BARSTOW UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2024

(This page intentionally left blank)

BARSTOW UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

FINANCIAL SECTION

Report on the Audit of the Financial Statements 1
Management's Discussion and Analysis 4
Basic Financial Statements
Government-wide Financial Statements
Statement of Net Position 11
Statement of Activities 12
Fund Financial Statements
Governmental Funds – Balance Sheet 13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances 15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 16
Notes to Financial Statements 18

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Budgetary Comparison Schedule 45
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS 46
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS 47
Schedule of District Contributions - CalSTRS 48
Schedule of District Contributions - CalPERS 49
Notes to Required Supplementary Information 50

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards 51
Schedule of Average Daily Attendance (ADA) 52
Schedule of Instructional Time 53
Schedule of Financial Trends and Analysis 54
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 55
Combining Statements - Non-Major Governmental Funds
Combining Balance Sheet 56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 57
Notes to Supplementary Information 58

OTHER INFORMATION

Local Education Agency Organization Structure 59

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 60
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by the Uniform Guidance 62
Report on State Compliance and on Internal Control Over Compliance for State Programs 65

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results 69
Financial Statement Findings 70
Federal Award Findings and Questioned Costs 71
State Award Findings and Questioned Costs 72
Summary Schedule of Prior Audit Findings 74

FINANCIAL SECTION

(This page intentionally left blank)

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities the major fund, and the aggregate remaining fund information of the Barstow 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Barstow Unified School 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 Barstow Unified School 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.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Barstow Unified School 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 Barstow Unified School 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Barstow Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the Barstow Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Barstow Unified School 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 Barstow Unified School District's internal control over financial reporting and compliance.

Christy White, Inc

San Diego, California
December 16, 2024

BARSTOW UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

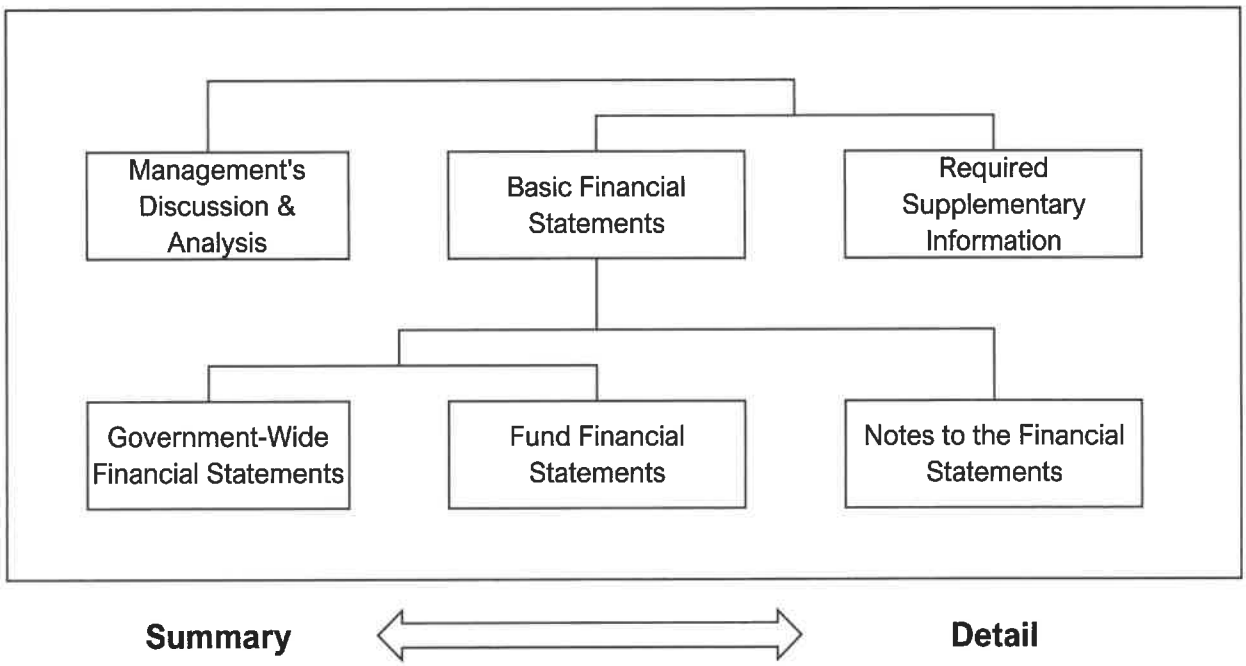
Our discussion and analysis of Barstow Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $106,656,497 at June 30, 2024. This was an increase of $31,173,264 from the prior year.
- Overall revenues were $140,457,835 which was more than expenses of $109,284,571.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $106,656,497 at June 30, 2024, as reflected in the table below. Of this amount, $6,700,482 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2024	2023	Net Change
ASSETS			
Current and other assets	$ 121,648,891	$ 97,323,447	$ 24,325,444
Capital assets	108,613,340	98,610,052	10,003,288
Total Assets	230,262,231	195,933,499	34,328,732
DEFERRED OUTFLOWS OF RESOURCES	26,027,761	21,571,997	4,455,764
LIABILITIES			
Current liabilities	16,446,760	14,215,820	2,230,940
Long-term liabilities	123,970,554	116,726,506	7,244,048
Total Liabilities	140,417,314	130,942,326	9,474,988
DEFERRED INFLOWS OF RESOURCES	9,216,181	11,079,937	(1,863,756)
NET POSITION			
Net investment in capital assets	51,335,213	45,489,115	5,846,098
Restricted	48,620,802	42,974,750	5,646,052
Unrestricted	6,700,482	(12,980,632)	19,681,114
Total Net Position	$ 106,656,497	$ 75,483,233	$ 31,173,264

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement, and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2024	2023	Net Change
REVENUES			
Program revenues			
Charges for services	$ 76,470	$ 285,489	$ (209,019)
Operating grants and contributions	46,519,304	41,229,299	5,290,005
Capital grants and contributions	718,217	41,229,299	(40,511,082)
General revenues			
Property taxes	10,206,112	9,795,148	410,964
Unrestricted federal and state aid	78,592,683	75,237,166	3,355,517
Other	4,345,049	2,040,986	2,304,063
Total Revenues	140,457,835	169,817,387	(29,359,552)
EXPENSES			
Instruction	59,470,179	48,531,286	10,938,893
Instruction-related services	12,738,451	9,425,408	3,313,043
Pupil services	14,666,021	10,834,721	3,831,300
General administration	9,315,000	7,138,785	2,176,215
Plant services	7,665,984	8,826,417	(1,160,433)
Ancillary and community services	362,511	699,064	(336,553)
Debt service	2,562,620	2,539,375	23,245
Other outgo	2,503,805	1,994,819	508,986
Total Expenses	109,284,571	89,989,875	19,294,696
Change in net position	31,173,264	79,827,512	(48,654,248)
Net Position - Beginning	75,483,233	36,709,514	38,773,719
Net Position - Ending	$ 106,656,497	$ 116,537,026	$ (9,880,529)

The cost of all our governmental activities this year was $109,284,571 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $10,206,112 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. 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.

	Net Cost of Services	
	2024	2023
Instruction	$ 23,605,723	$ 21,119,830
Instruction-related services	11,976,773	8,533,469
Pupil services	7,055,774	4,277,799
General administration	8,154,262	6,104,951
Plant services	7,553,384	3,523,639
Ancillary and community services	(14,250)	379,401
Debt service	1,135,109	2,539,375
Transfers to other agencies	2,503,805	1,821,117
Total	$ 61,970,580	$ 48,299,581

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $107,191,985, which is more than last year's ending fund balance of $85,011,316. The District's General Fund had $21,936,520 more in operating revenues than expenditures for the year ended June 30, 2024.

CURRENT YEAR BUDGET 2023-2024

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2023-2024 the District had invested $108,613,340 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2024	2023	Net Change
CAPITAL ASSETS			
Land	$ 3,073,792	$ 3,073,792	$ -
Construction in progress	7,100,766	12,351,076	(5,250,310)
Land improvements	8,267,082	7,030,637	1,236,445
Buildings & improvements	127,074,264	112,475,631	14,598,633
Furniture & equipment	10,151,930	7,894,720	2,257,210
Less: Accumulated depreciation	(47,054,494)	(44,215,804)	(2,838,690)
Total	$ 108,613,340	$ 98,610,052	$ 10,003,288

Long-Term Liabilities

At year-end, the District had $123,970,554 in long-term liabilities, an increase of 19.33% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2024	2023	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 44,825,058	$ 45,175,821	$ (350,763)
Total certificates of participation	14,190,660	14,522,486	(331,826)
Compensated absences	1,422,766	1,124,434	298,332
Net pension liability	64,913,564	57,185,259	7,728,305
Less: current portion of long-term liabilities	(1,381,494)	(1,281,494)	(100,000)
Total	$ 123,970,554	$ 116,726,506	$ 7,244,048

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic factors could impact California school district funding and the District's budget in the next fiscal year:

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to adjust fixed operating costs.

Revenue Uncertainties: Proposition 98 guarantees have improved over the 23-24 fiscal year, but the prior 22-23 revenues fell short of estimates, reducing the guarantee and resulting in the use of Proposition 98 reserves. California faced a significant budget deficit due to a severe revenue decline in 2022-23, driven mainly by lower income tax collections and economic downturns. However, recent tax forecasts show that actual revenues surpass projections. Surpluses could help fund more Proposition 98 revenue for school districts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2024. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2024-25 is 19.10 percent. The CalPERS projected employer contribution rate for 2024-25 is 27.05 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Economic Downturn: Higher borrowing costs and reduced investment have slowed economic activity, particularly affecting sectors like technology and startups, which are crucial to California's economy. The unemployment rate is up but might reverse with future jobs in the technology and aerospace industries.

Federal Reserve Actions: The Federal Reserve's interest rate hikes have increased borrowing costs, reducing investment and economic growth.

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. But performance in 2024 is overall positive.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2024-25 fiscal year budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official/Business Manager, at Barstow Unified School District, 551 South Avenue "H"; Barstow, California 92311.

BARSTOW UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 102,053,473
Accounts receivable	18,967,667
Inventory	514,281
Prepaid expenses	113,470
Capital assets, not depreciated	10,174,558
Capital assets, net of accumulated depreciation	98,438,782
Total Assets	230,262,231
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	25,958,137
Deferred amount on refunding	69,624
Total Deferred Outflows of Resources	26,027,761
LIABILITIES	
Accrued liabilities	14,153,371
Unearned revenue	911,895
Long-term liabilities, current portion	1,381,494
Long-term liabilities, non-current portion	123,970,554
Total Liabilities	140,417,314
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	9,216,181
Total Deferred Inflows of Resources	9,216,181
NET POSITION	
Net investment in capital assets	51,335,213
Restricted:	
Capital projects	10,011,642
Debt service	1,945,304
Educational programs	31,056,633
Food service	5,294,912
Associated student body	127,138
All others	185,173
Unrestricted	6,700,482
Total Net Position	$ 106,656,497

The accompanying notes are an integral part of these financial statements.

BARSTOW UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	$ 59,470,179	$ -	$ 35,146,239	$ 718,217	$ (23,605,723)
Instruction-related services					
Instructional supervision and administration	1,835,293	-	281,194	-	(1,554,099)
Instructional library, media, and technology	1,158,481	-	4,021	-	(1,154,460)
School site administration	9,744,677	-	476,463	-	(9,268,214)
Pupil services					
Home-to-school transportation	4,052,781	-	318,818	-	(3,733,963)
Food services	4,934,958	3,839	5,953,655	-	1,022,536
All other pupil services	5,678,282	6,412	1,327,523	-	(4,344,347)
General administration					
Centralized data processing	2,377,541	-	8,363	-	(2,369,178)
All other general administration	6,937,459	86	1,152,289	-	(5,785,084)
Plant services	7,665,984	-	112,600	-	(7,553,384)
Ancillary services	362,511	-	376,761	-	14,250
Interest on long-term debt	2,562,620	66,133	1,361,378	-	(1,135,109)
Other outgo	2,503,805	-	-	-	(2,503,805)
Total Governmental Activities	$ 109,284,571	$ 76,470	$ 46,519,304	$ 718,217	(61,970,580)

General revenues	
Taxes and subventions	
Property taxes, levied for general purposes	8,023,968
Property taxes, levied for debt service	2,148,877
Property taxes, levied for other specific purposes	33,267
Federal and state aid not restricted for specific purposes	78,592,683
Interest and investment earnings	3,663,221
Interagency revenues	25,209
Miscellaneous	656,619
Subtotal, General Revenue	93,143,844
CHANGE IN NET POSITION	31,173,264
Net Position - Beginning	75,483,233
Net Position - Ending	$ 106,656,497

The accompanying notes are an integral part of these financial statements.

BARSTOW UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 84,238,925	$ 17,814,548	$ 102,053,473
Accounts receivable	18,176,872	790,795	18,967,667
Due from other funds	320,375	2,000,000	2,320,375
Stores inventory	478,144	36,137	514,281
Prepaid expenditures	113,470	-	113,470
Total Assets	$ 103,327,786	$ 20,641,480	$ 123,969,266
LIABILITIES			
Accrued liabilities	$ 13,458,688	$ 86,323	$ 13,545,011
Due to other funds	2,000,000	320,375	2,320,375
Unearned revenue	911,895	-	911,895
Total Liabilities	16,370,583	406,698	16,777,281
FUND BALANCES			
Nonspendable	641,614	41,137	682,751
Restricted	30,106,468	20,186,141	50,292,609
Committed	52,798,410	-	52,798,410
Unassigned	3,410,711	7,504	3,418,215
Total Fund Balances	86,957,203	20,234,782	107,191,985
Total Liabilities and Fund Balances	$ 103,327,786	$ 20,641,480	$ 123,969,266

The accompanying notes are an integral part of these financial statements.

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance - Governmental Funds		$ 107,191,985
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 155,667,834	
Accumulated depreciation	(47,054,494)	108,613,340
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		69,624
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(608,360)
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 44,825,058	
Total certificates of participation	14,190,660	
Compensated absences	1,422,766	
Net pension liability	64,913,564	(125,352,048)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 25,958,137	
Deferred inflows of resources related to pensions	(9,216,181)	16,741,956
Total Net Position - Governmental Activities		$ 106,656,497

The accompanying notes are an integral part of these financial statements.

BARSTOW UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
LCFF sources	$ 84,174,882	$ -	$ 84,174,882
Federal sources	27,654,461	4,511,375	32,165,836
Other state sources	16,238,180	2,050,314	18,288,494
Other local sources	5,559,344	3,393,252	8,952,596
Total Revenues	133,626,867	9,954,941	143,581,808
EXPENDITURES			
Current			
Instruction	59,744,903	395,356	60,140,259
Instruction-related services			
Instructional supervision and administration	1,852,416	-	1,852,416
Instructional library, media, and technology	1,078,119	-	1,078,119
School site administration	9,495,036	58,101	9,553,137
Pupil services			
Home-to-school transportation	3,937,928	-	3,937,928
Food services	247,063	4,524,286	4,771,349
All other pupil services	5,746,861	-	5,746,861
General administration			
Centralized data processing	2,158,435	-	2,158,435
All other general administration	6,260,087	102,000	6,362,087
Plant services	10,524,839	516,247	11,041,086
Facilities acquisition and construction	8,117,693	560,701	8,678,394
Ancillary services	345	362,166	362,511
Transfers to other agencies	2,526,622	-	2,526,622
Debt service			
Principal	-	1,220,000	1,220,000
Interest and other	-	1,971,935	1,971,935
Total Expenditures	111,690,347	9,710,792	121,401,139
Excess (Deficiency) of Revenues Over Expenditures	21,936,520	244,149	22,180,669
Other Financing Sources (Uses)			
Transfers in	-	2,000,000	2,000,000
Transfers out	(2,000,000)	-	(2,000,000)
Net Financing Sources (Uses)	(2,000,000)	2,000,000	-
NET CHANGE IN FUND BALANCE	19,936,520	2,244,149	22,180,669
Fund Balance - Beginning	67,020,683	17,990,633	85,011,316
Fund Balance - Ending	$ 86,957,203	$ 20,234,782	$ 107,191,985

The accompanying notes are an integral part of these financial statements.

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Governmental Funds		$	22,180,669
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay:	$	12,841,978	
Depreciation expense:		(2,838,690)	10,003,288
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			1,220,000
Deferred amounts on refunding:			
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:			(44,292)
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			13,835
Accreted interest on long-term debt:			
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.			(604,520)

Continued on next page

The accompanying notes are an integral part of these financial statements.

Compensated absences:	
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:	(298,332)
Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	(1,364,493)
Amortization of debt issuance premium or discount:	
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:	67,109
Change in Net Position of Governmental Activities	$ 31,173,264

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Barstow Unified District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of 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 is self-financing or draws from the general revenues of the District.

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

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Non-Major Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (Education Code Section 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

County School Facilities Fund: This 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), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section* 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

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

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	20 to 50 years
Improvements	5 to 50 years
Equipment	2 to 15 years

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations 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 obligations of the funds.

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

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner, in which they were imposed, that is, by the same formal action of the Governing Board.

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

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

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

G. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has fully implemented this Statement as of June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has not yet determined the impact on the financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities
Investment in county treasury	$ 102,651,440
Fair value adjustment	(787,609)
Cash on hand and in banks	134,642
Cash in revolving fund	55,000
Total	$ 102,053,473

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; collateralized mortgage obligations; and the County Investment Pool.

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The San Bernardino County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of $101,863,831. The average weighted maturity for this pool is 724 days.

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

F. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2024 were as follows:

	Uncategorized
Investment in county treasury	$ 101,863,831
Total	$ 101,863,831

NOTE 3 – ACCOUNTS RECEIVABLES

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	16,090,616	$ 669,236	$ 16,759,852
State Government			
Apportionment	388,799	-	388,799
Categorical aid	674,144	18,744	692,888
Lottery	1,014,593	25,379	1,039,972
Local Government			
Other local sources	8,720	77,436	86,156
Total	$ 18,176,872	$ 790,795	$ 18,967,667

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,073,792	$ -	$ -	$ 3,073,792
Construction in progress	12,351,076	6,805,884	12,056,194	7,100,766
Total capital assets not being depreciated	15,424,868	6,805,884	12,056,194	10,174,558
Capital assets being depreciated				
Land improvements	7,030,637	1,236,445	-	8,267,082
Buildings & improvements	112,475,631	14,598,633	-	127,074,264
Furniture & equipment	7,894,720	2,257,210	-	10,151,930
Total capital assets being depreciated	127,400,988	18,092,288	-	145,493,276
Less: Accumulated depreciation				
Land improvements	5,673,932	231,946	-	5,905,878
Buildings & improvements	31,639,459	2,416,357	-	34,055,816
Furniture & equipment	6,902,413	190,387	-	7,092,800
Total accumulated depreciation	44,215,804	2,838,690	-	47,054,494
Total capital assets being depreciated, net	83,185,184	15,253,598	-	98,438,782
Governmental Activities Capital Assets, net	$ 98,610,052	$ 22,059,482	$ 12,056,194	$ 108,613,340

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instructional supervision and administration	$ 1,873,533
School site administration	198,709
Home-to-school transportation	113,548
Food services	56,776
All other pupil services	113,549
Centralized data processing	141,932
All other general administration	28,389
Plant services	312,254
Total	$ 2,838,690

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2024 were as follows:

	Due From Other Funds		
Due To Other Funds	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,000,000	$ 2,000,000
Non-Major Governmental Funds	320,375	-	320,375
Total	$ 320,375	$ 2,000,000	$ 2,320,375

Due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for COP payments.	$ 2,000,000
Due from the Adult Education Fund to the General Fund for payroll expenses.	8,558
Due from the Cafeteria Fund to the General Fund for food service expenses.	311,817
Total	$ 2,320,375

B. Operating Transfers

Interfund transfers for the year ended June 30, 2024 consisted of a $2,000,000 transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects for debt services payments related to the certificates of participation.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 consisted of the following:

	General Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	$ 1,250,948	$ 17,063	$ -	$ 1,268,011
Vendors payable	2,951,354	69,260	-	3,020,614
Unmatured interest	-	-	608,360	608,360
Due to grantor government	9,256,386	-	-	9,256,386
Total	$ 13,458,688	$ 86,323	$ 608,360	$ 14,153,371

NOTE 7 – UNEARNED REVENUE

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

	Governmental Activities
Federal sources	$ 618
State categorical sources	911,277
Total	$ 911,895

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term debt for the year ended June 30, 2024 consisted of the following:

	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 40,439,367	$ -	$ 90,000	$ 40,349,367	$ 140,000
Unamortized premium	1,291,454	-	50,283	1,241,171	44,668
Accreted interest	-	604,520	-	604,520	-
Subtotal general obligation bonds	41,730,821	604,520	140,283	42,195,058	184,668
Direct placement general obligation bonds	3,445,000	-	815,000	2,630,000	850,000
Total general obligation bonds	45,175,821	604,520	955,283	44,825,058	1,034,668
Certificates of participation	14,085,000	-	315,000	13,770,000	330,000
Unamortized premium	437,486	-	16,826	420,660	16,826
Total certificates of participation	14,522,486	-	331,826	14,190,660	346,826
Compensated absences	1,124,434	298,332	-	1,422,766	-
Net pension liability	57,185,259	7,728,305	-	64,913,564	-
Total	$ 118,008,000	$ 8,631,157	$ 1,287,109	$ 125,352,048	$ 1,381,494

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences and pension contributions are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for certificates of participation are made in the Special Reserve Fund for Capital Outlay Projects.

A. General Obligation Bonds

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2023	Additions	Deductions	Bonds Outstanding June 30, 2024
Election 2001, Series B	July 14, 2004	August 1, 2038	3.00% - 8.00%	$5,961,853	$ 6,843,546	$ 476,595	$ -	$ 7,320,141
Election 2016, Series A	September 27, 2017	August 1, 2047	3.375% - 5.00%	15,000,000	14,800,000	-	20,000	14,780,000
Election 2016, Series B	October 9, 2018	August 1, 2048	3.50% - 5.00%	12,995,505	13,296,979	116,678	70,000	13,343,657
Election 2016, Series C	April 20, 2022	August 1, 2050	5.00%	5,496,418	5,498,842	11,247	-	5,510,089
Direct placement:								
2011 Refunding	December 15, 2011	August 1, 2026	3.70%	5,275,000	1,895,000	-	450,000	1,445,000
2013 Refunding	May 17, 2013	August 1, 2026	2.50%	3,585,000	1,550,000	-	365,000	1,185,000
					$ 43,884,367	$ 604,520	$ 905,000	$ 43,583,887

Election 2001 General Obligation Bonds

In an election held on November 6, 2001, the voters authorized the District to issue $14,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of making necessary repairs, upgrades and to increase safety/security at Barstow High School. There is one remaining issuance under this election:

- Series B, which was issued on July 14, 2004, for $5,961,853 with interest rates ranging from 3.00-8.00 percent. The original issuance consisted of $4,020,000 in current interest serial bonds and $1,941,853 (accreting to $12,450,000) in capital appreciation serial bonds. At June 30, 2024, the principal outstanding is $7,320,141.

NOTE 8 – LONG-TERM LIABILITIES (continued)

2011 Refunding General Obligation Bond

On December 15, 2011, the District issued Series 2011 General Obligation Refunding Bonds for an aggregate amount of $5,275,000 and consists of current interest bonds bearing fixed interest rate of 3.70% with a maturity date of August 1, 2026. The net proceeds of $5,138,569 (after issuance costs of $136,431) were used to refund a portion of the District's Election 2001, Series 2002A general obligation bonds and to pay certain costs of issuance associated with the Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of $76,002 remain to be amortized. This advanced refunding was undertaken to reduce total debt service payments and resulted in an economic gain of $270,333. As of June 30, 2024, the principal balance on the defeased debt was paid in full and the principal balance on the refunding bonds amounted to $1,445,000.

2013 Refunding General Obligation Bond

On May 17, 2013, the District issued Series 2013 General Obligation Refunding Bonds for an aggregate amount of $3,585,000 and consists of current interest bonds bearing fixed interest rate of 2.50% with a maturity date of August 1, 2026. The net proceeds of $3,442,491 (after issuance costs of $142,509) were used to refund a portion of the District's Election 2001, Series B general obligation bonds and to pay certain costs of issuance associated with the Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred charges on refunding of $37,915 remain to be amortized. This advanced refunding was undertaken to reduce total debt service payments and results in an economic gain of $338,998. As of June 30, 2024, the principal balance on the defeased debt was paid in full and the principal balance on the refunding bonds amounted to $1,185,000.

Election 2016 General Obligation Bonds

In an election held on November 8, 2016, the voters authorized the District to issue $39,000,000 of principal amount of general obligation bonds. These bonds were issued for the repaid, upgrading, acquisition, construction and equipping of certain District property and facilities. There has been three issuance under this election:

- Series A, which was issued on September 27, 2017, for $15,000,000 with interest rates ranging from 3.375-5.00 percent. The original issuance consisted of $15,000,000 in current interest serial bonds. At June 30, 2024, the principal amount outstanding is $14,780,000.

- Series B, which was issued on October 9, 2018 for $12,995,505 with interest rates ranging from 3.50-5.00 percent. The original issuance consisted of $10,615,000 in current interest serial bonds and $2,474,495 in capital appreciation serial bonds. At June 30, 2024, the principal amount outstanding is $13,343,657.

- Series C, which was issues on April 20, 2022 for $5,496,418 with an interest rate of 5.00 percent. The original issuance consisted of $5,280,000 in current interest serial bonds and $216,418 in capital appreciation serial bonds. At June 30, 2024, the principal amount outstanding is $5,510,089.

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Debt Service Requirements to Maturity – Bonds

The bonds mature through 2051 as follows:

	General obligation bonds			Direct placement general obligation bonds		
Year Ended June 30,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 140,000	$ 1,266,221	$ 1,406,221	$ 850,000	$ 69,645	$ 919,645
2026	195,000	1,259,571	1,454,571	880,000	42,291	922,291
2027	250,000	1,249,496	1,499,496	900,000	14,190	914,190
2028	479,000	2,071,371	2,550,371	-	-	-
2029	531,630	2,066,366	2,597,996	-	-	-
2030 - 2034	3,240,848	10,791,032	14,031,880	-	-	-
2035 - 2039	5,662,178	10,435,628	16,097,806	-	-	-
2040 - 2044	7,284,201	5,565,384	12,849,585	-	-	-
2045 - 2049	12,995,918	2,533,007	15,528,925	-	-	-
2050 - 2051	4,220,000	205,125	4,425,125	-	-	-
Accretion	5,955,112	(5,955,112)	-	-	-	-
Total	$ 40,953,887	$ 31,488,089	$ 72,441,976	$ 2,630,000	$ 126,126	$ 2,756,126

C. Certificates of Participation

On December 4, 2018, the District issued Series A Certificates of Participation amounting to $15,205,000. Interest rates range from 3.25 to 5.00 percent, payable beginning June 1, 2019. The agreement is between the District and the Public Property Financing Corporation of California and the U.S. Bank National Association as trustee. At June 30, 2024, the principal outstanding was $13,770,000.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2024 were as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 330,000	$ 587,138	$ 917,138
2026	350,000	570,638	920,638
2027	365,000	553,138	918,138
2028	385,000	534,888	919,888
2029	400,000	515,638	915,638
2030 - 2034	2,275,000	2,313,563	4,588,563
2035 - 2039	2,835,000	1,756,150	4,591,150
2040 - 2044	3,495,000	1,097,400	4,592,400
2045 - 2049	3,335,000	340,200	3,675,200
Total	$ 13,770,000	$ 8,268,753	$ 22,038,753

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to $1,422,766. This amount is included as part of long-term liabilities in the government-wide financial statements.

E. Net Pension Liability

The District's beginning net pension liability was $57,185,259 and increased by $7,728,305 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was $64,913,564. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2024:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable			
Revolving cash	$ 50,000	$ 5,000	$ 55,000
Stores inventory	478,144	36,137	514,281
Prepaid expenditures	113,470	-	113,470
Total non-spendable	641,614	41,137	682,751
Restricted			
Educational programs	30,106,468	950,165	31,056,633
Food service	-	5,294,912	5,294,912
Associated student body	-	127,138	127,138
Capital projects	-	11,075,089	11,075,089
Debt service	-	2,553,664	2,553,664
All others	-	185,173	185,173
Total restricted	30,106,468	20,186,141	50,292,609
Committed			
Other commitments	52,798,410	-	52,798,410
Total committed	52,798,410	-	52,798,410
Unassigned	3,410,711	7,504	3,418,215
Total	$ 86,957,203	$ 20,234,782	$ 107,191,985

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance 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.

NOTE 10 – RISK MANAGEMENT

The District's risk management activities are recorded in the General Fund. The District participates in the Southern California Schools Risk Management (SCSRM) workers' compensation program and purchases liability insurance through the JPA. The District participates in Schools' Excess Liability Fund (SELF) public entity risk pool for the purchase of excess liability coverage and Self-Insurance Schools of California (SISC III) for medical, dental, and vision health care benefits.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	$ 37,370,254	$ 15,553,902	$ 4,203,067	$ 5,403,342
CalPERS Pension	27,543,310	10,404,235	5,013,114	5,962,871
Total	$ 64,913,564	$ 25,958,137	$ 9,216,181	$ 11,366,213

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2024, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $6,095,996 for the year ended June 30, 2024.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $2,863,952 to CalSTRS.

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

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

District's proportionate share of the net pension liability	$	37,370,254
State's proportionate share of the net pension liability associated with the District		17,905,463
Total	$	55,275,717

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to 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. At June 30, 2023, the District's proportion was 0.049 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2022.

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2024, the District recognized pension expense of $5,403,342. In addition, the District recognized pension expense and revenue of $(260,021) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 159,960
Differences between expected and actual experience	2,936,686	1,999,498
Changes in assumptions	216,387	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,304,833	2,043,609
District contributions subsequent to the measurement date	6,095,996	-
Total	$ 15,553,902	$ 4,203,067

The $6,095,996 reported as 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 year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	$ 2,008,683	$ 2,143,048
2026	1,661,402	2,800,552
2027	1,291,012	(2,200,891)
2028	1,170,490	931,576
2029	1,170,487	117,271
2030	2,155,832	411,511
Total	$ 9,457,906	$ 4,203,067

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2023 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, 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%
	100%	

*Real return is net of assumed 2.75% inflation.

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 62,685,618	$ 37,370,254	$ 16,342,893

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 8.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2024 was 26.68% of annual payroll. Contributions to the plan from the District were $3,905,724 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $24,571,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to 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. At June 30, 2023, the District's proportion was 0.076 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $5,862,871. 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
Differences between projected and actual earnings on plan investments	$ 2,942,019	$ -
Differences between expected and actual experience	1,005,133	423,025
Changes in assumptions	1,268,909	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,282,450	4,590,089
District contributions subsequent to the measurement date	3,905,724	-
Total	$ 10,404,235	$ 5,013,114

NOTE 11 – PENSION PLANS (continued)

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

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

The $3,905,724 reported as 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 year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	$ 1,581,022	$ 2,233,679
2026	1,282,163	561,683
2027	2,261,318	47,283
2028	1,374,008	2,170,469
Total	$ 6,498,511	$ 5,013,114

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.54%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate
The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	$ 39,820,506	$ 27,543,310	$ 17,396,486

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. 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.

C. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of $2,331,013.

NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2024, the deferred amount on refunding was $69,624.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2024, total deferred outflows related to pensions was $25,958,137.and total deferred inflows related to pensions was $9,216,181.

REQUIRED SUPPLEMENTARY INFORMATION

BARSTOW UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 84,920,281	$ 84,081,903	$ 84,174,882	$ 92,979
Federal sources	40,315,203	38,192,907	27,654,461	(10,538,446)
Other state sources	14,852,191	15,010,489	16,238,180	1,227,691
Other local sources	1,186,339	1,080,000	5,424,514	4,344,514
Total Revenues	141,274,014	138,365,299	133,492,037	(4,873,262)
EXPENDITURES				
Certificated salaries	32,657,957	34,086,565	34,822,850	(736,285)
Classified salaries	14,792,839	16,059,025	15,896,786	162,239
Employee benefits	22,293,671	22,065,543	22,119,917	(54,374)
Books and supplies	4,074,802	4,733,339	3,811,709	921,630
Services and other operating expenditures	28,782,347	31,119,622	22,437,156	8,682,466
Capital outlay	26,999,505	23,181,366	10,177,307	13,004,059
Other outgo				
Excluding transfers of indirect costs	2,151,666	2,305,511	2,526,622	(221,111)
Transfers of indirect costs	(70,000)	(70,000)	(102,000)	32,000
Total Expenditures	131,682,787	133,480,971	111,690,347	21,790,624
Excess (Deficiency) of Revenues Over Expenditures	9,591,227	4,884,328	21,801,690	16,917,362
Other Financing Sources (Uses)				
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Net Financing Sources (Uses)	(2,000,000)	(2,000,000)	(2,000,000)	-
NET CHANGE IN FUND BALANCE	7,591,227	2,884,328	19,801,690	16,917,362
Fund Balance - Beginning	53,116,180	64,460,391	64,460,391	-
Fund Balance - Ending	$ 60,707,407	$ 67,344,719	$ 84,262,081	$ 16,917,362

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying notes to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.049%	0.047%	0.048%	0.051%	0.050%	0.046%	0.043%	0.043%	0.043%	3.800%
District's proportionate share of the net pension liability	$ 37,370,254	$ 32,613,804	$ 21,959,476	$ 49,596,227	$ 45,086,742	$ 41,861,595	$ 39,308,642	$ 34,433,110	$ 28,641,906	$ 22,120,061
State's proportionate share of the net pension liability associated with the District	17,905,463	16,333,089	11,049,387	25,566,654	24,598,027	23,967,838	23,254,849	19,605,041	15,148,370	13,357,047
Total	$ 55,275,717	$ 48,946,893	$ 33,008,863	$ 75,162,881	$ 69,684,769	$ 65,829,433	$ 62,563,491	$ 54,038,151	$ 43,790,276	$ 35,477,108
District's covered payroll	$ 31,024,013	$ 28,709,099	$ 26,548,972	$ 28,380,912	$ 23,577,333	$ 24,360,513	$ 22,689,960	$ 21,317,064	$ 32,253,388	$ 16,857,758
District's proportionate share of the net pension liability as a percentage of its covered payroll	120.5%	113.6%	82.7%	174.8%	191.2%	171.8%	173.2%	161.5%	88.8%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	80.6%	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.076%	0.071%	0.077%	0.101%	0.077%	0.073%	0.067%	0.069%	0.069%	0.070%
District's proportionate share of the net pension liability	$ 27,543,310	$ 24,571,455	$ 15,644,643	$ 31,099,039	$ 22,586,517	$ 19,380,826	$ 16,017,798	$ 13,564,884	$ 10,229,139	$ 7,919,642
District's covered payroll	$ 14,420,448	$ 13,061,601	$ 11,032,155	$ 11,207,748	$ 10,216,879	$ 8,548,315	$ 8,252,891	$ 7,680,257	$ 7,323,230	$ 7,680,257
District's proportionate share of the net pension liability as a percentage of its covered payroll	191.0%	188.1%	141.8%	277.5%	221.1%	226.7%	194.1%	176.6%	139.7%	103.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 6,095,996	$ 5,581,358	$ 4,867,461	$ 4,287,659	$ 4,853,136	$ 4,478,288	$ 3,515,222	$ 2,854,397	$ 2,287,321	$ 1,743,770
Contributions in relation to the contractually required contribution*	(6,095,996)	(5,581,358)	(4,867,461)	(4,287,659)	(4,853,136)	(4,478,288)	(3,515,222)	(2,854,397)	(2,287,321)	(1,743,770)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 33,054,059	$ 31,024,013	$ 28,709,099	$ 26,548,972	$ 28,380,912	$ 23,577,333	$ 24,360,513	$ 22,689,960	$ 21,317,064	$ 32,253,388
Contributions as a percentage of covered payroll	18.44%	17.99%	16.95%	16.15%	17.10%	18.99%	14.43%	12.58%	10.73%	5.41%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 3,905,724	$ 3,360,600	$ 2,668,775	$ 2,283,656	$ 2,210,280	$ 1,946,470	$ 1,492,788	$ 1,187,190	$ 977,720	$ 904,043
Contributions in relation to the contractually required contribution*	(3,905,724)	(3,360,600)	(2,668,775)	(2,283,656)	(2,210,280)	(1,946,470)	(1,492,788)	(1,187,190)	(977,720)	(904,043)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 16,293,521	$ 14,420,448	$ 13,061,601	$ 11,032,155	$ 11,207,748	$ 10,216,879	$ 8,548,315	$ 8,252,891	$ 7,680,257	$ 7,323,230
Contributions as a percentage of covered payroll	23.97%	23.30%	20.43%	20.70%	19.72%	19.05%	17.46%	14.39%	12.73%	12.34%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS or CalPERS.

Changes in Assumptions

There were no change in economic assumptions since the previous valuations for CalSTRS or CalPERS.

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	$ 34,086,565	$ 34,822,850	$ 736,285
Employee benefits	$ 22,065,543	$ 22,119,917	$ 54,374
Other outgo			
Excluding transfers of indirect costs	$ 2,305,511	$ 2,526,622	$ 221,111

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,768,852
Comprehensive Support and Improvement for LEAs	84.010	15438	465,909
Subtotal Title I, Part A			4,234,761
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	898,201
Title III			
Title III, English Learner Student Program	84.365	14346	69,821
Title III, Immigrant Education Program	84.365	15146	4,676
Subtotal Title III			74,497
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	248,074
Title VI, Part B, Rural & Low Income School Program	84.358	14356	318,818
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,254,797
Subtotal Special Education Cluster			1,254,797
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	118,870
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	13,579,031
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	5,399,335
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	502,789
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	768,122
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	51,053
Subtotal Education Stabilization Fund Discretionary Grants			20,300,330
Total U. S. Department of Education			27,448,348
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	38,808
School Breakfast Program - Needy	10.553	13526	700,043
National School Lunch Program	10.555	13391	3,191,780
USDA Commodities	10.555	*	352,421
Summer Food Service Program for Children	10.559	13004	502
Meal Supplements	10.555	*	2,365
Subtotal Child Nutrition Cluster			4,285,919
Passed through California Department of Social Services:			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care	10.558	13393	41,128
Subtotal Child and Adult Care Food Program			41,128
Total U. S. Department of Agriculture			4,327,047
Total Federal Expenditures			$ 31,775,395

* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024

	Second Period Report	Revised Second Period Report*	Annual Report	Revised Annual Report*
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	1,971.45	1,971.45	1,979.54	1,979.54
Extended Year Special Education	37.38	37.38	37.38	37.38
Special Education - Nonpublic Schools	-	-	0.31	0.31
Extended Year Special Education - Nonpublic Schools	-	-	0.11	0.11
Total TK/K through Third	2,008.83	2,008.83	2,017.34	2,017.34
Fourth through Sixth				
Regular ADA	1,417.51	1,417.51	1,408.24	1,408.24
Extended Year Special Education	44.86	44.86	44.86	44.86
Special Education - Nonpublic Schools	4.06	4.06	4.23	4.23
Extended Year Special Education - Nonpublic Schools	0.22	0.22	0.44	0.44
Total Fourth through Sixth	1,466.65	1,466.65	1,457.77	1,457.77
Seventh through Eighth				
Regular ADA	804.96	804.96	806.40	806.40
Extended Year Special Education	6.98	6.98	6.98	6.98
Special Education - Nonpublic Schools	-	-	0.40	0.40
Total Seventh through Eighth	811.94	811.94	813.78	813.78
Ninth through Twelfth				
Regular ADA	1,427.30	1,427.20	1,413.84	1,413.76
Extended Year Special Education	4.65	4.65	4.65	4.65
Special Education - Nonpublic Schools	3.01	3.01	3.34	3.34
Community Day School	0.21	0.21	0.32	0.32
Total Ninth through Twelfth	1,435.17	1,435.07	1,422.15	1,422.07
TOTAL SCHOOL DISTRICT	5,722.59	5,722.49	5,711.04	5,710.96

*Revisions have not yet been submitted, see Finding #2024-001.

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024

Grade Level	Minutes Requirement	2023-24 Actual Minutes	Number of Days	Status
Kindergarten	180	Complied	180	Complied
Grade 1	180	Complied	180	Complied
Grade 2	180	Complied	180	Complied
Grade 3	180	Complied	180	Complied
Grade 4	180	Complied	180	Complied
Grade 5	180	Complied	180	Complied
Grade 6	180	Complied	180	Complied
Grade 7	180	Complied	180	Complied
Grade 8	180	Complied	180	Complied
Grade 9	180	Complied	180	Complied
Grade 10	180	Complied	180	Complied
Grade 11	180	Complied	180	Complied
Grade 12	180	Complied	180	Complied

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

	2025 (Budget)	2024	2023	2022
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 141,266,517	$ 133,492,037	$ 123,712,756	$ 91,207,556
Expenditures And Other Financing Uses	139,743,485	113,690,347	94,056,046	87,454,501
Net change in Fund Balance	$ 1,523,032	$ 19,801,690	$ 29,656,710	$ 3,753,055
Ending Fund Balance	$ 85,785,113	$ 84,262,081	$ 64,460,391	$ 34,803,682
Available Reserves*	$ 3,842,782	$ 3,410,711	$ 35,975,107	$ 22,511,828
Available Reserves As A Percentage Of Outgo	2.75%	3.00%	38.25%	25.74%
Long-term Liabilities	$ 123,970,554	$ 125,352,048	$ 118,008,000	$ 98,991,976
Average Daily Attendance At P-2	5,829	5,723	5,617	5,134

The General Fund balance has increased $49,458,399 over the past two years. The fiscal year 2024-**25** budget projects a further increase of $1,523,032. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2024-**25** fiscal year. Total long-term obligations have increased by $26,360,072 over the past two years.

Average daily attendance has increased by 589 ADA over the past two years. An increase of 106 in ADA is anticipated during the 2024-**25** fiscal year.

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

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve for Post-Employment Benefits Fund
June 30, 2024, annual financial and budget report fund balance	$ 84,262,081	$ 1,690,892	$ 1,004,230
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	2,695,122	(1,690,892)	(1,004,230)
Net adjustments and reclassifications	2,695,122	(1,690,892)	(1,004,230)
June 30, 2024, audited financial statement fund balance	$ 86,957,203	$ -	$ -

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS											
Cash and investments	$ 134,642	$ 963,108	$ 180	$ 5,014,616	$ 180,676	$ 1,052,952	$ 558,700	$ 1,644,197	$ 5,711,813	$ 2,553,664	$ 17,814,548
Accounts receivable	-	9,633	2	669,236	4,497	10,495	19,546	16,818	60,568	-	790,795
Due from other funds	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Stores inventory	-	-	-	36,137	-	-	-	-	-	-	36,137
Total Assets	$ 134,642	$ 972,741	$ 182	$ 5,719,989	$ 185,173	$ 1,063,447	$ 578,246	$ 1,661,015	$ 7,772,381	$ 2,553,664	$ 20,641,480
LIABILITIES											
Accrued liabilities	$ -	$ 14,200	$ -	$ 72,123	$ -	$ -	$ -	$ -	$ -	$ -	$ 86,323
Due to other funds	-	8,558	-	311,817	-	-	-	-	-	-	320,375
Total Liabilities	-	22,758	-	383,940	-	-	-	-	-	-	406,698
FUND BALANCES											
Non-spendable	-	-	-	41,137	-	-	-	-	-	-	41,137
Restricted	127,138	949,983	182	5,294,912	185,173	1,063,447	578,246	1,661,015	7,772,381	2,553,664	20,186,141
Unassigned	7,504	-	-	-	-	-	-	-	-	-	7,504
Total Fund Balances	134,642	949,983	182	5,336,049	185,173	1,063,447	578,246	1,661,015	7,772,381	2,553,664	20,234,782
Total Liabilities and Fund Balances	$ 134,642	$ 972,741	$ 182	$ 5,719,989	$ 185,173	$ 1,063,447	$ 578,246	$ 1,661,015	$ 7,772,381	$ 2,553,664	$ 20,641,480

See accompanying note to supplementary information.

BARSTOW UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES											
Federal sources	$ -	$ -	$ -	$ 4,511,375	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,511,375
Other state sources	-	419,059	-	975,845	-	-	-	640,320	-	15,090	2,050,314
Other local sources	376,761	52,951	9	182,866	46,126	57,344	98,204	77,897	261,959	2,239,135	3,393,252
Total Revenues	376,761	472,010	9	5,670,086	46,126	57,344	98,204	718,217	261,959	2,254,225	9,954,941
EXPENDITURES											
Current											
Instruction	-	395,356	-	-	-	-	-	-	-	-	395,356
Instruction-related services											
School site administration	-	58,101	-	-	-	-	-	-	-	-	58,101
Pupil services											
Food services	-	-	-	4,524,286	-	-	-	-	-	-	4,524,286
General administration											
All other general administration	-	-	-	102,000	-	-	-	-	-	-	102,000
Plant services	-	47,224	-	127	468,896	-	-	-	-	-	516,247
Facilities acquisition and construction	-	30,701	-	-	269,135	106,760	-	154,105	-	-	560,701
Ancillary services	362,166	-	-	-	-	-	-	-	-	-	362,166
Debt service											
Principal	-	-	-	-	-	-	-	-	315,000	905,000	1,220,000
Interest and other	-	-	-	-	-	-	-	-	602,886	1,369,049	1,971,935
Total Expenditures	362,166	531,382	-	4,626,413	738,031	106,760	-	154,105	917,886	2,274,049	9,710,792
Excess (Deficiency) of Revenues Over Expenditures	14,595	(59,372)	9	1,043,673	(691,905)	(49,416)	98,204	564,112	(655,927)	(19,824)	244,149
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Net Financing Sources (Uses)	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
NET CHANGE IN FUND BALANCE	14,595	(59,372)	9	1,043,673	(691,905)	(49,416)	98,204	564,112	1,344,073	(19,824)	2,244,149
Fund Balance - Beginning	120,047	1,009,355	173	4,292,376	877,078	1,112,863	480,042	1,096,903	6,428,308	2,573,488	17,990,633
Fund Balance - Ending	$ 134,642	$ 949,983	$ 182	$ 5,336,049	$ 185,173	$ 1,063,447	$ 578,246	$ 1,661,015	$ 7,772,381	$ 2,553,664	$ 20,234,782

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

(This page intentionally left blank)

OTHER INFORMATION

(This page intentionally left blank)

BARSTOW UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024

The Barstow Unified School District established in 1966 and consists of an area comprising approximately 1,740 square miles. The District operates six elementary schools, one junior high school, one STEM academy, one high school, one continuation high school, and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

Member	Office	Term Expires
Kris Okamuro	President	2026
Raymond Perea	Vice President	2026
Michael Watson	Clerk	2024
Julie Clemmer	Member	2024
Aaron Heldreth	Member	2026

DISTRICT ADMINISTRATORS

Deanna Swearingen
Superintendent

Douglas Beaton
Chief Business Officer/Business Manager

Scott Godfrey
Assistant Superintendent, Educational Services

Jorge Guttierez
Assistant Superintendent, Personnel Services

(This page intentionally left blank)

OTHER INDEPENDENT AUDITORS' REPORTS

(This page intentionally left blank)

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

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

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barstow Unified School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Barstow Unified School District's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Barstow Unified School 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 Barstow Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Barstow Unified School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barstow Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Purpose of this Report

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

Christy White, Inc

San Diego, California
December 16, 2024

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* 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 Barstow Unified School 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Barstow Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Auditor's Responsibilities for the Audit for 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 Barstow Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Barstow Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 Barstow Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Barstow Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Barstow Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Report on Internal Control Over Compliance (continued)

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.

Christy White, Inc

San Diego, California
December 16, 2024

(This page intentionally left blank)

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

Governing Board
Barstow Unified School District
Barstow, California

Report on State Compliance

Opinion on State Compliance

We have audited Barstow Unified School District's 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 Barstow Unified School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2024.

In our opinion, Barstow Unified School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2024.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Barstow Unified School 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. Our audit does not provide a legal determination of Barstow Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Barstow Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide 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 Barstow Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, 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 Barstow Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of Barstow Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Barstow Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Barstow Unified School District's compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	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
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2024-001 and #2024-002. Our opinion on state compliance is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc

San Diego, California
December 16, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BARSTOW UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	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:	

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
844.245, 84.425C, 84.425D, 84.425U	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 953,262
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2023-24 Guide for Annual Audits of California K-12 Local Education Agencies* ?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

BARSTOW UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2024.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2024.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2024-001: INDEPENDENT STUDY (10000)

Criteria: For attendance generated through independence study, all independent study written agreements must contain the required elements, including the following:

- The objectives and methods of study for the pupil's work, and the methods used to evaluate that work (Education Code Section 51747(g)(2)).
- The specific resources, including materials and personnel, that will be made available to the pupil. These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work (Education Code Section 51747(g)(3)).
- A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports (Education Code Section 51747(g)(7)).

Condition: Auditors determined that three (3) out of three independent study agreements did not contain all the required elements outlined in Education Code Section 51747(g)(2, 3, and 7). Therefore the total average daily attendance (ADA) credited, 0.10 and 0.08, in P2 and the Annual, respectively, is unallowable.

Effect: Loss of apportionment funding for days of attendance related to incomplete and deficient independent study contracts.

Cause: Administrative oversight.

Questioned Costs: $1,585, as calculated using the Second Period Report ADA column in the table below. The District's Second Period and Annual Attendance Reports have not been revised to reflect the Revised Second period and Revised Annual columns shown in the Schedule of Average Daily Attendance.

Grade Span	Second Period Report ADA (Over)/Under Statement	Annual report ADA (Over)/Under Statement	Derived Value of ADA	Questioned Cost
Grade 9-12	0.10	0.08	$15,851.91	$1,585.19

There is no question cost related to the error noted for the Annual Attendance Report since the District is not funded on Annual Attendance.

FINDING #2024-001: INDEPENDENT STUDY (10000) (continued)

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend that the District implement adequate procedures to ensure that independent study contracts are being filled with all the necessary information required by the Ed Code.

Corrective Action Plan: The District will follow the recommendation of updating the master agreements of the required language provided by Ed Code.

FINDING #2024-002: EXPANDED LEARNING OPPORTUNITIES PROGRAM (40000)

Criteria: Pursuant to Education Code Section 46120(b)(1)(A), LEAs must demonstrate that the program was offered on all individual school days and that no less than 9 hours (540 minutes) of combined instructional time, recess, lunch and Expanded Learning Opportunities Program (ELOP) were also offered.

Condition: Based on our review of the Expanded Learning Opportunities Program , it appears that it was not offered during the 2023-24 fiscal year.

Effect: The District was not in compliance with the related sections of Education Code.

Cause: Administrative oversight.

Questioned Costs: $6,910,496, the total amount of the entitlement.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the District review the program's requirements and work to implement a program that meets the related Education Code.

Corrective Action Plan: The District has since begun a program and is expecting to expand.

BARSTOW UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no findings or questioned costs for the year ended June 30, 2023.

CHRISTY WHITE

CHRISTY WHITE