HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2024

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Happy Valley Union Elementary School District
Anderson, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Happy Valley Union Elementary School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Happy Valley Union Elementary 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, each major fund, and the aggregate remaining fund information of the Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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.

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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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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, schedule of changes in total OPEB liability and related ratios, 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 Happy Valley Union Elementary 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 November 18, 2024 on our consideration of the Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
November 18, 2024

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

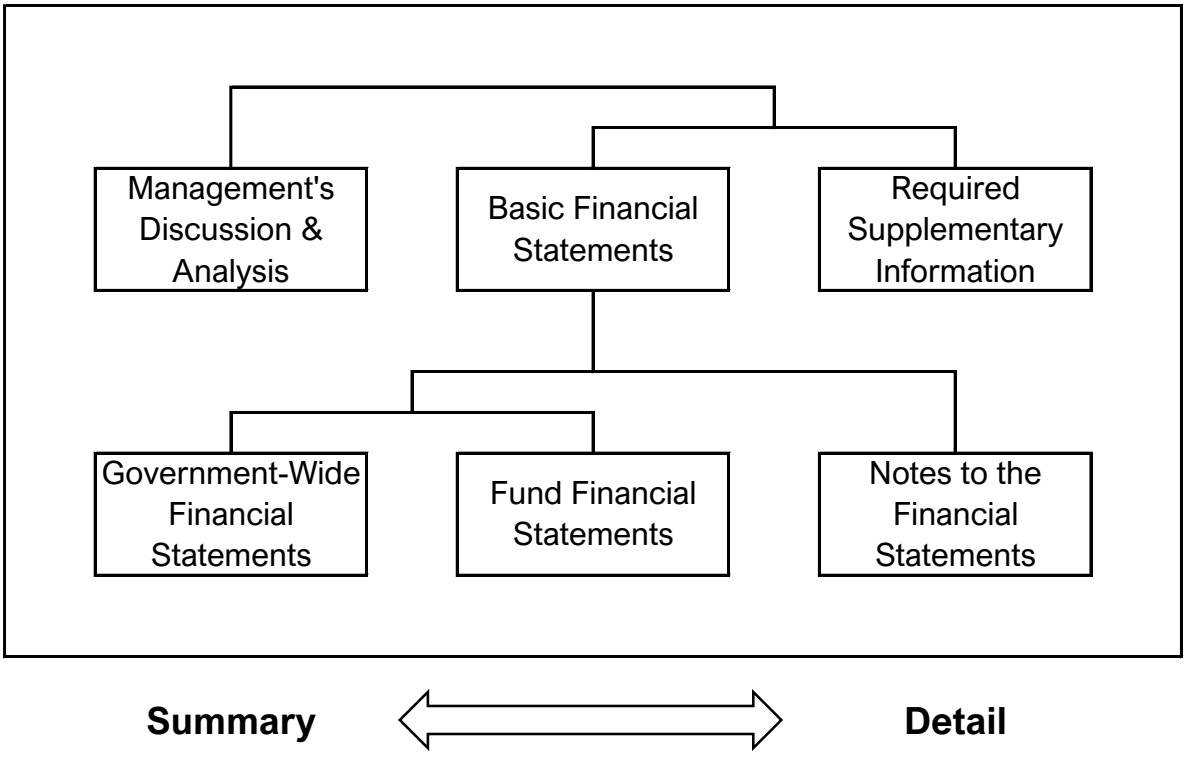
Our discussion and analysis of Happy Valley Union Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow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

FINANCIAL HIGHLIGHTS

- The District's net position was $4,246,215 at June 30, 2024. This was an increase of $1,452,185 from the prior year, after restatement.
- Overall revenues were $10,817,518, which exceeded expenses of $9,365,333.

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 $4,246,215 at June 30, 2024, as reflected in the table below. Of this amount, $(2,039,340) 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	$ 6,659,941	$ 6,201,565	$ 458,376
Capital assets	8,747,205	7,998,318	748,887
Total Assets	15,407,146	14,199,883	1,207,263
DEFERRED OUTFLOWS OF RESOURCES	2,055,091	1,906,378	148,713
LIABILITIES			
Current liabilities	1,104,562	737,074	367,488
Long-term liabilities	11,194,855	11,530,804	(335,949)
Total Liabilities	12,299,417	12,267,878	31,539
DEFERRED INFLOWS OF RESOURCES	916,605	1,061,141	(144,536)
NET POSITION			
Net investment in capital assets	2,866,077	3,286,306	(420,229)
Restricted	3,419,478	2,782,371	637,107
Unrestricted	(2,039,340)	(3,291,435)	1,252,095
Total Net Position	$ 4,246,215	$ 2,777,242	$ 1,468,973

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	$ 143,203	$ 31,972	$ 111,231
Operating grants and contributions	3,564,803	4,042,934	(478,131)
General revenues			
Property taxes	1,382,377	1,344,118	38,259
Unrestricted federal and state aid	5,406,044	4,844,158	561,886
Other	321,091	84,483	236,608
Total Revenues	10,817,518	10,347,665	469,853
EXPENSES			
Instruction	4,840,101	3,839,169	1,000,932
Instruction-related services	891,743	732,012	159,731
Pupil services	1,267,369	1,079,300	188,069
General administration	621,970	501,399	120,571
Plant services	778,776	873,111	(94,335)
Ancillary and community services	173,166	76,320	96,846
Debt service	327,864	263,652	64,212
Other outgo	49,722	17,656	32,066
Depreciation and amortization	414,622	379,905	34,717
Total Expenses	9,365,333	7,762,524	1,602,809
Change in net position	1,452,185	2,585,141	(1,132,956)
Net Position - Beginning, as Restated*	2,794,030	192,101	2,601,929
Net Position - Ending	$ 4,246,215	$ 2,777,242	$ 1,468,973

**Beginning net position was restated for the 2024 year only.*

The cost of all our governmental activities this year was $9,365,533. The amount that our taxpayers ultimately financed for these activities through taxes was only $1,382,377 because a portion of 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	$ 2,228,683	$ 1,177,001
Instruction-related services	854,818	640,168
Pupil services	541,182	(1,854)
General administration	556,628	417,024
Plant services	745,950	866,376
Ancillary and community services	(48,630)	(65,550)
Debt service	327,864	263,652
Transfers to other agencies	36,210	10,896
Depreciation and amortization	389,490	379,905
Total	$ 5,632,195	$ 3,687,618

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 $5,929,035, which is more than last year's ending fund balance of $5,512,439. The District's General Fund had $376,925 less in operating revenues than expenditures for the year ended June 30, 2024. The District's County School Facilities Fund had $680,349 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 $8,747,205 in capital assets, net of accumulated depreciation and amortization.

	Governmental Activities		
	2024	2023	Net Change
CAPITAL ASSETS			
Land	$ 5,180	$ 5,180	$ -
Construction in progress	175,112	440,206	(265,094)
Land improvements	915,867	642,134	273,733
Buildings & improvements	12,218,005	12,218,005	-
Furniture & equipment	2,750,557	1,595,687	1,154,870
Less: accumulated depreciation	(7,367,514)	(6,965,458)	(402,056)
Lease assets - furniture & equipment	73,326	73,326	-
Less: accumulated amortization	(23,328)	(10,762)	(12,566)
Total	$ 8,747,205	$ 7,998,318	$ 748,887

Long-Term Liabilities

At year-end, the District had $11,194,855 in long-term liabilities. This was an increase of 0.77% 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	$ 4,818,108	$ 4,915,905	$ (97,797)
Financed purchases	1,011,000	1,112,391	(101,391)
Leases	52,060	64,626	(12,566)
Compensated absences	49,800	66,162	(16,362)
Total OPEB liability	278,743	264,666	14,077
Net pension liability	5,314,003	5,090,266	223,737
Less: current portion of long-term liabilities	(328,859)	(404,957)	76,098
Total	$ 11,194,855	$ 11,109,059	$ 85,796

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 2023-24 fiscal year, but the prior 2022-23 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.

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. Overall, market performance in 2024 is trending in a positive direction.

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 Superintendent at 17480 Palm Avenue, Anderson, California, 96007.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 6,123,125
Accounts receivable	523,868
Inventory	3,270
Prepaid expenses	9,678
Capital assets:	
Capital assets, not depreciated	180,292
Capital assets, net of accumulated depreciation	8,516,915
Lease assets, net of accumulated amortization	49,998
Total Assets	15,407,146
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,998,427
Deferred outflows related to OPEB	56,664
Total Deferred Outflows of Resources	2,055,091
LIABILITIES	
Accrued liabilities	724,220
Unearned revenue	51,483
Long-term liabilities, current portion	328,859
Long-term liabilities, non-current portion	11,194,855
Total Liabilities	12,299,417
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	784,930
Deferred inflows related to OPEB	131,675
Total Deferred Inflows of Resources	916,605
NET POSITION	
Net investment in capital assets	2,866,077
Restricted:	
Capital projects	881,560
Debt service	403,865
Educational programs	1,917,977
Food service	192,200
Associated student body	23,876
Unrestricted	(2,039,340)
Total Net Position	$ 4,246,215

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

HAPPY VALLEY UNION ELEMENTARY 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	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 4,840,101	$ 721	$ 2,610,697	$ (2,228,683)
Instruction-related services				
Instructional supervision and administration	74,341	-	25,869	(48,472)
Instructional library, media, and technology	79,134	-	-	(79,134)
School site administration	738,268	-	11,056	(727,212)
Pupil services				
Home-to-school transportation	378,116	-	44,801	(333,315)
Food services	455,581	-	510,513	54,932
All other pupil services	433,672	12,708	158,165	(262,799)
General administration				
Centralized data processing	8,507	-	-	(8,507)
All other general administration	613,463	8,680	56,662	(548,121)
Plant services	778,776	-	32,826	(745,950)
Ancillary services	90,492	-	62,388	(28,104)
Community services	82,674	121,094	38,314	76,734
Interest on long-term debt	327,864	-	-	(327,864)
Other outgo	49,722	-	13,512	(36,210)
Depreciation (unallocated)	402,056	-	-	(402,056)
Amortization (unallocated)	12,566	-	-	(12,566)
Total Governmental Activities	$ 9,365,333	$ 143,203	$ 3,564,803	(5,657,327)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				990,059
Property taxes, levied for debt service				392,318
Federal and state aid not restricted for specific purposes				5,406,044
Interest and investment earnings				236,737
Interagency revenues				1,172
Miscellaneous				83,182
Subtotal, General Revenue				7,109,512
CHANGE IN NET POSITION				1,452,185
Net Position - Beginning, as Restated				2,794,030
Net Position - Ending				$ 4,246,215

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

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 4,661,949	$ 685,580	$ 775,596	$ 6,123,125
Accounts receivable	430,847	-	93,021	523,868
Stores inventory	-	-	3,270	3,270
Prepaid expenditures	9,678	-	-	9,678
Total Assets	$ 5,102,474	$ 685,580	$ 871,887	$ 6,659,941
LIABILITIES				
Accrued liabilities	$ 671,584	$ 5,231	$ 2,608	$ 679,423
Unearned revenue	51,483	-	-	51,483
Total Liabilities	723,067	5,231	2,608	730,906
FUND BALANCES				
Nonspendable	12,178	-	3,270	15,448
Restricted	1,917,977	680,349	865,989	3,464,315
Assigned	1,791,060	-	20	1,791,080
Unassigned	658,192	-	-	658,192
Total Fund Balances	4,379,407	680,349	869,279	5,929,035
Total Liabilities and Fund Balances	$ 5,102,474	$ 685,580	$ 871,887	$ 6,659,941

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

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance - Governmental Funds		$ 5,929,035
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, lease assets, accumulated depreciation and accumulated amortization:		
Capital assets	$ 16,064,721	
Lease assets	73,326	
Accumulated depreciation	(7,367,514)	
Accumulated amortization (lease assets)	(23,328)	8,747,205
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:		(44,797)
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	$ 4,818,108	
Financed purchases	1,011,000	
Leases	52,060	
Compensated absences	49,800	
Total OPEB liability	278,743	
Net pension liability	5,314,003	(11,523,714)
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	$ 1,998,427	
Deferred inflows of resources related to pensions	(784,930)	1,213,497
Deferred outflows and inflows of resources relating to OPEB:		
In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	$ 56,664	
Deferred inflows of resources related to OPEB	(131,675)	(75,011)
Total Net Position - Governmental Activities		$ 4,246,215

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

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 6,261,466	$ -	$ -	$ 6,261,466
Federal sources	919,054	-	297,532	1,216,586
Other state sources	1,146,346	799,150	209,862	2,155,358
Other local sources	913,123	(55)	465,254	1,378,322
Total Revenues	9,239,989	799,095	972,648	11,011,732
EXPENDITURES				
Current				
Instruction	5,079,564	-	-	5,079,564
Instruction-related services				
Instructional supervision and administration	74,695	-	-	74,695
Instructional library, media, and technology	78,276	-	-	78,276
School site administration	773,861	-	-	773,861
Pupil services				
Home-to-school transportation	436,324	-	-	436,324
Food services	30,364	-	423,049	453,413
All other pupil services	436,503	-	-	436,503
General administration				
Centralized data processing	8,507	-	-	8,507
All other general administration	607,111	-	10,209	617,320
Plant services	882,486	-	249	882,735
Facilities acquisition and construction	802,743	118,746	-	921,489
Ancillary services	37,514	-	55,119	92,633
Community services	147,325	-	-	147,325
Transfers to other agencies	49,722	-	-	49,722
Debt service				
Principal	113,957	-	152,776	266,733
Interest and other	57,962	-	218,074	276,036
Total Expenditures	9,616,914	118,746	859,476	10,595,136
Excess (Deficiency) of Revenues Over Expenditures	(376,925)	680,349	113,172	416,596
Other Financing Sources (Uses)				
Transfers in	-	-	885	885
Transfers out	(885)	-	-	(885)
Net Financing Sources (Uses)	(885)	-	885	-
NET CHANGE IN FUND BALANCE	(377,810)	680,349	114,057	416,596
Fund Balance - Beginning	4,757,217	-	755,222	5,512,439
Fund Balance - Ending	$ 4,379,407	$ 680,349	$ 869,279	$ 5,929,035

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

HAPPY VALLEY UNION ELEMENTARY 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		$ 416,596
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, including lease assets, are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, including lease assets, are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:		
Expenditures for capital outlay:	$ 1,163,509	
Depreciation expense:	(402,056)	
Amortization expense (lease assets):	(12,566)	748,887
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:		266,733
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:		3,151
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.		(59,068)
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:		16,362
Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(9,213)

(continued on the following page)

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2024

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:		64,648
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:		4,089
Change in Net Position of Governmental Activities	$	1,452,185

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Happy Valley Union Elementary School 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-8 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 or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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.

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.).

Non-Major Governmental Funds

Special Revenue 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.

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 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).

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.

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).

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)

C. 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 reimbursement 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. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

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

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.

Included in capital assets are right to use lease assets as a result of implementing GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

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

Asset Class	Estimated Useful Life
Buildings	20 – 50 years
Improvements and Infrastructure	5 – 50 years
Equipment	2 – 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.

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 – June 30, 2024

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

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.

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)

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, lease receivables (net of related deferred inflows), 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.

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.

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)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

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.

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	$ 6,153,735
Fair value adjustment	(56,986)
Cash on hand and in banks	23,876
Cash in revolving fund	2,500
Total	$ 6,123,125

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Shasta 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

NOTE 2 – CASH AND INVESTMENTS (continued)

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 $6,096,749. The average weighted maturity for this pool is 613 days.

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 Shasta 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 measurement of $6,096,749 in the county treasury at June 30, 2024 is classified as uncategorized.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal Government			
Categorical aid	$ 143,031	$ 56,765	$ 199,796
State Government			
Apportionment	7,577	-	7,577
Categorical aid	91,978	33,170	125,148
Lottery	72,727	-	72,727
Local Government			
Other local sources	115,534	3,086	118,620
Total	$ 430,847	$ 93,021	$ 523,868

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	$ 5,180	$ -	$ -	$ 5,180
Construction in progress	440,206	118,746	383,840	175,112
Total capital assets not being depreciated	445,386	118,746	383,840	180,292
Capital assets being depreciated				
Land improvements	642,134	273,733	-	915,867
Buildings & improvements	12,218,005	-	-	12,218,005
Furniture & equipment	1,595,687	1,154,870	-	2,750,557
Total capital assets being depreciated	14,455,826	1,428,603	-	15,884,429
Less: Accumulated depreciation				
Land improvements	448,976	28,946	-	477,922
Buildings & improvements	5,238,533	238,049	-	5,476,582
Furniture & equipment	1,277,949	135,061	-	1,413,010
Total accumulated depreciation	6,965,458	402,056	-	7,367,514
Total capital assets being depreciated, net	7,490,368	1,026,547	-	8,516,915
Lease assets being amortized				
Furniture & equipment	73,326	-	-	73,326
Total lease assets being amortized	73,326	-	-	73,326
Less: Accumulated amortization for lease assets				
Furniture & equipment	10,762	12,566	-	23,328
Total accumulated amortization for lease assets	10,762	12,566	-	23,328
Total lease assets being amortized, net	62,564	(12,566)	-	49,998
Governmental Activities				
Capital Assets, net	$ 7,998,318	$ 1,132,727	$ 383,840	$ 8,747,205

NOTE 5 – ACCRUED LIABILITIES

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

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	$ 55,488	$ -	$ -	$ -	$ 55,488
Construction	-	5,231	-	-	5,231
Vendors payable	611,179	-	2,608	-	613,787
Due to grantor government	4,917	-	-	-	4,917
Unmatured interest	-	-	-	44,797	44,797
Total	$ 671,584	$ 5,231	$ 2,608	$ 44,797	$ 724,220

NOTE 6 – UNEARNED REVENUE

Unearned revenue at June 30, 2024 consisted of $51,483 in federal sources in the General Fund.

NOTE 7 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 4,774,910	$ 186,292	$ 280,000	$ 4,681,202	$ 300,000
Unamortized premium	140,995	-	4,089	136,906	4,089
Total general obligation bonds	4,915,905	186,292	284,089	4,818,108	304,089
Financed purchases	1,112,391	-	101,391	1,011,000	11,000
Leases	64,626	-	12,566	52,060	13,770
Compensated absences	66,162	-	16,362	49,800	-
Total OPEB liability	264,666	14,077	-	278,743	-
Net pension liability	5,090,266	223,737	-	5,314,003	-
Total	$ 11,514,016	$ 424,106	$ 414,408	$ 11,523,714	$ 328,859

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for leases are made in the General Fund.
- Payments for financed purchases are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

NOTE 7 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The following schedule summarizes the District's outstanding general obligation bonds as of June 30, 2024:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2023	Additions	Deductions	Bonds Outstanding June 30, 2024
2008 Series A	6/2/2009	8/1/2033	5.45% - 8.00%	$ 1,996,812	$ 2,469,910	$ 186,292	$ 235,000	$ 2,421,202
2014 Series A	9/10/2014	8/1/2039	2.00% - 5.25%	2,490,000	2,305,000	-	45,000	2,260,000
Total					$ 4,774,910	$ 186,292	$ 280,000	$ 4,681,202

The annual requirements to amortize the District's general obligation bonds as of June 30, 2024 were as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 156,455	$ 232,545	$ 389,000
2026	164,508	248,111	412,619
2027	167,351	263,587	430,938
2028	175,094	278,825	453,919
2029	184,033	297,433	481,466
2030 - 2034	1,088,823	1,769,723	2,858,546
2035 - 2039	1,030,000	204,119	1,234,119
2040	275,000	7,219	282,219
Accretion	1,439,938	(1,439,938)	-
Total	$ 4,681,202	$ 1,861,624	$ 6,542,826

B. Financed Purchases

The District entered into agreements to finance a purchase of buses and a bus barn to house the buses, as well as an energy efficiency agreement (private placement debt). The final payments on the buses and bus barn were made during the year ended June 30, 2024. The District's remaining liability on the energy efficiency agreement is summarized below:

Year Ended June 30,	Principal	Interest	Total
2025	$ 11,000	$ 40,340	$ 51,340
2026	14,000	39,860	53,860
2027	19,000	39,240	58,240
2028	23,000	38,440	61,440
2029	45,000	37,460	82,460
2030 - 2034	323,000	151,280	474,280
2035 - 2039	333,000	85,440	418,440
2040 - 2043	243,000	19,620	262,620
Total	$ 1,011,000	$ 451,680	$ 1,462,680

NOTE 7 – LONG-TERM LIABILITIES (continued)

C. Leases

The District entered into various agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The District has used estimated interest rates for borrowing ranging from 3.50% to 9.60%, which were used to discount the annual lease payments to recognize the intangible right to use of this asset and the lease liability as of the inception of the lease. Per the agreements, monthly lease payments may be adjusted based on usage of the equipment in excess of originally contracted amounts. The leases are not renewable and the District will not acquire the equipment at the end of the lease term. Annual requirements to amortize lease obligations and related interest are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 13,770	$ 4,357	$ 18,127
2026	14,375	3,043	17,418
2027	15,559	162	15,721
2028	8,356	236	8,592
Total	$ 52,060	$ 7,798	$ 59,858

D. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to $49,800. This amount is included as part of long-term liabilities in the government-wide financial statements.

E. Other Postemployment Benefits

The District's restated beginning total OPEB liability was $264,666 and increased by $14,077 during the year ended June 30, 2024. The ending total OPEB liability at June 30, 2024 was $278,743. See Note 9 for additional information regarding the total OPEB liability.

F. Net Pension Liability

The District's beginning net pension liability was $5,090,266 and increased by $223,737 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was $5,314,003. See Note 10 for additional information regarding the net pension liability.

NOTE 8 – FUND BALANCES

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

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 2,500	$ -	$ -	$ 2,500
Stores inventory	-	-	3,270	3,270
Prepaid expenditures	9,678	-	-	9,678
Total non-spendable	12,178	-	3,270	15,448
Restricted				
Educational programs	1,917,977	-	-	1,917,977
Food service	-	-	192,200	192,200
Associated student body	-	-	23,876	23,876
Capital projects	-	680,349	201,251	881,600
Debt service	-	-	448,662	448,662
Total restricted	1,917,977	680,349	865,989	3,464,315
Assigned				
District economic uncertainty	720,981	-	-	720,981
LCAP carryover	577,395	-	-	577,395
Deferred maintenance	250,468	-	-	250,468
Special reserve	175,886	-	-	175,886
Other assignments	66,330	-	20	66,350
Total assigned	1,791,060	-	20	1,791,080
Unassigned	658,192	-	-	658,192
Total	$ 4,379,407	$ 680,349	$ 869,279	$ 5,929,035

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 four percent of General Fund expenditures and other financing uses.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Happy Valley Union Elementary School District's defined benefit OPEB plan, Happy Valley Union Elementary School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	Certificated	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65*	To age 65	To age 65
Required Service	10 years	10 years	10 years
Minimum Age	55	60	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100% to District cap	100% to District cap	100% to District cap
District Cap**	Varies ***	$100/month plus an additional $20 per month for each year after age 60	$700/month

* There is one retiree in the census data who receives a District contribution until age 69.

** Benefits are frozen in the year of retirement and end at age 65.

*** The annual District contribution cap is based on the following formula: (1) Divide active cap in year of retirement by 12; (2) Subtract $300; (3)Divide by 9; (4) Multiply by age at retirement less 55; (5) Add $300; (6) Multiply by 12. This formula has the effect of reproducing the entire active cap for retirement at age 64, with reduced amounts for earlier retirement ages. The active cap as of the valuation date is $11,600 per year.

C. Contributions

For the measurement period, the District contributed $17,795 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	3
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	44
Total number of participants**	47

*Information not provided

**As of the June 30, 2023 valuation date

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Happy Valley Union Elementary School District's total OPEB liability of $278,743 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Economic assumptions:	
Inflation	2.50%
Salary increases	2.75%
Discount rate	3.93%
Healthcare cost trend rate	4.00%
Non-economic assumptions:	
Mortality:	
Certificated	2020 CalSTRS Mortality
Classified	2021 CalPERS Active Mortality for Miscellaneous and Schools Employees
Retirement rates:	
Certificated	2020 CalSTRS Retirement Rates Tables
Classified	2021 CalPERS Retirement Rates for School Employees Tables
Management	2021 CalPERS Retirement Rates for School Employees Tables

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed 21 years.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Total OPEB Liability

	June 30, 2024
Total OPEB Liability	
Service cost	$ 27,300
Interest on total OPEB liability	9,834
Changes of assumptions	(5,262)
Benefits payments	(17,795)
Net change in total OPEB liability	14,077
Total OPEB liability - beginning	264,666
Total OPEB liability - ending	$ 278,743

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

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

	1% Decrease (2.93%)	Valuation Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 296,500	$ 278,743	$ 263,057

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

The following presents the total OPEB liability of the Happy Valley Union Elementary School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 248,584	$ 278,743	$ 314,002

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

For the year ended June 30, 2024, the Happy Valley Union Elementary School District recognized OPEB expense of $27,008. At June 30, 2024, the Happy Valley Union Elementary School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 44,847	$ 83,139
Changes in assumptions	11,817	48,536
Total	$ 56,664	$ 131,675

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	$ 8,766	$ 18,892
2026	8,766	18,889
2027	8,766	17,517
2028	8,042	15,988
2029	5,703	10,380
Thereafter	16,621	50,009
Total	$ 56,664	$ 131,675

NOTE 10 – 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	$ 2,323,333	$ 687,306	$ 739,142	$ 220,303
CalPERS Pension	2,990,670	1,311,121	45,788	532,964
Total	$ 5,314,003	$ 1,998,427	$ 784,930	$ 753,267

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 10 – 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 $357,177 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 $178,048 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	$	2,323,333
State's proportionate share of the net pension liability associated with the District		1,113,194
Total	$	3,436,527

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 0.0031 percent, which was a decrease of 0.0003 percent from its proportion measured as of June 30, 2022.

NOTE 10 – 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 $220,303. In addition, the District recognized pension expense and revenue of $(16,166) 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	$ -	$ 9,945
Differences between expected and actual experience	182,576	124,310
Changes in assumptions	13,453	-
Changes in proportion and differences between District contributions and proportionate share of contributions	134,100	604,887
District contributions subsequent to the measurement date	357,177	-
Total	$ 687,306	$ 739,142

The $357,177 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	$ 90,394	$ 230,232
2026	91,611	271,039
2027	56,838	(39,905)
2028	29,501	154,842
2029	31,434	89,012
2030	30,351	33,922
Total	$ 330,129	$ 739,142

NOTE 10 – 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, 2015 through June 30, 2018.

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 10 – 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	$ 3,897,206	$ 2,323,333	$ 1,016,048

Pension Plan Fiduciary Net Position

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

NOTE 10 – PENSION PLANS (continued)

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.

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 $460,738 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 $2,990,670 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 0.0083 percent, which was an increase of 0.0004 percent from its proportion measured as of June 30, 2022.

NOTE 10 – 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)

For the year ended June 30, 2024, the District recognized pension expense of $532,964. 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	$ 319,446	$ -
Differences between expected and actual experience	109,138	45,788
Changes in assumptions	137,779	-
Changes in proportion and differences between District contributions and proportionate share of contributions	284,020	-
District contributions subsequent to the measurement date	460,738	-
Total	$ 1,311,121	$ 45,788

The $460,738 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	$ 323,487	$ 24,580
2026	223,172	21,208
2027	293,783	-
2028	9,941	-
Total	$ 850,383	$ 45,788

NOTE 10 – PENSION PLANS (continued)

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

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 10 – 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	$ 4,323,736	$ 2,990,670	$ 1,888,922

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 11 – 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 $116,386.

NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Northern California Schools Insurance Group (NCSIG), Shasta-Trinity Schools Insurance Group (STSIG), and California Valued Trust (CVT) public entity risk pools. The District pays premium to the entities for its property and liability, workers' compensation, and employee medical benefits coverage, respectively. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

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

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. 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 10. At June 30, 2024, total deferred outflows related to pensions was $1,998,427 and total deferred inflows related to pensions was $784,930.

B. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2024, total deferred outflows related to other postemployment benefits was $56,664 and total deferred inflows related to other postemployment benefits was $131,675.

NOTE 14 – RESTATEMENT OF NET POSITION

The beginning net position for Governmental Activities was restated to accurately reflect the substance of the underlying transactions that occurred in the prior year. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 2,777,242
Restatement	16,788
Net Position - Beginning, as Restated	$ 2,794,030

REQUIRED SUPPLEMENTARY INFORMATION

HAPPY VALLEY UNION ELEMENTARY 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	$ 6,034,858	$ 6,209,966	$ 6,261,466	$ 51,500
Federal sources	714,213	936,893	919,054	(17,839)
Other state sources	994,678	910,022	1,146,346	236,324
Other local sources	435,122	595,504	1,135,455	539,951
Total Revenues	8,178,871	8,652,385	9,462,321	809,936
EXPENDITURES				
Certificated salaries	2,584,757	2,622,073	2,509,736	112,337
Classified salaries	1,362,492	1,421,554	1,396,931	24,623
Employee benefits	1,849,161	1,876,422	1,781,237	95,185
Books and supplies	540,104	740,290	559,216	181,074
Services and other operating expenditures	1,656,657	1,942,984	1,971,762	(28,778)
Capital outlay	537,455	1,128,814	1,176,391	(47,577)
Other outgo				
Excluding transfers of indirect costs	208,928	258,720	221,641	37,079
Total Expenditures	8,739,554	9,990,857	9,616,914	373,943
Excess (Deficiency) of Revenues Over Expenditures	(560,683)	(1,338,472)	(154,593)	1,183,879
Other Financing Sources (Uses)				
Transfers out	(30,000)	(776)	(885)	(109)
Net Financing Sources (Uses)	(30,000)	(776)	(885)	(109)
NET CHANGE IN FUND BALANCE	(590,683)	(1,339,248)	(155,478)	1,183,770
Fund Balance - Beginning	2,913,186	4,358,531	4,358,531	-
Fund Balance - Ending	$ 2,322,503	$ 3,019,283	$ 4,203,053	$ 1,183,770

* 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 reasons:

- The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Deferred Maintenance Fund 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.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
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
Total OPEB Liability							
Service cost	$ 27,300	$ 22,510	$ 26,523	$ 27,130	$ 20,515	$ 18,914	$ 19,153
Interest on total OPEB liability	9,834	11,253	7,424	21,876	11,758	12,637	11,669
Difference between expected and actual experience	-	(64,156)	-	67,555	(48,079)	(13,781)	(7,542)
Changes of assumptions	(5,262)	341	(25,879)	(35,020)	-	6,519	(4,830)
Benefits payments	(17,795)	(23,800)	(39,980)	(19,685)	(22,080)	(19,685)	(10,710)
Net change in total OPEB liability	14,077	(53,852)	(31,912)	61,856	(37,886)	4,604	7,740
Total OPEB liability - beginning	264,666	318,518	350,430	288,574	326,460	321,856	314,116
Total OPEB liability - ending	$ 278,743	$ 264,666	$ 318,518	$ 350,430	$ 288,574	$ 326,460	$ 321,856
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's total OPEB liability as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

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

See accompanying notes to required supplementary information.

HAPPY VALLEY UNION ELEMENTARY 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	0.0031%	0.0034%	0.0038%	0.0040%	0.0038%	0.0035%	0.0035%	0.0041%	0.0041%	0.0040%
District's proportionate share of the net pension liability	$ 2,323,333	$ 2,359,627	$ 1,714,970	$ 3,908,390	$ 3,438,912	$ 3,218,872	$ 3,239,544	$ 3,320,572	$ 2,692,960	$ 2,237,480
State's proportionate share of the net pension liability associated with the District	1,113,194	1,181,692	862,906	2,014,775	1,876,156	1,842,955	1,916,487	1,890,343	931,576	880,061
Total	$ 3,436,527	$ 3,541,319	$ 2,577,876	$ 5,923,165	$ 5,315,068	$ 5,061,827	$ 5,156,031	$ 5,210,915	$ 3,624,536	$ 3,117,541
District's covered payroll	$ 1,936,660	$ 2,002,967	$ 2,072,217	$ 2,195,778	$ 2,060,891	$ 1,915,260	$ 1,881,971	$ 2,003,747	$ 1,907,432	$ 1,745,667
District's proportionate share of the net pension liability as a percentage of its covered payroll	119.97%	117.81%	82.76%	178.00%	166.87%	168.06%	172.14%	165.72%	141.18%	128.17%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%	76.52%

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.

HAPPY VALLEY UNION ELEMENTARY 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	0.0083%	0.0079%	0.0075%	0.0065%	0.0062%	0.0055%	0.0059%	0.0058%	0.0060%	0.0058%
District's proportionate share of the net pension liability	$ 2,990,670	$ 2,730,639	$ 1,519,954	$ 2,002,731	$ 1,812,270	$ 1,455,967	$ 1,415,090	$ 1,144,118	$ 884,406	$ 658,441
District's covered payroll	$ 1,454,470	$ 1,216,294	$ 1,072,401	$ 941,124	$ 867,805	$ 724,004	$ 754,889	$ 693,838	$ 667,072	$ 612,612
District's proportionate share of the net pension liability as a percentage of its covered payroll	205.62%	224.50%	141.73%	212.80%	208.83%	201.10%	187.46%	164.90%	132.58%	107.48%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%	83.38%

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.

HAPPY VALLEY UNION ELEMENTARY 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	$ 357,177	$ 369,902	$ 338,902	$ 334,663	$ 375,478	$ 335,513	$ 276,372	$ 236,752	$ 215,002	$ 169,380
Contributions in relation to the contractually required contribution*	(357,177)	(369,902)	(338,902)	(334,663)	(375,478)	(335,513)	(276,372)	(236,752)	(215,002)	(169,380)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,918,482	$ 1,936,660	$ 2,002,967	$ 2,072,217	$ 2,195,778	$ 2,060,891	$ 1,915,260	$ 1,881,971	$ 2,003,747	$ 1,907,432
Contributions as a percentage of covered payroll	18.62%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

HAPPY VALLEY UNION ELEMENTARY 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	$ 460,738	$ 368,999	$ 278,653	$ 221,987	$ 185,599	$ 156,743	$ 112,445	$ 104,839	$ 82,199	$ 78,521
Contributions in relation to the contractually required contribution*	(460,738)	(368,999)	(278,653)	(221,987)	(185,599)	(156,743)	(112,445)	(104,839)	(82,199)	(78,521)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,726,990	$ 1,454,470	$ 1,216,294	$ 1,072,401	$ 941,124	$ 867,805	$ 724,004	$ 754,889	$ 693,838	$ 667,072
Contributions as a percentage of covered payroll	26.68%	25.37%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*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 Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

The interest assumption changed from 3.65% to 3.93% since the previous valuation.

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 changes 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 an 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			
Services and other operating expenditures	$ 1,942,984	$ 1,971,762	$ 28,778
Capital outlay	$ 1,128,814	$ 1,176,391	$ 47,577

SUPPLEMENTARY INFORMATION

HAPPY VALLEY UNION ELEMENTARY 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, Basic Grants Low-Income and Neglected	84.010	14329	$ 141,116
Rural Education Achievement Program (REAP)	84.358	*	29,602
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	20,725
Title III			
Title III, English Learner Student Program	84.365	14346	6,316
Title III, Immigrant Education Program	84.365	15146	1,134
Subtotal Title III			7,450
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	11,955
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	118,491
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	5,950
Subtotal Special Education Cluster			124,441
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: **[1]**			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	406,642
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	67,263
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	33,965
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	59,167
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	5,734
Subtotal Education Stabilization Fund Discretionary Grants			572,771
Total U. S. Department of Education			908,060
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	50,860
National School Lunch Program	10.555	13391	192,743
USDA Commodities	10.555	*	36,187
Supply Chain Assistance (SCA) Funds	10.555	15655	37,031
Subtotal Child Nutrition Cluster			316,821
Forest Reserve Funds	10.665	10044	10,995
Total U. S. Department of Agriculture			327,816
Total Federal Expenditures			$ 1,235,876

[1] - Major Program

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

See accompanying notes to supplementary information.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2024

	Second Period Report Data ID B889E47F	Annual Report Data ID 5EE51431	Annual Report N/A*
SCHOOL DISTRICT			
TK/K through Third			
Regular ADA	222.28	221.82	221.82
Special Education - Nonpublic Schools	0.55	-	0.62
Community Day School	2.15	2.67	2.67
Total TK/K through Third	224.98	224.49	225.11
Fourth through Sixth			
Regular ADA	133.02	132.55	132.55
Community Day School	2.13	1.76	1.76
Total Fourth through Sixth	135.15	134.31	134.31
Seventh through Eighth			
Regular ADA	109.15	108.61	108.61
Community Day School	1.11	1.52	1.52
Total Seventh through Eighth	110.26	110.13	110.13
TOTAL SCHOOL DISTRICT	470.39	468.93	469.55

* There is no certificate number associated with the revised attendance report as the amounts are derived from a finding. See Finding #2024-003 for additional information.

See accompanying notes to supplementary information.

HAPPY VALLEY UNION ELEMENTARY 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	36,000	58,218	180	Complied
Grade 1	50,400	52,620	180	Complied
Grade 2	50,400	52,620	180	Complied
Grade 3	50,400	52,620	180	Complied
Grade 4	54,000	56,895	180	Complied
Grade 5	54,000	56,895	180	Complied
Grade 6	54,000	56,895	180	Complied
Grade 7	54,000	56,895	180	Complied
Grade 8	54,000	56,895	180	Complied

See accompanying notes to supplementary information.

HAPPY VALLEY UNION ELEMENTARY 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	$ 8,354,057	$ 9,462,321	$ 10,524,920	$ 7,570,933
Expenditures And Other Financing Uses	9,092,162	9,617,799	7,496,391	7,135,727
Net change in Fund Balance	$ (738,105)	$ (155,478)	$ 3,028,529	$ 435,206
Ending Fund Balance	$ 3,464,948	$ 4,203,053	$ 4,597,257	$ 1,568,728
Available Reserves*	$ 455,000	$ 658,192	$ 613,726	$ 356,787
Available Reserves As A Percentage Of Outgo	5.00%	6.84%	8.19%	5.00%
Long-term Liabilities	$ 11,194,855	$ 11,523,714	$ 11,530,804	$ 8,929,142
Average Daily Attendance At P-2	457	470	465	397

The General Fund ending fund balance has increased by $2,634,325 over the past two years. However, the fiscal year 2024-25 budget projects a decrease of $738,105. For a District this size, the State recommends available reserves of at least four percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2024-25 fiscal year. Total long-term obligations have increased by $2,594,572 over the past two years.

Average daily attendance has increased by 73 ADA over the past two years. However, a decrease of 13 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 Deferred Maintenance Fund 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 supplementary information.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Student Activity Fund	Deferred Maintenance Fund	Special Reserve Fund for Postemployment Benefits
June 30, 2024, annual financial and budget report fund balance	$ 4,203,053	$ 37,183	$ 468	$ 175,886
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Cash in banks	-	(13,307)	-	-
Fund balance transfer (GASB 54)	176,354	-	(468)	(175,886)
Net adjustments and reclassifications	176,354	(13,307)	(468)	(175,886)
June 30, 2024, audited financial statement fund balance	$ 4,379,407	$ 23,876	$ -	$ -

See accompanying notes to supplementary information.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2024

	Student Activity Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS							
Cash and investments	$ 23,876	$ 101,787	$ 40	$ 201,211	$ 20	$ 448,662	$ 775,596
Accounts receivable	-	93,021	-	-	-	-	93,021
Stores inventory	-	3,270	-	-	-	-	3,270
Total Assets	$ 23,876	$ 198,078	$ 40	$ 201,211	$ 20	$ 448,662	$ 871,887
LIABILITIES							
Accrued liabilities	$ -	$ 2,608	$ -	$ -	$ -	$ -	$ 2,608
Total Liabilities	-	2,608	-	-	-	-	2,608
FUND BALANCES							
Non-spendable	-	3,270	-	-	-	-	3,270
Restricted	23,876	192,200	40	201,211	-	448,662	865,989
Assigned	-	-	-	-	20	-	20
Total Fund Balances	23,876	195,470	40	201,211	20	448,662	869,279
Total Liabilities and Fund Balances	$ 23,876	$ 198,078	$ 40	$ 201,211	$ 20	$ 448,662	$ 871,887

See accompanying notes to supplementary information.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Student Activity Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
REVENUES							
Federal sources	$ -	$ 297,532	$ -	$ -	$ -	$ -	$ 297,532
Other state sources	-	203,886	-	-	-	5,976	209,862
Other local sources	41,812	12,038	1	9,527	1	401,875	465,254
Total Revenues	41,812	513,456	1	9,527	1	407,851	972,648
EXPENDITURES							
Current							
Pupil services							
Food services	-	423,049	-	-	-	-	423,049
General administration							
All other general administration	-	-	-	10,209	-	-	10,209
Plant services	-	249	-	-	-	-	249
Ancillary services	55,119	-	-	-	-	-	55,119
Debt service							
Principal	-	-	-	-	-	152,776	152,776
Interest and other	-	-	-	-	-	218,074	218,074
Total Expenditures	55,119	423,298	-	10,209	-	370,850	859,476
Excess (Deficiency) of Revenues Over Expenditures	(13,307)	90,158	1	(682)	1	37,001	113,172
Other Financing Sources (Uses)							
Transfers in	-	885	-	-	-	-	885
Net Financing Sources (Uses)	-	885	-	-	-	-	885
NET CHANGE IN FUND BALANCE	(13,307)	91,043	1	(682)	1	37,001	114,057
Fund Balance - Beginning	37,183	104,427	39	201,893	19	411,661	755,222
Fund Balance - Ending	$ 23,876	$ 195,470	$ 40	$ 201,211	$ 20	$ 448,662	$ 869,279

See accompanying notes 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 following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2024 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2024.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 1,216,586
SCA Funds	10.555	19,290
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 1,235,876

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 the 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.

OTHER INFORMATION

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024

The Happy Valley Union Elementary School District was established in 1954 and comprises an area located in Shasta County. There were no changes in the boundaries of the District during the current year. The District operates two elementary schools and one community day school.

GOVERNING BOARD

Member	Office	Term Expires
Nate Echols	President	2024
Jodi Shearman	Vice President	2026
Carla Perry	Clerk	2026
Cheryl Best	Member	2026
Billy Soksoda	Member	2024

DISTRICT ADMINISTRATORS

Helen Herd
Interim Superintendent

Beth Roberts
Chief Business Official

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*

Independent Auditors' Report

Governing Board
Happy Valley Union Elementary School District
Anderson, 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 Happy Valley Union Elementary School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Happy Valley Union Elementary School District's basic financial statements, and have issued our report thereon dated November 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Happy Valley Union Elementary 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding #2024-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Happy Valley Union Elementary 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*.

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Happy Valley Union Elementary School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Happy Valley Union Elementary School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Happy Valley Union Elementary School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 18, 2024

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
Happy Valley Union Elementary School District
Anderson, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's major federal programs for the year ended June 30, 2024. Happy Valley Union Elementary 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, Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's federal programs.

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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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
November 18, 2024

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

Independent Auditors' Report

Governing Board
Happy Valley Union Elementary School District
Anderson, California

Report on State Compliance

Opinion on State Compliance

We have audited Happy Valley Union Elementary 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 Happy Valley Union Elementary 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, Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's state programs.

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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary 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 Happy Valley Union Elementary School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Happy Valley Union Elementary 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	Not Applicable
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	Not Applicable
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 #2024-002, #2024-003, and #2024-004. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Happy Valley Union Elementary School District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Happy Valley Union Elementary 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.

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
November 18, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HAPPY VALLEY UNION ELEMENTARY 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?	Yes
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
84.425	Education Stabilization Fund Discretionary Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
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

HAPPY VALLEY UNION ELEMENTARY 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

FINDING #2024-001: INTERNAL CONTROL OVER FINANCIAL REPORTING – STUDENT ACTIVITY FUND (30000)

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition: During our substantive testing of balances reported in the District's financial statements, we noted that the revenues and expenditures of the Student Activity Fund were not recorded in the unaudited actuals for the year ended June 30, 2024. This error resulted in the District not preparing financial statements in accordance with generally accepted accounting principles.

Effect: The potential for material misstatements with respect to the reported fund balance of the Student Activity Fund.

Cause: The conditions appear to be due to deficiencies in processes related to the preparation of the District's financial statements, caused by general oversight.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential misstatements and include the financial activity of the Student Activity Fund.

Corrective Action Plan: All funds were properly balanced and reconciled. The entry within Shasta County Treasury Fund 08 indicating the total debits and credits for the ASB Fund held at Tri-Counties bank was missed during the closing process. Checklists have been created to ensure this step is not missed in the future closing process.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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 #2024-002: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in Education Code section 41372, an elementary school district must expend a minimum of 60% of the District's current expenses of education towards salaries and benefits of classroom teachers.

Condition: For the year ended June 30, 2024, the District did not meet the minimum percentage requirement of 60%. As shown in the SACS Form CEA, the District spent only 56.54% of current education expenses on classroom teacher salaries and benefits for the year ended June 30, 2024.

Effect: The District's current expense of education for the year ended June 30, 2024, was $5,948,885 and the total salaries and benefits for classroom teachers was $3,363,520. The District was below the minimum required percentage of 60% by 1.06%, which calculates out to a deficiency of $865,988.

Cause: Administrative oversight.

Questioned Costs: The questioned costs are the deficiency of $205,831.

Repeat Finding: This is a repeat finding of Finding #2023-001.

Recommendation: We recommend that the District monitor their expenses towards salaries and benefits of classroom teachers against their total current education expenses in future year to ensure compliance with the minimum requirement. The District should also consider requesting an exemption from the County Superintendent if certain criteria outlined under Education Code 41372 can be demonstrated.

Corrective Action Plan: A waiver request has been submitted to Shasta County Office of Education in regards to not making the 60% required minimum. The District is also continuing to work with labor partners to close the gap in meeting this requirement.

FINDING #2024-003: ATTENDANCE REPORTING (10000)

Criteria: The Annual Attendance Reports submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with California Education Code Section 46000 et seq.

Condition: During the testing of average daily attendance for the District, the auditor noted misstatements in the ADA reported on the Annual Attendance Report. The reporting errors resulted in a total understatement of 0.62 ADA in the annual attendance report, as summarized below:

	Annual Period Reported ADA	Audited ADA	Understated (Overstated) ADA
SCHOOL DISTRICT			
TK/K through Third			
Regular ADA	221.82	221.82	-
Special Education - Nonpublic Schools	-	0.62	0.62
Community Day School	2.67	2.67	-
Total TK/K through Third	224.49	225.11	0.62
Fourth through Sixth			
Regular ADA	132.55	132.55	-
Community Day School	1.76	1.76	-
Total Fourth through Sixth	134.31	134.31	-
Seventh through Eighth			
Regular ADA	108.61	108.61	-
Community Day School	1.52	1.52	-
Total Seventh through Eighth	110.13	110.13	-
TOTAL SCHOOL DISTRICT	468.93	469.55	0.62

Cause: Clerical error.

Questioned Costs: There is no questioned cost for this error since the District is funded based on the ADA reported for the Second Principal (P-2) Apportionment period. The District's Annual Attendance Report has not been revised to reflect the Revised Annual column shown in the Schedule of Average Daily Attendance.

Effect: Incorrect reporting of ADA can result in noncompliance with State regulations and potential loss of funding.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District review attendance summaries to verify the proper divisor is used to calculate ADA. The District should then verify amounts agree with the Annual Attendance report. In addition, the District should also revise the Annual Attendance report to reflect these corrections.

Corrective Action Plan: With the changing of staff and deadline for the Annual Attendance Reporting, the 0.62 ADA for NPS students was missed. This additional ADA will be corrected during 2024-25 P1 reporting. Attendance spreadsheets have been updated to current to reflect current attendance in all programs in the event of future staff changes.

FINDING #2024-004: SCHOOL ACCOUNTABILITY REPORT CARDS (72000)

Criteria: School Accountability Report Cards (SARCs), prepared on annual basis for each school site within the District and posted in February, should contain information regarding school facilities conditions, as indicated in the most recently prepared facility inspection tool (FIT) form developed by the Office of Public School Construction and approved by the State Allocation Board, or local evaluation instruments that meet the same criteria, as per Education Code Sections 33126(b)(8) and 17002(d). Additionally, the information regarding the availability of sufficient textbooks and other instructional materials included in the SARC should be properly supported by the current year sufficiency of instructional materials resolution and the determinations made pursuant to Education Code section 60119.

Condition: Additionally, information regarding the availability of sufficient textbooks and other instructional materials included in the SARC did not appear to be prepared using the current year sufficiency of instructional materials resolution and the determinations made pursuant to Education Code section 60119. In our review, it was noted that information on availability of textbooks and other instructional materials was collected in December 2020 for Happy Valley Primary, and January 2022 for Happy Valley Elementary.

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

Cause: Administrative oversight.

Questioned Costs: None. There is no State funding source directly related to SARCs.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District implement procedures to ensure that all information presented on the SARCs is contemporaneous and complete. Review procedures should be implemented to ensure that SARCs are adequately supported by the appropriate documentation.

Corrective Action Plan: Within the SARC reports, dates were not updated to reflect the most recent FIT reports and the availability of textbooks. Future administrators and staff will go through all requirements of the SARC to ensure all fields have been updated to the most current data/dates to be reflected in the SARC.

HAPPY VALLEY UNION ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

FINDING #2023-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: California *Education Code* Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60% (for elementary school district) of total expenditures of the District.

Condition: The District spent 53.84% of their current expenditures of education ($5,846,837) on classroom teacher salaries and benefits, failing to meet the 60% requirement.

Questioned Costs: The deficiency was calculated to be $360,165.

Context: The condition identified resulted from our review of the District's Form CEA during state compliance testing.

Effect: As a result of our testing, the District was not compliant with the *Education Code* Section 41372 due to being deficient in the amount of $360,165.

Cause: The District's contracted instructional services and family center services did not incur any teacher salary expenditures and had to be removed from the calculation in the Form CEA.

Repeat Finding: Yes. Refer to #2022-002 for prior year findings.

Recommendation: We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the above noted requirement.

Corrective Action Plan: Due to one-time monies that skew current revenues and are not a planned source for ongoing expenses, the District has submitted a CEA Waiver Request to the County Office of Education.

Current Status: Not implemented. See Finding #2024-002.