284,952</u>
Total	<u>\$ 118,925,952</u>	<u>\$ 117,483,908</u>	<u>\$ 108,812,045</u>	<u>\$ 97,618,318</u>	<u>\$ 77,782,565</u>
Covered payroll	<u>\$ 43,541,594</u>	<u>\$ 43,443,068</u>	<u>\$ 43,596,803</u>	<u>\$ 40,718,829</u>	<u>38,955,594</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>173.69%</u>	<u>169.91%</u>	<u>159.05%</u>	<u>156.80%</u>	<u>124.49%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Lompoc Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.1150%	0.1201%	0.1273%	0.1284%	0.1332%
Proportionate share of the net pension liability	\$ 41,618,369	\$ 41,322,422	\$ 25,875,648	\$ 39,406,276	\$ 38,826,878
Covered payroll	\$ 19,915,648	\$ 18,407,682	\$ 18,259,145	\$ 18,454,510	\$ 18,451,622
Proportionate share of the net pension liability as a percentage of its covered payroll	208.97%	224.48%	141.71%	213.53%	210.43%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.1311%	0.1307%	0.1350%	0.1273%	0.1310%
Proportionate share of the net pension liability	\$ 34,943,367	\$ 31,193,627	\$ 26,658,156	\$ 18,756,783	\$ 14,874,020
Covered payroll	\$ 17,871,045	\$ 16,680,616	\$ 16,318,494	\$ 13,803,101	13,781,650
Proportionate share of the net pension liability as a percentage of its covered payroll	195.53%	187.01%	163.36%	135.89%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Lompoc Unified School District
Schedule of the District Contributions – CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 11,147,769	\$ 10,529,202	\$ 8,802,219	\$ 7,910,425	\$ 8,122,339
Less contributions in relation to the contractually required contribution	<u>11,147,769</u>	<u>10,529,202</u>	<u>8,802,219</u>	<u>7,910,425</u>	<u>\$ 8,122,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>58,365,283</u>	<u>55,126,712</u>	<u>52,022,571</u>	<u>48,980,960</u>	<u>\$ 47,499,058</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,469,191	\$ 6,283,052	\$ 5,465,138	\$ 4,677,937	\$ 3,615,832
Less contributions in relation to the contractually required contribution	<u>7,469,191</u>	<u>6,283,052</u>	<u>5,465,138</u>	<u>4,677,937</u>	<u>3,615,832</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 45,879,552</u>	<u>\$ 43,541,594</u>	<u>\$ 43,443,068</u>	<u>\$ 43,596,803</u>	<u>\$ 40,718,829</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Lompoc Unified School District
Schedule of the District Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 5,840,991	\$ 5,052,600	\$ 4,217,200	3,779,643	\$ 3,639,414
Less contributions in relation to the contractually required contribution	<u>5,840,991</u>	<u>5,052,600</u>	<u>4,217,200</u>	<u>3,779,643</u>	<u>3,639,414</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>21,892,770</u>	<u>19,915,648</u>	<u>18,407,682</u>	<u>18,259,145</u>	<u>\$ 18,454,510</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,332,732	\$ 2,775,552	\$ 2,316,604	\$ 1,933,252	\$ 1,624,763
Less contributions in relation to the contractually required contribution	<u>3,332,732</u>	<u>2,775,552</u>	<u>2,316,604</u>	<u>1,933,252</u>	<u>1,624,763</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 18,451,622</u>	<u>\$ 17,871,045</u>	<u>\$ 16,680,616</u>	<u>\$ 16,318,494</u>	<u>\$ 13,803,101</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget 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.

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – Changes of assumptions reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024.

Schedule of the District's Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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 or CalPERS plans from the previous valuations.

Schedule of the District Contributions

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



Supplementary Information
June 30, 2024

Lompoc Unified School District

Lompoc Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Defense Community Investment	12.600	[1]	\$ 237,759
Total U.S. Department of Defense			<u>237,759</u>
U.S. Department of Education Impact Aid	84.041	[1]	1,945,422
Passed Through California Department of Education Special Education Cluster (IDEA)			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,932,047
Quality Assurance & Focused Monitoring	84.027	13693	15,000
COVID-19 - ARP IDEA Part B, Sec 611 Local Assistance Private School Individual Service Plans	84.027	10115	<u>6,130</u>
Subtotal			<u>1,953,177</u>
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	<u>56,947</u>
Total Special Education Cluster (IDEA)			<u>2,010,124</u>
Adult Basic Education & ELA	84.002A	14508	122,414
Adult Secondary Education	84.002	13978	<u>50,676</u>
Subtotal			<u>173,090</u>
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement (CSI) Funding for LEAs	84.010	14329	2,810,801
	84.010	15438	<u>363,889</u>
Subtotal			<u>3,174,690</u>
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,898,763
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	6,926,367
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,718,930
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HYC) Program	84.425W	15564	15,297
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425W	15566	<u>21,696</u>
Subtotal			<u>10,581,053</u>
Title III, English Learner Student Program	84.365	14346	195,562
Title III, Immigrant Education Program	84.365	15146	<u>15,070</u>
Subtotal			<u>210,632</u>

[1] Direct funded program

Lompoc Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	\$ 322,176
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	213,070
Title IX, Part A, McKinney-Vento Homeless Assistance Grant	84.196	14332	77,150
Strengthening Career Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	<u>116,508</u>
Total U.S. Department of Education			<u>18,823,915</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast Program - School Breakfast Needy	10.553	13526	894,217
National School Lunch Program, Section 4	10.555	15323	429,323
National School Lunch Program, Section 11	10.555	15324	2,682,356
National School Lunch Program - Meal Supplements	10.555	13755	152,794
National School Lunch Program - Commodity Food Distribution	10.555	13524	339,641
Supply Chain Assistance for School Meals	10.555	15655	<u>174,850</u>
Subtotal			<u>3,778,964</u>
Total Child Nutrition Cluster			<u>4,673,181</u>
COVID-19 - Pandemic Electronic Benefit Transfer	10.649	15644	<u>15,849</u>
Total U.S. Department of Agriculture			<u>4,689,030</u>
Total Federal Financial Assistance			<u>\$ 23,750,704</u>

[1] Direct funded program

Lompoc Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report <u>244F8661</u>	Annual Report <u>D984B1F1</u>
Regular ADA		
Transitional kindergarten through third	2,542.33	2,543.64
Fourth through sixth	1,828.63	1,828.96
Seventh and eighth	1,256.15	1,254.69
Ninth through twelfth	2,597.84	2,572.99
Total Regular ADA	<u>8,224.95</u>	<u>8,200.28</u>
Extended Year Special Education		
Transitional kindergarten through third	5.61	5.61
Fourth through sixth	1.16	1.16
Seventh and eighth	1.25	1.25
Ninth through twelfth	1.85	1.85
Total Extended Year Special Education	<u>9.87</u>	<u>9.87</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	-	0.07
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.12	0.12
Community Day School		
Seventh and eighth	4.36	5.07
Ninth through twelfth	15.92	15.25
Total Community Day School	<u>20.28</u>	<u>20.32</u>
Total ADA	<u><u>8,255.22</u></u>	<u><u>8,230.66</u></u>

Lompoc Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	41,610	260	41,870	179	1	180	N/A	N/A	N/A	Complied
Grades 1 - 3											
Grade 1	50,400	50,128	306	50,434	179	1	180	N/A	N/A	N/A	Complied
Grade 2	50,400	50,128	306	50,434	179	1	180	N/A	N/A	N/A	Complied
Grade 3	50,400	50,128	306	50,434	179	1	180	N/A	N/A	N/A	Complied
Grades 4 - 8											
Grade 4	54,000	53,711	320	54,031	179	1	180	N/A	N/A	N/A	Complied
Grade 5	54,000	53,711	320	54,031	179	1	180	N/A	N/A	N/A	Complied
Grade 6	54,000	53,711	320	54,031	179	1	180	N/A	N/A	N/A	Complied
Grade 7	54,000	58,895	345	59,240	179	1	180	N/A	N/A	N/A	Complied
Grade 8	54,000	58,895	345	59,240	179	1	180	N/A	N/A	N/A	Complied
Grades 9 - 12											
Grade 9	64,800	64,487	371	64,858	179	1	180	N/A	N/A	N/A	Complied
Grade 10	64,800	64,487	371	64,858	179	1	180	N/A	N/A	N/A	Complied
Grade 11	64,800	64,487	371	64,858	179	1	180	N/A	N/A	N/A	Complied
Grade 12	64,800	64,487	371	64,858	179	1	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1 day and 260 minutes for Kindergarten, 306 minutes for grades 1-3, 320 minutes for grades 4-6, 345 minutes for grades 7-8, and 371 minutes for grades 9-12.

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

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

	<u>General Fund</u>
Fund Balance	
Balance, June 30, 2024, Unaudited Actuals	\$ 68,010,771
Increase in Accounts payable	<u>(2,505,692)</u>
Balance, June 30, 2024, Audited Financial Statements	<u>\$ 65,505,079</u>

Lompoc Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund ³				
Revenues	\$ 151,932,070	\$ 172,326,057	\$ 173,754,002	\$ 145,074,103
Other sources	1,212,630	1,736,003	461,714	-
Total Revenues and Other Sources	<u>153,144,700</u>	<u>174,062,060</u>	<u>174,215,716</u>	<u>145,074,103</u>
Expenditures	161,152,033	162,359,050	152,929,899	137,727,286
Other uses	-	3,800,000	5,000,000	1,000,000
Total expenditures and other uses	<u>161,152,033</u>	<u>166,159,050</u>	<u>157,929,899</u>	<u>138,727,286</u>
Increase/(Decrease) in Fund Balance	<u>(8,007,333)</u>	<u>7,903,010</u>	<u>16,285,817</u>	<u>6,346,817</u>
Ending Fund Balance	<u>\$ 39,606,787</u>	<u>\$ 47,614,120</u>	<u>\$ 39,711,110</u>	<u>\$ 23,425,293</u>
Available Reserves ²	<u>\$ 4,883,871</u>	<u>\$ 11,156,136</u>	<u>\$ 4,737,999</u>	<u>\$ 4,181,820</u>
Available Reserves as a Percentage of Total Outgo	<u>3.03%</u>	<u>6.71%</u>	<u>3.00%</u>	<u>3.01%</u>
Long-Term Liabilities including OPEB and Pensions	<u>N/A</u>	<u>\$ 136,592,699</u>	<u>\$ 133,402,653</u>	<u>\$ 101,540,981</u>
K-12 Average Daily Attendance at P-2	<u>8,218</u>	<u>8,255</u>	<u>8,186</u>	<u>8,153</u>

The General Fund balance has increased by \$24,188,827, over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$8,007,333 (16.8%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$35,051,718 over the past two years.

Average daily attendance has increased by 102 over the past two years. A decrease of 37 ADA is anticipated 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.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

Lompoc Unified School District
Schedule of Charter Schools
Year Ended June 30, 2024

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Manzanita Public Charter School	0973	No

Lompoc Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	\$ 692,599	\$ 1,784,215	\$ 6,726,957	\$ 1,453,286	\$ 260,488	\$ 1,259,286	\$ 5,336,568	\$ 17,513,399
Receivables	-	55,240	936,207	10,158	1,961	327,084	40,848	1,371,498
Due from other funds	-	-	3,097	-	-	-	-	3,097
Prepaid expenditures	-	-	1,825	-	-	-	-	1,825
Stores inventories	-	-	24,504	-	-	-	-	24,504
Total assets	\$ 692,599	\$ 1,839,455	\$ 7,692,590	\$ 1,463,444	\$ 262,449	\$ 1,586,370	\$ 5,377,416	\$ 18,914,323
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 80,585	\$ 106,692	\$ 750	\$ 4,111	\$ 30,284	\$ -	\$ 222,422
Due to other funds	-	31,283	133,782	-	-	-	-	165,065
Total liabilities	-	111,868	240,474	750	4,111	30,284	-	387,487
Fund Balances								
Nonspendable	-	-	30,349	-	-	-	-	30,349
Restricted	692,599	1,471,939	7,421,767	1,462,694	258,338	579,045	5,377,416	17,263,798
Assigned	-	255,648	-	-	-	977,041	-	1,232,689
Total fund balances	692,599	1,727,587	7,452,116	1,462,694	258,338	1,556,086	5,377,416	18,526,836
Total liabilities and fund balances	\$ 692,599	\$ 1,839,455	\$ 7,692,590	\$ 1,463,444	\$ 262,449	\$ 1,586,370	\$ 5,377,416	\$ 18,914,323

Lompoc Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Federal sources	\$ -	\$ 173,090	\$ 4,751,627	\$ -	\$ -	\$ 237,759	\$ -	\$ 5,162,476
Other State sources	-	1,644,922	2,310,052	-	-	415,200	13,861	4,384,035
Other local sources	1,102,599	124,218	211,941	163,223	15,436	107,640	2,419,634	4,144,691
Total revenues	1,102,599	1,942,230	7,273,620	163,223	15,436	760,599	2,433,495	13,691,202
Expenditures								
Current								
Instruction	-	684,493	-	-	-	-	-	684,493
Instruction-related activities								
Supervision of instruction	-	202,575	-	-	-	-	-	202,575
School site administration	-	507,619	-	-	-	-	-	507,619
Pupil services								
Food services	-	-	4,947,417	-	-	-	-	4,947,417
All other pupil services	-	126,386	-	-	-	-	-	126,386
Administration								
All other administration	-	65,577	133,782	6,871	-	-	-	206,230
Plant services	-	14,168	67,623	-	-	83,697	-	165,488
Ancillary services	1,116,463	-	-	-	-	-	-	1,116,463
Facility acquisition and construction	-	-	-	-	61,398	791,133	-	852,531
Debt service								
Principal	-	-	-	-	-	-	735,000	735,000
Interest and other	-	-	-	-	-	-	264,181	264,181
Total expenditures	1,116,463	1,600,818	5,148,822	6,871	61,398	874,830	999,181	9,808,383
Net Change in Fund Balances	(13,864)	341,412	2,124,798	156,352	(45,962)	(114,231)	1,434,314	3,882,819
Fund Balance - Beginning	706,463	1,386,175	5,327,318	1,306,342	304,300	1,670,317	3,943,102	14,644,017
Fund Balance - Ending	\$ 692,599	\$ 1,727,587	\$ 7,452,116	\$ 1,462,694	\$ 258,338	\$ 1,556,086	\$ 5,377,416	\$ 18,526,836

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District did not report any commodities in inventory.

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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and whether or not the Charter School is included in the District's audit.

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



Other Information
June 30, 2024

Lompoc Unified School District

ORGANIZATION

The Lompoc Unified School District was established on July 1, 1960. The District currently operates nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
William Caldeira	President	2026
Sarah Anne Read	Vice President	2026
Jerri Thiel	Clerk	2026
Tom Blanco	Member	2024
Janet Blevins	Member	2024

ADMINISTRATION

Clara A. Finneran, Ed.D.	Superintendent
Paul Bommersbach	Assistant Superintendent, Human Resources
Brian Jaramillo	Assistant Superintendent, Education Services
Douglas Sorum	Assistant Superintendent, Business Services



Independent Auditor's Reports
June 30, 2024

Lompoc 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
Lompoc Unified School District
Lompoc, California

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

Report on Internal Control over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001.

We noted certain matters that we reported to management of the District in a separate letter dated December 13, 2024.

District's Response to Findings

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

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Rancho Cucamonga, California
December 13, 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
Lompoc Unified School District
Lompoc, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
December 13, 2024



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

To the Governing Board
Lompoc Unified School District
Lompoc, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Expanded Learning Opportunities Program and Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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.

Unmodified Opinion on Each of the Other Programs

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, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

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.

Matters Giving Rise to Qualified Opinion on Expanded Learning Opportunities Program and Classroom Teacher Salaries

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Expanded Learning Opportunities Program and Classroom Teacher Salaries as described in the Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	N/A
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the District’s responses to the noncompliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 to be material weaknesses.

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.

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

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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
December 13, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Lompoc Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Impact Aid	84.041
Special Education Cluster (IDEA)	84.027, 84.173
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HYC) Program	84.425W
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425W
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal Control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None noted
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Qualified*

*Unmodified for all programs except for the following programs which were qualified

<u>Name of Program</u>
Expanded Learning Opportunities Program
Classroom Teacher Salaries

Refer to finding 2024-001 in the State Compliance Findings and Questioned Costs section.

None reported.

The following findings represent material weaknesses and material instances of noncompliance including questioned costs that are required to be reported in accordance with the *Government Auditing Standards* and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control
40000	State Compliance
61000	Classroom Teacher Salaries

2024-001 30000, 40000 – Expanded Learning Opportunities Program (Material Weakness, Material Noncompliance, Financial Statement Preparation)

Criteria or Specific Requirements

Per California *Education Code* Section 46120(b)(1)(A), pupils enrolled in kindergarten through sixth grade must be provided with access to expanded learning opportunity programs (ELOP) each instructional day. In addition, per California *Education Code* Section 46120(b)(1)(B), the District must provide for at least 30 non-school days, no less than nine hours of in-person expanded learning opportunities.

In addition, management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

Through review of the District’s ELOP operational schedules, it was noted that the District did not operate the program at one of its school sites for 91 days. In addition, it was noted that the District did not operate ELOP for 12 of the required 30 non-school days. As a result, the District did not offer and operate ELOP for 103 days.

Cause

Through inquiry with District personnel, the cause of this deficiency was primarily due to difficulties with planning and staffing for the timely operation of ELOP.

Effect

The District was not compliant with the program offering requirements outlined in California *Education Code* Sections 46120(b)(1)(A) and 46120(b)(1)(B). As a result, the District’s ELOP apportionment will be adjusted by \$2,505,692.

Questioned Costs

Per California *Education Code* Section 46120(c)(3)(A), the District's apportionment of ELOP funds must be adjusted by an amount equal to the product of 0.0048 times the District's ELOP apportionment for each day that the ELOP was not offered. The resulting penalty calculation is shown below and confirmed using CDE's penalty calculator:

- A. ELOP entitlement amount for the audited fiscal year: \$5,068,147
- B. Number of days ELOP was not offered: 103 days
- C. Penalty factor: 0.0048
- D. Calculated Penalty (A x B x C): \$2,505,692

Repeat Finding

Yes, see prior year finding 2023-001 in relation to financial statement preparation and adjustments.

Recommendation

We recommend that the District adhere to the requirements of California *Education Code* Sections 46120(b)(1)(A) and 46120(b)(1)(B). The District should ensure that the program is offered to enrolled pupils in all required grade levels for the required number of days. In addition, a thorough review of the District's financial statements, including all adjusting entries and reclassifying entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The District, starting this year, will offer and provide "access" to all eligible pupils prior to the end of the prior school year. Program will commence at each site that houses eligible pupils. Program will be conducted at numerous but not all sites. For sites that do not offer ELOP program during non-school days, those eligible students will be provided with transportation to and from the nearest school campus that is conducting the 9 hour day ELOP program. Student eligibility is verified through Cal Pads and enrollment is tracked and managed through the 6Crickets ELOP student management system. Families of UPP eligible students who decline enrollment will be documented in the system.

2024-002 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55% (as required for elementary districts) of total current expense of the district, as calculated using Form CEA of the Standardized Account Code Structure System (SACS Software).

Condition

The District's current expense of education totaled \$132,148,450. The District spent 53.20%, or \$70,309,218, on classroom teacher salaries and benefits. This is below the 55% requirement.

Cause

As a result of the District receiving significant sources of new funding from the state and federal governments to be used specifically for programs not included in Minimum Classroom Compensation.

Effect

The deficiency is calculated to be \$2,378,672, or 1.80% of the District's Current Expense-Part II, as calculated on Form CEA.

Questioned Costs

There are no questioned costs associated with the finding.

Repeat Finding

Yes, see prior year finding 2023-003.

Recommendation

The District should consider reviewing this calculation for compliance during interim budget periods and make adjustments where available. In addition, as a result of the new funding that is ineligible for exclusion, the District should consider applying for a waiver for this requirement.

Corrective Action Plan and Views of Responsible Officials

The District has settled negotiations with the Lompoc Federation of Teachers (LFT) for the fiscal year 2024-2025 and has included the costs in the budget and multiyear projections. The agreement consists of a total one-time compensation increase of \$1,481,196 for the LFT group. Negotiations on compensation with the California School Employees Association (CSEA) group are ongoing this fall, and we are optimistic about reaching an agreement.

LUSD continues to struggle to fill vacancies and is working hard to provide the support students need to succeed after disrupted learning due to the pandemic. LUSD is one of the few districts in California that have implemented the merit system, where the Personnel Commission directs and administers examinations to fill vacancies or create lists for the classified service. This hiring system has been challenging and slow during employee shortages, causing the District to contract with outside temp agencies (Emerges and Aya) to help with staffing solutions. The District contracted Emerges to hire Special Ed teachers and paraprofessionals through a sub-agreement. Sub-agreement expenses are coded to Object 5100 rather than Objects 1000 and

2000 used for payroll expenses estimated at \$5.6 million, which negatively impact the CEA ratio. We are working with the Human Resources and Special Ed Departments to reduce the sub-agreement with the temp agencies.

As a result of the District receiving significant sources of new funding from the state and federal governments to be used specifically for programs not included in Minimum Classroom Compensation.

The District received significant new funding from the state and federal governments specifically for COVID-19-related expenditures and expanded learning opportunities for students. One-time and Special Education funding sources, including teacher salaries, were not eligible for exclusion from the calculation (including resources 2600, 3010, 3182, 3214, 3310, 3311, 3550, 4201, 4203, 6010, 6053, 6387, 6500, 7339, 7412, 7422, 7426, 7435, and 7810). The following resources were eligible for exclusion from the calculation: Resources 3212, 3213, 3305, 3315, 4035, 4127, 5630, 5632, 5634, 6266, 6331, 6388, 6546, 6547, 6690, 6762, 6770, 7032, 7311, 7399, 7413, and 7425.

While the District expects to maintain adequate reserves for this period, continued deficit spending will deplete the District's reserves over time. The District plans for expenditure reductions to reduce the projected deficits and preserve unrestricted reserves. The District understands that expenditure reductions made now will have a compounding beneficial effect over the multiyear period, thereby reducing the need for even deeper cuts in future years.

The District will continue reviewing this calculation for compliance during interim budget periods and make adjustments where available. In addition, as a result of the new funding that is ineligible for exclusions, the District will be applying for a waiver for this requirement.

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 Statements Findings

2023-001 30000 – Adjustment (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our review of federal categorical program revenues and the related receivables, we noted that the District had failed to accrue an entitlement in the Cafeteria Fund in the amount of \$283,456.

Context

The condition was identified as a result of our audit of the federal categorical revenues and related accruals.

Cause

The cause of the condition identified appears to be a failure to properly identify the award as an entitlement rather than a grant.

Effect

The effect of the error was an understatement in the Aggregate Non-Major Funds, specifically the Cafeteria Fund, ending fund balance in the amount of \$283,456.

Recommendation

The District should review each funding source to determine whether it is classified as a grant or entitlement, and then should apply the appropriate accounting treatment. In addition, a thorough review of the District's financial statements, including all adjusting entries and reclassifying entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not implemented, see current year finding 2024-001.

State Compliance Findings

2023-002 10000 and 40000 – Attendance and Independent Study

Criteria or Specific Requirements

The Second Period and Annual Reports of Attendance submitted to the CDE should reconcile to supporting documents to ensure that ADA is reported accurately. With respect to independent study, California *Education Code* Section 51747, states a local educational agency shall obtain a signed written agreement for independent study from the pupil, or the pupil’s parent or legal guardian if the pupil is less than 18 years of age, the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil no later than 30 days after the first day of instruction.

Condition

The District has implemented written agreements for each pupil enrolled in independent study. However, the written agreements selected for testing were not complete and did not have the signatures of the certificated employee who has been designated as having responsibility for the general supervision of independent study, and all persons who have direct responsibility for providing assistance to the pupil. A review of the remaining independent study agreements at Maple High School showed the same missing signatures.

Cause

The error was a result of oversight of the requirements of the program.

Effect

The District overclaimed 5.42 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
9-12	5.42	\$ 13,752.64	\$ 74,539.31

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of \$74,539.31 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from prior three-year average (2020 – 2022). As a result, the questioned costs is nullified.

Recommendation

The District should review program requirements for independent study and add internal controls to monitor compliance with those requirements.

Current Status

Implemented.

2023-003 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

Education Code Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55% (as required for elementary districts) of total current expense of the district, as calculated using Form CEA of the Standardized Account Code Structure System (SACS Software).

Condition

The District's current expense of education totaled \$123,116,814. The District spent 53.47%, or \$65,832,423, on classroom teacher salaries and benefits. This is below the 55% requirement.

Cause

As a result of the District receiving significant sources of new funding from the state and federal governments to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained. These one-time funding sources were not eligible for exclusion from the calculation.

Effect

The deficiency is calculated to be \$1,883,687, or 1.53% of the District's Current Expense-Part II, as calculated on Form CEA.

Questioned Costs

There are no questioned costs associated with the finding.

Recommendation

The District should consider reviewing this calculation for compliance during interim budget periods and make adjustments where available. In addition, as a result of the new funding that is ineligible for exclusion, the District should consider applying for a waiver for this requirement.

Current Status

Not implemented, see current year finding 2024-002.

2023-004 70000 – Instructional Materials

Criteria or Specific Requirements

Education Code Section 60119 requires that the school district governing board hold a public hearing on or before the end of the eighth week from the first day pupils attended school for the year, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials.

Condition

The District did not hold the public hearing on or before the end of the eighth week from the first day pupils attended school. The hearing was held during the ninth week after the first day of school.

Cause

The District failed to schedule the public hearing and related resolution regarding sufficiency of instructional materials prior to the end of the eighth week of school.

Effect

The District did not hold the public hearing and related resolution regarding sufficiency of instructional materials on or before the end of the eighth week from the first day pupils attended school.

Questioned Costs

There are no questioned costs associated with the finding.

Recommendation

The District should file for a waiver with the county office of education. The District should schedule the public hearing and related resolution regarding sufficiency of instructional materials prior to the end of the eighth week of school.

Current Status

Implemented.



Management
Lompoc Unified School District
Lompoc, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2024, on the government-wide financial statements of the District.

Associated Student Body

Vandenberg Middle School

Observations

1. Cash collected by teachers, advisors, clubs, snack bar, or student store is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. 15 of 15 deposits tested did not have sufficient support or a paper trail; therefore the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
2. Based on the review of the cash receipting procedures, it was noted that 11 of 15 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately eight to 103 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
3. Based on the review of the disbursement procedures, it was noted that five of eight disbursements were made without explicit receiving documentation for goods being ordered.
4. Based on the review of the disbursement procedures, it was noted that four of eight disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendations

1. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
2. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
4. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

Lompoc High School

Observations

1. Based on the review of the cash receipting procedures, it was noted that nine of 25 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately nine to 34 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Per review of the ASB bank account reconciliations, it was noted that the reconciliations are being prepared and reviewed in a timely manner. The bank reconciliation for the month of October 2023 was not reconciled and reviewed until end of January 2024.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

2. Bank reconciliation should be performed on a monthly basis. By performing bank reconciliations on a monthly basis the ASB will ensure that ASB assets are not being misappropriated and that the cash account is being properly stated every month.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2024