



Financial Statements  
June 30, 2024

# Adelanto Elementary School District

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## Independent Auditor's Report

To the Governing Board  
Adelanto Elementary School District  
Adelanto, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Adelanto 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS,

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
December 15, 2024



# Adelanto *Elementary School District*

## FINANCIAL HIGHLIGHTS

- The District's overall financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$6,340,991.
- Total governmental revenues were \$175,955,187.
- The total cost of basic programs was \$169,614,196.
- Governmental funds increased by \$3,410,634.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Adelanto Elementary School District.

## REPORTING THE DISTRICT AS A WHOLE

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

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

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

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. Other non-financial factors to consider are changes in the District's property tax base, student enrollment growth, condition of District's facilities, quality of education, and safety of our schools.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

**Governmental activities** - The District reports all of its services in this category. This includes the education of transitional kindergarten through grade eight students, the operation of Early Childhood activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from debt, finance these activities.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

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

resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental fund statements that explains the differences between them.

## THE DISTRICT AS A TRUSTEE

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

### Net Position

Table 1 reflects the District's Net Position of \$143,711,505 for the fiscal year ended June 30, 2024. Of this amount, \$(86,430,215) was unrestricted deficit. Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Board of Trustee's ability to use that Net Position for day-to-day operations. Our analysis below focuses on the Net Position (Table 1) and change in Net Position (Table 2) of the District's governmental activities.

**Table 1**

|                                  | Governmental Activities |                |
|----------------------------------|-------------------------|----------------|
|                                  | 2024                    | 2023           |
| Assets                           |                         |                |
| Current assets                   | \$ 118,881,885          | \$ 114,776,772 |
| Capital assets                   | 154,865,732             | 151,347,740    |
| Total assets                     | 273,747,617             | 266,124,512    |
| Deferred Outflows of Resources   | 32,513,098              | 30,452,389     |
| Liabilities                      |                         |                |
| Current liabilities              | 27,270,342              | 24,293,416     |
| Long-term liabilities            | 122,162,652             | 119,588,828    |
| Total liabilities                | 149,432,994             | 143,882,244    |
| Deferred Inflows of Resources    | 13,116,216              | 13,117,769     |
| Net Position                     |                         |                |
| Net investment in capital assets | 147,751,666             | 144,418,106    |
| Restricted                       | 82,390,054              | 68,302,338     |
| Unrestricted (deficit)           | (86,430,215)            | (73,143,556)   |
| Total net position               | \$ 143,711,505          | \$ 139,576,888 |

The \$(86,430,215) in unrestricted deficit of District activities represents the accumulated results of all past years' operations.

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2, which reflects the changes in Net Position for fiscal year 2023-2024, takes the information from that Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

|                                      | Governmental Activities |                      |
|--------------------------------------|-------------------------|----------------------|
|                                      | 2024                    | 2023                 |
| Revenues                             |                         |                      |
| Program revenues                     |                         |                      |
| Charges for services and sales       | \$ 1,772,516            | \$ 714,001           |
| Operating grants and contributions   | 51,630,226              | 49,201,930           |
| Capital grants and contributions     | 312,888                 | 2,017,067            |
| General revenues                     |                         |                      |
| Federal and State aid not restricted | 99,210,763              | 92,765,937           |
| Property taxes                       | 12,996,697              | 11,895,315           |
| Other general revenues               | 7,809,488               | 17,899,210           |
| Total revenues                       | <u>173,732,578</u>      | <u>174,493,460</u>   |
| Expenses                             |                         |                      |
| Instruction-related                  | 113,521,388             | 98,503,808           |
| Pupil services                       | 23,156,581              | 20,332,747           |
| Administration                       | 10,616,719              | 10,522,469           |
| Plant services                       | 15,907,541              | 14,813,798           |
| All other services                   | 6,395,732               | 4,587,196            |
| Total expenses                       | <u>169,597,961</u>      | <u>148,760,018</u>   |
| Change in net position               | <u>\$ 4,134,617</u>     | <u>\$ 25,733,442</u> |

### Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$169,597,961. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$12,996,697 because the cost was paid by those who benefited from the programs was \$1,772,516 or by other governments and organizations who subsidized certain programs with grants and contributions of \$51,943,114. We paid for the remaining "public benefit" portion of our school district activities with \$99,210,763 in unrestricted Federal and State aid and \$7,809,488 in interest and general entitlements.

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

**Table 3**

|                     | Total Cost of Services |                       | Net Cost of Services    |                        |
|---------------------|------------------------|-----------------------|-------------------------|------------------------|
|                     | 2024                   | 2023                  | 2024                    | 2023                   |
| Instruction-related | \$ 113,521,388         | \$ 98,503,808         | \$ (82,094,006)         | \$ (68,453,872)        |
| Pupil services      | 23,156,581             | 20,332,747            | (11,147,786)            | (9,249,345)            |
| Administration      | 10,616,719             | 10,522,469            | (8,482,458)             | (7,200,124)            |
| Plant services      | 15,907,541             | 14,813,798            | (9,706,412)             | (9,544,496)            |
| All other services  | 6,395,732              | 4,587,196             | (4,451,669)             | (2,379,183)            |
| <b>Total</b>        | <b>\$ 169,597,961</b>  | <b>\$ 148,760,018</b> | <b>\$ (115,882,331)</b> | <b>\$ (96,827,020)</b> |

## THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$91,600,561, which is an increase of \$1,188,025 of 1.3% from last year (Table 4).

**Table 4**

| Governmental Fund                                   | Balances and Activity |                                            |                                             |                      |
|-----------------------------------------------------|-----------------------|--------------------------------------------|---------------------------------------------|----------------------|
|                                                     | July 1, 2023          | Revenues and<br>Other Financing<br>Sources | Expenditures<br>and Other<br>Financing Uses | June 30, 2024        |
| General                                             | \$ 61,499,927         | \$ 150,977,906                             | \$ 153,391,194                              | \$ 59,086,639        |
| Student Activity Fund                               | 63,292                | 164,201                                    | 167,736                                     | 59,757               |
| Cafeteria                                           | 4,178,873             | 9,150,392                                  | 8,051,745                                   | 5,277,520            |
| Deferred Maintenance                                | 205,889               | 4,671,634                                  | 4,660,765                                   | 216,758              |
| Capital Facilities                                  | 6,034,850             | 1,902,625                                  | 9,320                                       | 7,928,155            |
| County School Facilities                            | 5,927,119             | 312,144                                    | -                                           | 6,239,263            |
| Special Reserve Fund for Capital<br>Outlay Projects | 4,200,217             | 2,033,473                                  | 6,186,618                                   | 47,072               |
| Capital Project Component Unit                      | 6,358,104             | 5,077,443                                  | 1,096,897                                   | 10,338,650           |
| Bond Interest and Redemption                        | 1,506,085             | 341,965                                    | -                                           | 1,848,050            |
| Debt Service Fund for Blended<br>Component Units    | 438,180               | 659,217                                    | 538,700                                     | 558,697              |
| Total                                               | <u>\$ 90,412,536</u>  | <u>\$ 175,291,000</u>                      | <u>\$ 174,102,975</u>                       | <u>\$ 91,600,561</u> |

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget numerous times, to reflect changes in revenues and expenditures. This information comes from a variety of Federal, State, local sources (A schedule showing the District's original and final general fund budget amounts compared with amounts actually paid and received is provided in the annual report on page 65).

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

At June 30, 2024, the District had \$154,865,732 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, building and improvements, furniture and equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$3,517,992, or 2.3%, from last year.

**Table 5**

|                                     | Governmental Activities |                       |
|-------------------------------------|-------------------------|-----------------------|
|                                     | 2024                    | 2023                  |
| Land and construction in progress   | \$ 19,627,613           | \$ 18,938,135         |
| Buildings and improvements          | 128,580,209             | 128,986,973           |
| Furniture and equipment             | 6,001,407               | 3,406,924             |
| Right-to-use leased assets          | 656,503                 | -                     |
| Right-to-use subscription IT assets | -                       | 15,708                |
| Total                               | <u>\$ 154,865,732</u>   | <u>\$ 151,347,740</u> |

We present more detailed information about our capital assets in the notes to the financial statements.

### Long-Term Liabilities

At the end of this year, the District had \$122,162,652 in long-term liabilities outstanding versus \$119,588,828 last year, representing an increase of \$2,573,824 or 2.2%. Those long-term liabilities consisted of the following:

**Table 6**

|                                    | Governmental Activities |                       |
|------------------------------------|-------------------------|-----------------------|
|                                    | 2024                    | 2023                  |
| Long-Term Liabilities              |                         |                       |
| Certificates of participation      | \$ 5,435,000            | \$ 5,750,000          |
| Unamortized premium                | 580,944                 | 627,420               |
| Financed purchase agreement        | 711,734                 | 843,107               |
| Leases                             | 669,719                 | -                     |
| Subscription-based IT arrangements | -                       | 15,104                |
| Early retirement liabilities       | 729,830                 | 740,133               |
| Compensated absences               | 1,276,838               | 1,559,701             |
| OPEB liability                     | 17,923,659              | 21,587,033            |
| Aggregate net pension liability    | 94,834,928              | 88,466,330            |
| Total                              | <u>\$ 122,162,652</u>   | <u>\$ 119,588,828</u> |

We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

The District began several improvement and renovation projects, at the elementary school sites the installation of new play equipment began along with the community pool, both of which will be available for use in 2023-2024.

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

***State Budget***

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2023-2024 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

***Federal Funds Expected to Decline Significantly Between 2022-2023 and 2023-2024***

In the budget, federal funds decline \$175 billion, or 55%, between 2022-2023 and 2023-2024. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2023-2024. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan.

***Significant Increase in School and Community College Funding***

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2022-2023, the guarantee is up \$16.5 billion (17.6%) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2023-2024, the guarantee increases by an additional \$117 million (0.1%) relative to the revised 2022-2023 level.

***Makes Required Reserve Deposit and Funds New Programs***

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-2021 through 2023-2024 period— an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13% increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials.

***Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten***

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-2023. Under the plan, all four-year old children will be eligible by 2025-2026. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2023-2024 guarantee of \$614 million related to the first-year costs of the expansion.

***School Facilities Grants***

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2022-2023 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2023-2024.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

***Reserve Cap Triggered***

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2023-2024 budget period, pursuant to *Education Code (EC)* Section 42127.01(e). Beginning with the 2023-2024 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to *EC* Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10% reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to *EC* Section 42127.01(c).

All of these factors were considered in preparing the Adelanto Elementary School District budget for the 2023-2024 fiscal year.

**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 Business Services, 11824 Air Expressway, Adelanto, California 92301, (760)246-8691.

# Adelanto Elementary School District

## Statement of Net Position

June 30, 2024

|                                                                              | Governmental<br>Activities |
|------------------------------------------------------------------------------|----------------------------|
| <b>Assets</b>                                                                |                            |
| Deposits and investments                                                     | \$ 107,285,622             |
| Receivables                                                                  | 11,114,063                 |
| Prepaid items                                                                | 10,677                     |
| Stores inventories                                                           | 357,065                    |
| Lease receivables                                                            | 114,458                    |
| Capital assets not depreciated or amortized                                  | 19,627,613                 |
| Capital assets, net of accumulated depreciation and amortization             | 135,238,119                |
| <b>Total assets</b>                                                          | <b>273,747,617</b>         |
| <b>Deferred Outflows of Resources</b>                                        |                            |
| Deferred charge on refunding                                                 | 283,331                    |
| Deferred outflows of resources related to OPEB                               | 544,474                    |
| Deferred outflows of resources related to pensions                           | 31,685,293                 |
| <b>Total deferred outflows of resources</b>                                  | <b>32,513,098</b>          |
| <b>Liabilities</b>                                                           |                            |
| Accounts payable                                                             | 25,040,071                 |
| Accrued interest payable                                                     | 100,120                    |
| Unearned revenue                                                             | 2,130,151                  |
| Long-term liabilities                                                        |                            |
| Long-term liabilities other than OPEB and pensions due within one year       | 948,027                    |
| OPEB liability due in one year                                               | 713,744                    |
| Long-term liabilities other than OPEB and pensions due in more than one year | 8,456,038                  |
| Other postemployment benefits (OPEB) liability                               | 17,209,915                 |
| Aggregate net pension liability                                              | 94,834,928                 |
| <b>Total liabilities</b>                                                     | <b>149,432,994</b>         |
| <b>Deferred Inflows of Resources</b>                                         |                            |
| Deferred inflows of resources related to OPEB                                | 7,337,379                  |
| Deferred inflows of resources related to pensions                            | 5,667,735                  |
| Deferred inflows of resources related to leases                              | 111,102                    |
| <b>Total deferred inflows of resources</b>                                   | <b>13,116,216</b>          |
| <b>Net Position</b>                                                          |                            |
| Net investment in capital assets                                             | 147,751,666                |
| Restricted for                                                               |                            |
| Debt service                                                                 | 2,306,627                  |
| Capital projects                                                             | 24,506,068                 |
| Educational programs                                                         | 50,304,444                 |
| Child nutrition                                                              | 5,213,158                  |
| Other activities                                                             | 59,757                     |
| Unrestricted (deficit)                                                       | (86,430,215)               |
| <b>Total net position</b>                                                    | <b>\$ 143,711,505</b>      |

# Adelanto Elementary School District

## Statement of Activities

Year Ended June 30, 2024

| Functions/Programs                                                 | Expenses              | Program Revenues                     |                                          |                                        | Net (Expenses)<br>Revenues and<br>Changes in<br>Net Position |
|--------------------------------------------------------------------|-----------------------|--------------------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------|
|                                                                    |                       | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                   |
| Governmental Activities                                            |                       |                                      |                                          |                                        |                                                              |
| Instruction                                                        | \$ 99,148,595         | \$ 59                                | \$ 27,924,604                            | \$ 312,888                             | \$ (70,911,044)                                              |
| Instruction-related activities                                     |                       |                                      |                                          |                                        |                                                              |
| Supervision of instruction                                         | 2,920,695             | -                                    | 755,476                                  | -                                      | (2,165,219)                                                  |
| Instructional library, media,<br>and technology                    | 2,268,769             | -                                    | 79,996                                   | -                                      | (2,188,773)                                                  |
| School site administration                                         | 9,183,329             | -                                    | 2,354,359                                | -                                      | (6,828,970)                                                  |
| Pupil services                                                     |                       |                                      |                                          |                                        |                                                              |
| Home-to-school transportation                                      | 5,034,992             | 386,947                              | 1,429,813                                | -                                      | (3,218,232)                                                  |
| Food services                                                      | 8,002,267             | 35,016                               | 8,898,009                                | -                                      | 930,758                                                      |
| All other pupil services                                           | 10,119,322            | 15,613                               | 1,243,397                                | -                                      | (8,860,312)                                                  |
| Administration                                                     |                       |                                      |                                          |                                        |                                                              |
| Data processing                                                    | 2,099,042             | -                                    | 825,005                                  | -                                      | (1,274,037)                                                  |
| All other administration                                           | 8,517,677             | 2,213                                | 1,307,043                                | -                                      | (7,208,421)                                                  |
| Plant services                                                     | 15,907,541            | 920,920                              | 5,280,209                                | -                                      | (9,706,412)                                                  |
| Ancillary services                                                 | 178,238               | 162,752                              | 1,449                                    | -                                      | (14,037)                                                     |
| Community services                                                 | 294,923               | -                                    | 102,279                                  | -                                      | (192,644)                                                    |
| Interest on long-term liabilities                                  | 261,887               | -                                    | -                                        | -                                      | (261,887)                                                    |
| Other outgo                                                        | 5,660,684             | 248,996                              | 1,428,587                                | -                                      | (3,983,101)                                                  |
| Total governmental<br>activities                                   | <u>\$ 169,597,961</u> | <u>\$ 1,772,516</u>                  | <u>\$ 51,630,226</u>                     | <u>\$ 312,888</u>                      | <u>(115,882,331)</u>                                         |
| General Revenues and Subventions                                   |                       |                                      |                                          |                                        |                                                              |
| Property taxes, levied for general purposes                        |                       |                                      |                                          |                                        | 10,866,948                                                   |
| Property taxes, levied for debt service                            |                       |                                      |                                          |                                        | 141,265                                                      |
| Taxes levied for other specific purposes                           |                       |                                      |                                          |                                        | 1,988,484                                                    |
| Federal and State aid not restricted to specific purposes          |                       |                                      |                                          |                                        | 99,210,763                                                   |
| Interest, investment earnings and change in fair market valuations |                       |                                      |                                          |                                        | 3,539,581                                                    |
| Interagency revenues                                               |                       |                                      |                                          |                                        | 8,750                                                        |
| Miscellaneous                                                      |                       |                                      |                                          |                                        | 4,261,157                                                    |
| Subtotal, general revenues and subventions                         |                       |                                      |                                          |                                        | <u>120,016,948</u>                                           |
| Change in Net Position                                             |                       |                                      |                                          |                                        | 4,134,617                                                    |
| Net Position - Beginning                                           |                       |                                      |                                          |                                        | <u>139,576,888</u>                                           |
| Net Position - Ending                                              |                       |                                      |                                          |                                        | <u>\$ 143,711,505</u>                                        |

# Adelanto Elementary School District

## Balance Sheet – Governmental Funds

June 30, 2024

|                                                                                    | General<br>Fund      | Deferred<br>Maintenance<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------------------------|----------------------|---------------------------------|---------------------------------------------|--------------------------------|
| <b>Assets</b>                                                                      |                      |                                 |                                             |                                |
| Deposits and investments                                                           | \$ 74,942,724        | \$ 214,621                      | \$ 32,128,277                               | \$ 107,285,622                 |
| Receivables                                                                        | 8,322,388            | 2,137                           | 2,789,538                                   | 11,114,063                     |
| Due from other funds                                                               | 1,235,694            | -                               | 7,296                                       | 1,242,990                      |
| Prepaid expenditures                                                               | 10,677               | -                               | -                                           | 10,677                         |
| Stores inventories                                                                 | 293,623              | -                               | 63,442                                      | 357,065                        |
| Lease receivable                                                                   | 114,458              | -                               | -                                           | 114,458                        |
| <b>Total assets</b>                                                                | <b>\$ 84,919,564</b> | <b>\$ 216,758</b>               | <b>\$ 34,988,553</b>                        | <b>\$ 120,124,875</b>          |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</b>           |                      |                                 |                                             |                                |
| <b>Liabilities</b>                                                                 |                      |                                 |                                             |                                |
| Accounts payable                                                                   | \$ 23,947,065        | \$ -                            | \$ 1,093,006                                | \$ 25,040,071                  |
| Due to other funds                                                                 | 7,296                | -                               | 1,235,694                                   | 1,242,990                      |
| Unearned revenue                                                                   | 1,767,462            | -                               | 362,689                                     | 2,130,151                      |
| <b>Total liabilities</b>                                                           | <b>25,721,823</b>    | <b>-</b>                        | <b>2,691,389</b>                            | <b>28,413,212</b>              |
| <b>Deferred Inflows of Resources</b>                                               |                      |                                 |                                             |                                |
| Deferred inflows of resources<br>related to leases                                 | 111,102              | -                               | -                                           | 111,102                        |
| <b>Fund Balances</b>                                                               |                      |                                 |                                             |                                |
| Nonspendable                                                                       | 364,300              | -                               | 64,362                                      | 428,662                        |
| Restricted                                                                         | 50,304,444           | -                               | 32,185,730                                  | 82,490,174                     |
| Committed                                                                          | -                    | 216,758                         | -                                           | 216,758                        |
| Assigned                                                                           | 3,176,474            | -                               | 47,072                                      | 3,223,546                      |
| Unassigned                                                                         | 5,241,421            | -                               | -                                           | 5,241,421                      |
| <b>Total fund balances</b>                                                         | <b>59,086,639</b>    | <b>216,758</b>                  | <b>32,297,164</b>                           | <b>91,600,561</b>              |
| <b>Total liabilities, deferred inflows<br/>of resources, and<br/>fund balances</b> | <b>\$ 84,919,564</b> | <b>\$ 216,758</b>               | <b>\$ 34,988,553</b>                        | <b>\$ 120,124,875</b>          |

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

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|                                                                                                                                                                                                                                            |                      |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|
| Total Fund Balance - Governmental Funds                                                                                                                                                                                                    |                      | \$ 91,600,561         |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because                                                                                                                                        |                      |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.                                                                                               |                      |                       |
| The cost of capital assets is                                                                                                                                                                                                              | \$ 264,118,956       |                       |
| Accumulated depreciation and amortization is                                                                                                                                                                                               | <u>(109,253,224)</u> |                       |
| Net capital assets                                                                                                                                                                                                                         |                      | 154,865,732           |
| In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred. |                      | (100,120)             |
| Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to                                         |                      |                       |
| Debt refundings (deferred charge on refunding)                                                                                                                                                                                             | 283,331              |                       |
| Other postemployment benefits (OPEB) liability                                                                                                                                                                                             | 544,474              |                       |
| Aggregate net pension liability                                                                                                                                                                                                            | <u>31,685,293</u>    |                       |
| Total deferred outflows of resources                                                                                                                                                                                                       |                      | 32,513,098            |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to                               |                      |                       |
| OPEB liability                                                                                                                                                                                                                             | (7,337,379)          |                       |
| Aggregate net pension liability                                                                                                                                                                                                            | <u>(5,667,735)</u>   |                       |
| Total deferred inflows of resources                                                                                                                                                                                                        |                      | (13,005,114)          |
| Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.                                                                                                             |                      | (94,834,928)          |
| The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.                                                                                                               |                      | (17,923,659)          |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of                                                             |                      |                       |
| Certificates of participation                                                                                                                                                                                                              | (5,435,000)          |                       |
| Unamortized premium                                                                                                                                                                                                                        | (580,944)            |                       |
| Financed purchase agreement                                                                                                                                                                                                                | (711,734)            |                       |
| Leases                                                                                                                                                                                                                                     | (669,719)            |                       |
| Early retirement liabilities                                                                                                                                                                                                               | (729,830)            |                       |
| Compensated absences                                                                                                                                                                                                                       | <u>(1,276,838)</u>   |                       |
| Total long-term liabilities                                                                                                                                                                                                                |                      | <u>(9,404,065)</u>    |
| Total net position - governmental activities                                                                                                                                                                                               |                      | <u>\$ 143,711,505</u> |

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

|                                                              | General<br>Fund      | Deferred<br>Maintenance<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|----------------------|---------------------------------|---------------------------------------------|--------------------------------|
| <b>Revenues</b>                                              |                      |                                 |                                             |                                |
| Local Control Funding Formula (LCFF)                         | \$ 99,144,934        | \$ 4,660,765                    | \$ -                                        | \$ 103,805,699                 |
| Federal sources                                              | 7,811,085            | -                               | 7,403,210                                   | 15,214,295                     |
| Other State sources                                          | 31,926,087           | -                               | 1,453,661                                   | 33,379,748                     |
| Other local sources                                          | 11,262,282           | 10,869                          | 8,989,672                                   | 20,262,823                     |
| <b>Total revenues</b>                                        | <b>150,144,388</b>   | <b>4,671,634</b>                | <b>17,846,543</b>                           | <b>172,662,565</b>             |
| <b>Expenditures</b>                                          |                      |                                 |                                             |                                |
| Current                                                      |                      |                                 |                                             |                                |
| Instruction                                                  | 93,085,833           | -                               | -                                           | 93,085,833                     |
| Instruction-related activities                               |                      |                                 |                                             |                                |
| Supervision of instruction                                   | 2,748,488            | -                               | -                                           | 2,748,488                      |
| Instructional library, media,<br>and technology              | 2,073,227            | -                               | -                                           | 2,073,227                      |
| School site administration                                   | 9,042,947            | -                               | -                                           | 9,042,947                      |
| Pupil services                                               |                      |                                 |                                             |                                |
| Home-to-school transportation                                | 7,653,584            | -                               | -                                           | 7,653,584                      |
| Food services                                                | 419,683              | -                               | 7,845,459                                   | 8,265,142                      |
| All other pupil services                                     | 9,977,149            | -                               | -                                           | 9,977,149                      |
| Administration                                               |                      |                                 |                                             |                                |
| Data processing                                              | 2,039,860            | -                               | -                                           | 2,039,860                      |
| All other administration                                     | 9,011,559            | -                               | 184,324                                     | 9,195,883                      |
| Plant services                                               | 10,283,620           | 4,660,765                       | 983,094                                     | 15,927,479                     |
| Ancillary services                                           | 10,556               | -                               | 167,736                                     | 178,292                        |
| Community services                                           | 290,295              | -                               | -                                           | 290,295                        |
| Other outgo                                                  | 4,563,787            | -                               | 1,096,897                                   | 5,660,684                      |
| Facility acquisition and construction                        | 29,995               | -                               | 5,232,514                                   | 5,262,509                      |
| Debt service                                                 |                      |                                 |                                             |                                |
| Principal                                                    | 312,868              | -                               | 317,125                                     | 629,993                        |
| Interest and other                                           | 57,543               | -                               | 223,867                                     | 281,410                        |
| <b>Total expenditures</b>                                    | <b>151,600,994</b>   | <b>4,660,765</b>                | <b>16,051,016</b>                           | <b>172,312,775</b>             |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(1,456,606)</b>   | <b>10,869</b>                   | <b>1,795,527</b>                            | <b>349,790</b>                 |
| <b>Other Financing Sources (Uses)</b>                        |                      |                                 |                                             |                                |
| Transfers in                                                 | -                    | -                               | 1,790,200                                   | 1,790,200                      |
| Other sources - leases                                       | 833,518              | -                               | 4,717                                       | 838,235                        |
| Transfers out                                                | (1,790,200)          | -                               | -                                           | (1,790,200)                    |
| <b>Net Financing Sources (Uses)</b>                          | <b>(956,682)</b>     | <b>-</b>                        | <b>1,794,917</b>                            | <b>838,235</b>                 |
| <b>Net Change in Fund Balances</b>                           | <b>(2,413,288)</b>   | <b>10,869</b>                   | <b>3,590,444</b>                            | <b>1,188,025</b>               |
| <b>Fund Balance - Beginning, as previously<br/>reported</b>  | <b>61,499,927</b>    |                                 | <b>28,912,609</b>                           | <b>90,412,536</b>              |
| <b>Adjustments (Note 18)</b>                                 | <b>-</b>             | <b>205,889</b>                  | <b>(205,889)</b>                            | <b>-</b>                       |
| <b>Fund Balance - Beginning, as restated</b>                 | <b>61,499,927</b>    | <b>205,889</b>                  | <b>28,706,720</b>                           | <b>90,412,536</b>              |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 59,086,639</b> | <b>\$ 216,758</b>               | <b>\$ 32,297,164</b>                        | <b>\$ 91,600,561</b>           |

Adelanto Elementary School District

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

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Total Net Change in Fund Balances - Governmental Funds \$ 1,188,025

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

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

|                                       |                    |
|---------------------------------------|--------------------|
| Capital outlay                        | \$ 10,133,523      |
| Depreciation and amortization expense | <u>(6,614,508)</u> |

Net expense adjustment 3,519,015

Loss(Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (1,023)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (838,235)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. 282,863

In the Statement of Activities, certain operating expenses, such as special termination benefits (early retirement plans) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between the amount paid by the District and the amounts committed to special termination benefits. 10,303

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. (404,856)

Adelanto Elementary School District

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

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

\$ (270,991)

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

|                                           |          |
|-------------------------------------------|----------|
| Premium amortization                      | 46,476   |
| Deferred charge on refunding amortization | (22,666) |

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

|                                    |         |
|------------------------------------|---------|
| Certificates of participation      | 315,000 |
| Financed purchase agreement        | 131,373 |
| Leases                             | 168,516 |
| Subscription-based IT arrangements | 15,104  |

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

(4,287)

Change in net position of governmental activities

\$ 4,134,617

Adelanto Elementary School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2024

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|                                 | <u>Custodial<br/>Funds</u> |
|---------------------------------|----------------------------|
| Assets                          |                            |
| Deposits and investments        | <u>\$ 9,652,324</u>        |
| Net Position                    |                            |
| Restricted for CFD debt service | <u>\$ 9,652,324</u>        |

Adelanto Elementary School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2024

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|                                        | Custodial<br>Funds |
|----------------------------------------|--------------------|
|                                        | <hr/>              |
| Additions                              |                    |
| Contributions                          |                    |
| Special assessment                     | \$ 2,245,550       |
| Other local                            | 906,295            |
|                                        | <hr/>              |
| Total contributions                    | 3,151,845          |
|                                        | <hr/>              |
| Investment earnings                    |                    |
| Interest                               | 293,762            |
| Proceeds                               | 10,698,880         |
|                                        | <hr/>              |
| Total investment earnings              | 10,992,642         |
|                                        | <hr/>              |
| Total additions                        | 14,144,487         |
|                                        | <hr/>              |
| Deductions                             |                    |
| Principal payments to bond holders     | 615,000            |
| Interest payments to bond holders      | 932,432            |
| Other services                         | 5,664,427          |
|                                        | <hr/>              |
| Total deductions                       | 7,211,859          |
|                                        | <hr/>              |
| Net Increase In Fiduciary Net Position | 6,932,628          |
| Total Net Position - Beginning         | 2,719,696          |
|                                        | <hr/>              |
| Net Position - Ending                  | \$ 9,652,324       |
|                                        | <hr/> <hr/>        |

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

The Adelanto Elementary School District is an elementary school district established in 1873 and is comprised of an area of approximately 330 square miles located in San Bernardino County, encompassing a portion of the City of Adelanto and surrounding areas. There were no changes in the boundaries of the District during the current year. During the fiscal year, the District operated seven elementary schools (K-6), three K-8 schools, and two middle schools (7-8).

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

**Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below has a financial and operational relationship, which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method, as if it were part of the District's operations, and because the governing board of the component units are essentially the same as the governing board of the District, and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Adelanto School District and the Public Property Financing Corporation of California (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Corporation as component units of the District. Accordingly, the financial statements of the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's financial activities within the Debt Service Fund for Blended Component Units. Debt instruments issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

**Other Related Entities**

**Charter School** The District has approved a charter for Taylton High Desert Academy pursuant to *Education Code* Section 47605. The Taylton High Desert Academy is operated independently and is not considered a component unit of the District.

**Basis of Presentation - Fund Accounting**

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

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

**Major Governmental Funds**

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements. Additionally, the District uses Fund 67, Self-Insurance Fund, to account for payroll withholding and related vendor payments. As this fund does not meet the definition of a self-insurance fund and is essentially an extension of the General Fund, it has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$2,243.

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

**Non-Major Governmental Funds**

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food services program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

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

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code* Section 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District of the District under generally accepted accounting principles (GAAP).

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

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are related to funds held for various Community Facilities Districts.

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

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Fiduciary Funds** Fiduciary Funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from government-wide financial statements because they do not represent resources of the District.

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

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

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

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

### **Cash and Cash Equivalents**

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

### **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.

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

### **Prepaid Expenditures (Expenses)**

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

### **Stores Inventories**

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

**Capital Assets, Depreciation, and Amortization**

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

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

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

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

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

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

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Compensated Absences**

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

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

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

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

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

### **Debt Issuance Costs, 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. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

### **Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Leases**

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

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

**Subscriptions**

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability,

plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The subscription liability was fully paid and the corresponding right-to-use subscription IT asset was fully amortized in the current year.

### **Fund Balances - Governmental Funds**

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

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

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

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

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

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

### **Minimum Fund Balance Policy**

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition,

construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report \$82,390,054 of restricted Net Position, which is restricted by enabling legislation.

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

**Estimates**

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

**Property Tax**

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

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

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the change within the reporting entity in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 18.

## Note 2 - Deposits and Investments

### Summary of Deposits and Investments

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

|                                |                              |
|--------------------------------|------------------------------|
| Governmental funds             | \$ 107,285,622               |
| Fiduciary funds                | <u>9,652,324</u>             |
| Total deposits and investments | <u><u>\$ 116,937,946</u></u> |

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

|                                |                              |
|--------------------------------|------------------------------|
| Cash on hand and in banks      | \$ 101,753                   |
| Cash in revolving              | 60,920                       |
| Investments                    | <u>116,775,273</u>           |
| Total deposits and investments | <u><u>\$ 116,937,946</u></u> |

### Policies and Practices

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

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

### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Treasury Investment Pool. The San Bernardino County Treasury Investment Pool purchases a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### 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 with the Fidelity Institutional Money Market Funds and the San Bernardino County Treasury Investment Pool are rated Aaa by Moody's Ratings.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation and the actual rating as of year-end for each investment is provided by the following schedule that shows the distribution of the District's investment by type and maturity:

| Investment Type                                                           | Reported Amount       | Maturity Date |
|---------------------------------------------------------------------------|-----------------------|---------------|
| San Bernardino County Treasury Investment Pool                            | \$ 96,225,602         | 724           |
| Fidelity Institutional Money market Fund - Government Portfolio Class III | 20,549,671            | 40            |
| Total                                                                     | <u>\$ 116,775,273</u> |               |

#### Custodial Credit Risk - Deposits

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

#### Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- 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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- 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 reasonably 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.

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

| Investment Type                                                           | Reported Amount | Fair Value Measurements Using Level 2 Inputs |
|---------------------------------------------------------------------------|-----------------|----------------------------------------------|
| Fidelity Institutional Money Market Fund - Government Portfolio Class III | \$ 20,549,671   | \$ 20,549,671                                |

All assets have been valued using a market approach, with quoted market prices.

#### Note 4 - Receivables

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

|                     | General Fund | Deferred Maintenance Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------|--------------|---------------------------|------------------------------|--------------------------|
| Federal Government  |              |                           |                              |                          |
| Categorical aid     | \$ 1,869,090 | \$ -                      | \$ 2,104,307                 | \$ 3,973,397             |
| State Government    |              |                           |                              |                          |
| Categorical aid     | 1,424,825    | -                         | 361,377                      | 1,786,202                |
| Lottery             | 456,443      | -                         | -                            | 456,443                  |
| Other State         | 1,342,384    | -                         | -                            | 1,342,384                |
| Local Government    |              |                           |                              |                          |
| Interest            | 642,402      | 2,137                     | 196,210                      | 840,749                  |
| Other local sources | 2,587,244    | -                         | 127,644                      | 2,714,888                |
| Total               | \$ 8,322,388 | \$ 2,137                  | \$ 2,789,538                 | \$ 11,114,063            |

**Note 5 - Capital Assets**

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

|                                                         | Balance<br>July 1, 2023 | Additions    | Deductions | Balance<br>June 30, 2024 |
|---------------------------------------------------------|-------------------------|--------------|------------|--------------------------|
| Governmental Activities                                 |                         |              |            |                          |
| Capital assets not being depreciated or amortized       |                         |              |            |                          |
| Land                                                    | \$ 17,962,823           | \$ -         | \$ -       | \$ 17,962,823            |
| Construction in progress                                | 975,312                 | 689,478      | -          | 1,664,790                |
| Total capital assets not being depreciated or amortized | 18,938,135              | 689,478      | -          | 19,627,613               |
| Capital assets being depreciated and amortized          |                         |              |            |                          |
| Land improvements                                       | 11,699,407              | 893,206      | -          | 12,592,613               |
| Buildings and improvements                              | 207,166,242             | 4,459,394    | -          | 211,625,636              |
| Furniture and equipment                                 | 16,191,878              | 3,253,210    | (10,229)   | 19,434,859               |
| Right-to-use leased furniture and equipment             | -                       | 838,235      | -          | 838,235                  |
| Right-to-use subscription IT assets                     | 31,416                  | -            | (31,416)   | -                        |
| Total capital assets being depreciated and amortized    | 235,088,943             | 9,444,045    | (41,645)   | 244,491,343              |
| Total capital assets                                    | 254,027,078             | 10,133,523   | (41,645)   | 264,118,956              |
| Accumulated depreciation and amortization               |                         |              |            |                          |
| Land improvements                                       | (6,937,184)             | (545,684)    | -          | (7,482,868)              |
| Buildings and improvements                              | (82,941,492)            | (5,213,680)  | -          | (88,155,172)             |
| Furniture and equipment                                 | (12,784,954)            | (657,704)    | 9,206      | (13,433,452)             |
| Right-to-use leased furniture and equipment             | -                       | (181,732)    | -          | (181,732)                |
| Right-to-use subscription IT assets                     | (15,708)                | (15,708)     | 31,416     | -                        |
| Total accumulated depreciation and amortization         | (102,679,338)           | (6,614,508)  | 40,622     | (109,253,224)            |
| Net depreciable and amortizable capital assets          | 132,409,605             | 2,829,537    | (1,023)    | 135,238,119              |
| Governmental activities capital assets, net             | \$ 151,347,740          | \$ 3,519,015 | \$ (1,023) | \$ 154,865,732           |

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

|                                                                     |                             |
|---------------------------------------------------------------------|-----------------------------|
| Governmental Activities                                             |                             |
| Instruction                                                         | \$ 5,705,151                |
| Supervision of instruction                                          | 164,191                     |
| School site administration                                          | 117,188                     |
| Home-to-school transportation                                       | 34,042                      |
| Food services                                                       | 2,170                       |
| All other pupil services                                            | 138,685                     |
| Data processing                                                     | 43,893                      |
| All other administration                                            | 151,291                     |
| Plant services                                                      | 257,897                     |
|                                                                     | <u>                    </u> |
| Total depreciation and amortization expense governmental activities | <u>\$ 6,614,508</u>         |

#### Note 6 - Lease Receivable

The District has entered into several lessor relationships with local charter schools. The agreements allow for 2.0% annual increases to the lease payments. The final payment for the leases in place as of June 30, 2024 is expected in June 2026. During the fiscal year, the District recognized \$55,955 in lease revenues and \$2,100 in interest revenue related to these agreements. At June 30, 2024, the District recorded \$114,458 in lease receivables and \$111,102 in deferred inflows of resources for the arrangements. The District used its incremental borrowing rate of 0.2% at the inception of the lease arrangements.

#### Note 7 - Interfund Transactions

##### Interfund Receivables/Payables (Due To/Due From)

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

| Due To                       | Due From                    |                              | Total                       |
|------------------------------|-----------------------------|------------------------------|-----------------------------|
|                              | General Fund                | Non-Major Governmental Funds |                             |
| General Fund                 | \$ -                        | \$ 1,235,694                 | \$ 1,235,694                |
| Non-Major Governmental Funds | 7,296                       | -                            | 7,296                       |
|                              | <u>                    </u> | <u>                    </u>  | <u>                    </u> |
| Total                        | <u>\$ 7,296</u>             | <u>\$ 1,235,694</u>          | <u>\$ 1,242,990</u>         |

The balance of \$1,235,694 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs, salaries, and benefits reimbursement.

A balance of \$7,296 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from summer enrichment camp meals reimbursement.

**Operating Transfers**

The General Fund transferred \$1,790,200 to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for the pool construction project.

**Note 8 - Accounts Payable**

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

|                       | General<br>Fund      | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------|----------------------|------------------------------------|--------------------------------|
| Salaries and benefits | \$ 8,935,769         | \$ 13,611                          | \$ 8,949,380                   |
| LCFF apportionment    | 2,470,900            | -                                  | 2,470,900                      |
| Due to CDE            | 7,856,681            | -                                  | 7,856,681                      |
| Other vendor payables | 4,683,715            | 1,079,395                          | 5,763,110                      |
| Total                 | <u>\$ 23,947,065</u> | <u>\$ 1,093,006</u>                | <u>\$ 25,040,071</u>           |

**Note 9 - Unearned Revenue**

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

|                              | General<br>Fund     | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------|---------------------|------------------------------------|--------------------------------|
| Federal financial assistance | \$ 1,496,886        | \$ 362,689                         | \$ 1,859,575                   |
| State categorical aid        | 270,576             | -                                  | 270,576                        |
| Total                        | <u>\$ 1,767,462</u> | <u>\$ 362,689</u>                  | <u>\$ 2,130,151</u>            |

**Note 10 - Long-Term Liabilities Other than OPEB and Pensions****Summary**

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

|                                       | Balance<br>July 1, 2023 | Additions           | Deductions            | Balance<br>June 30, 2024 | Due in<br>One Year |
|---------------------------------------|-------------------------|---------------------|-----------------------|--------------------------|--------------------|
| Long-Term Liabilities                 |                         |                     |                       |                          |                    |
| Certificates of participation         | \$ 5,750,000            | \$ -                | \$ (315,000)          | \$ 5,435,000             | \$ 325,000         |
| Unamortized premium                   | 627,420                 | -                   | (46,476)              | 580,944                  | -                  |
| Financed purchase agreement           | 843,107                 | -                   | (131,373)             | 711,734                  | 134,892            |
| Leases                                | -                       | 838,235             | (168,516)             | 669,719                  | 173,482            |
| Subscription-based IT<br>arrangements | 15,104                  | -                   | (15,104)              | -                        | -                  |
| Supplemental early retirement plan    | 740,133                 | 320,585             | (330,888)             | 729,830                  | 314,653            |
| Compensated absences                  | 1,559,701               | -                   | (282,863)             | 1,276,838                | -                  |
| Total                                 | <u>\$ 9,535,465</u>     | <u>\$ 1,158,820</u> | <u>\$ (1,290,220)</u> | <u>\$ 9,404,065</u>      | <u>\$ 948,027</u>  |

Payments for the certificates of participation are made from the Debt Service Fund for Blended Component Units. Payments for financed purchase agreements, subscription-based IT arrangements, and supplemental early retirement plan are made by the General Fund. Payments for leases are made by the General Fund and Cafeteria Fund. The compensated absences will be paid by the General Fund and the Cafeteria Fund.

**Certificates of Participation**

On December 18, 2019, Public Property Financing Corporation of California issued the 2019 Refunding Certificates of Participation in the amount of \$6,745,000. The certificates were issued at an aggregate price of \$7,230,883 (representing the principal amount of \$6,745,000 with an issuance premium of \$790,085, less cost of issuance of \$304,202). The certificates have a final maturity to occur on September 1, 2036 and a fixed interest rate of 4.00%. Proceeds from the sale of certificates were used to refund the Corporation's outstanding certificates from 2007 Certificates of Participation and to pay the cost of issuance. At June 30, 2024, the principal outstanding was \$5,435,000.

# Adelanto Elementary School District

Notes to Financial Statements

June 30, 2024

The certificates mature through 2037 as follows:

| Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-------------------------|---------------------|---------------------|---------------------|
| 2025                    | \$ 325,000          | \$ 210,900          | \$ 535,900          |
| 2026                    | 340,000             | 197,600             | 537,600             |
| 2027                    | 355,000             | 183,700             | 538,700             |
| 2028                    | 370,000             | 169,200             | 539,200             |
| 2029                    | 380,000             | 154,200             | 534,200             |
| 2030-2034               | 2,150,000           | 524,800             | 2,674,800           |
| 2035-2039               | 1,515,000           | 92,500              | 1,607,500           |
| Total                   | <u>\$ 5,435,000</u> | <u>\$ 1,532,900</u> | <u>\$ 6,967,900</u> |

## Financed Purchase Agreements

The District has entered into various agreements in the acquisition of buses. As of June 30, 2024, the District a total outstanding liability of \$711,736.

The financed purchase agreements mature through 2029 as follows:

| Year Ending<br>June 30, | Principal         | Interest         | Total             |
|-------------------------|-------------------|------------------|-------------------|
| 2025                    | \$ 134,892        | \$ 19,075        | \$ 153,967        |
| 2026                    | 138,508           | 15,459           | 153,967           |
| 2027                    | 142,220           | 11,747           | 153,967           |
| 2028                    | 146,031           | 7,936            | 153,967           |
| 2029                    | 150,085           | 3,882            | 153,967           |
| Total                   | <u>\$ 711,736</u> | <u>\$ 58,099</u> | <u>\$ 769,835</u> |

## Leases

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

| Leases                    | July 1, 2023 | Addition          | Payments            | June 30, 2024     |
|---------------------------|--------------|-------------------|---------------------|-------------------|
| Copiers - District Office | \$ -         | \$ 7,343          | \$ (2,418)          | \$ 4,925          |
| Copiers - District Wide   | -            | 826,175           | (163,973)           | 662,202           |
| Copier - Cafeteria        | -            | 4,717             | (2,125)             | 2,592             |
| Total                     | <u>\$ -</u>  | <u>\$ 838,235</u> | <u>\$ (168,516)</u> | <u>\$ 669,719</u> |

**Copiers – District Office**

The District entered an agreement to lease a copier for 38 months, beginning July 2023. The lease terminates June 2026. Under the terms of the lease, the District pays a monthly base fee of \$225. At June 30, 2024, the District has recognized a right-to-use asset of \$4,826 and a lease liability of \$4,925 related to this agreement. During the fiscal year, the District recorded \$2,518 in amortization expense and \$281 in interest expense for the right to use the copier - do. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

**Copiers – District Wide**

The District entered an agreement to lease a copier for 56 months, beginning July 2023. The lease terminates March 2028. Under the terms of the lease, the District pays a quarterly base fee of \$16,503. At June 30, 2024, the District has recognized a right-to-use asset of \$649,137 and a lease liability of \$662,202 related to this agreement. During the fiscal year, the District recorded \$177,037 in amortization expense and \$34,063 in interest expense for the right to use the copiers - district wide. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

**Copier - Cafeteria**

The District entered an agreement to lease a copier for 25 months, beginning July 2023. The lease terminates August 2025. Under the terms of the lease, the District pays a quarterly base fee of \$191. At June 30, 2024, the District has recognized a right-to-use asset of \$2,540 and a lease liability of \$2,592 related to this agreement. During the fiscal year, the District recorded \$2,177 in amortization expense and \$167 in interest expense for the right to use the copier - cafeteria. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

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

| Year Ending<br>June 30, | Principal         | Interest         | Total             |
|-------------------------|-------------------|------------------|-------------------|
| 2025                    | \$ 173,482        | \$ 29,546        | \$ 203,028        |
| 2026                    | 180,186           | 20,707           | 200,893           |
| 2027                    | 186,468           | 11,568           | 198,036           |
| 2028                    | 129,583           | 2,441            | 132,024           |
| Total                   | <u>\$ 669,719</u> | <u>\$ 64,262</u> | <u>\$ 733,981</u> |

### Supplemental Early Retirement Plan (SERP)

The District has adopted an early retirement incentive program. The District has entered into contracts with certain eligible employees where the employees would receive portion of their salaries as an annuity payments over a five-year period. Outstanding balance as of June 30, 2024 was \$729,830.

The annual requirements for annuity payments at June 30, 2024 are as follows:

| <u>Year Ended June 30,</u> | <u>Payment</u>           |
|----------------------------|--------------------------|
| 2025                       | \$ 314,653               |
| 2026                       | 175,530                  |
| 2027                       | 175,530                  |
| 2028                       | 64,117                   |
|                            | <u><u>          </u></u> |
| Total                      | <u><u>\$ 729,830</u></u> |

### Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,276,838.

### Note 11 - Other Postemployment Benefit (OPEB) Liability

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

| <u>OPEB Plan</u>                       | <u>OPEB Liability</u>       | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>OPEB Expense</u>        |
|----------------------------------------|-----------------------------|---------------------------------------|--------------------------------------|----------------------------|
| District Plan                          | \$ 17,579,368               | \$ 544,474                            | \$ 7,337,379                         | \$ 1,386,833               |
| Medicare Premium Payment (MPP) Program | <u>344,291</u>              | <u>-</u>                              | <u>-</u>                             | <u>(42,681)</u>            |
| Total                                  | <u><u>\$ 17,923,659</u></u> | <u><u>\$ 544,474</u></u>              | <u><u>\$ 7,337,379</u></u>           | <u><u>\$ 1,344,152</u></u> |

The details of each plan are as follows:

**District Plan**

**Plan Administration**

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

**Plan Membership**

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

|                                                                           |                   |
|---------------------------------------------------------------------------|-------------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 821               |
| Active employees                                                          | <u>53</u>         |
| Total                                                                     | <u><u>874</u></u> |

**Benefits Provided**

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

**Contributions**

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Adelanto District Teachers Association (ADTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ADTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2024, the District contributed \$1,073,161 to the Plan, of which \$771,220 was used for current premiums and \$301,941 was used for implicit rate subsidy.

**Total OPEB Liability of the District**

The District’s total OPEB liability of \$17,579,368 was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

|                             |                                    |
|-----------------------------|------------------------------------|
| Inflation                   | 2.50%                              |
| Salary increases            | 2.75% average, including inflation |
| Discount rate               | 3.93% for 2024                     |
| Healthcare cost trend rates | 4.00%                              |

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

**Changes in the Total OPEB Liability**

|                                                    | <u>Total OPEB<br/>Liability</u> |
|----------------------------------------------------|---------------------------------|
| Balance, June 30, 2023                             | <u>\$ 21,200,061</u>            |
| Service cost                                       | 1,292,483                       |
| Interest                                           | 777,805                         |
| Differences between expected and actual experience | 54,546                          |
| Changes of assumptions                             | (4,672,366)                     |
| Benefit payments                                   | <u>(1,073,161)</u>              |
| Net change in total OPEB liability                 | <u>(3,620,693)</u>              |
| Balance, June 30, 2024                             | <u><u>\$ 17,579,368</u></u>     |

There were no changes to the benefit terms.

Changes of assumptions reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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

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

| Discount Rate                 | Total OPEB<br>Liability |
|-------------------------------|-------------------------|
| 1% decrease (2.93%)           | \$ 18,908,693           |
| Current discount rate (3.93%) | 17,579,368              |
| 1% increase (4.93%)           | 16,335,359              |

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

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

| Healthcare Cost Trend Rate                 | Total OPEB<br>Liability |
|--------------------------------------------|-------------------------|
| 1% decrease (3.00%)                        | \$ 15,641,497           |
| Current healthcare cost trend rate (4.00%) | 17,579,368              |
| 1% increase (5.00%)                        | 19,859,962              |

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,386,833. In addition, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

|                                                    | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 49,962                         | \$ 1,437,461                     |
| Changes of assumptions                             | 494,512                           | 5,899,918                        |
| Total                                              | <u>\$ 544,474</u>                 | <u>\$ 7,337,379</u>              |

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

| <u>Year Ended June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|----------------------------|---------------------------------------------------------|
| 2025                       | \$ (683,455)                                            |
| 2026                       | (683,455)                                               |
| 2027                       | (683,455)                                               |
| 2028                       | (683,455)                                               |
| 2029                       | (683,455)                                               |
| Thereafter                 | <u>(3,375,630)</u>                                      |
| Total                      | <u>\$ (6,792,905)</u>                                   |

### **Medicare Premium Payment (MPP) Program**

#### **Plan Description**

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

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

#### **Benefits Provided**

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

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

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

### **Net OPEB Liability and OPEB Expense**

At June 30, 2024, the District reported a liability of \$344,291 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1135%, and 0.1175%, resulting in a net decrease in the proportionate share of 0.0040%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(42,681).

### **Actuarial Methods and Assumptions**

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

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

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

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

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

#### Discount Rate

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

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

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

| Discount Rate                 | Net OPEB Liability |
|-------------------------------|--------------------|
| 1% decrease (2.65%)           | \$ 374,173         |
| Current discount rate (3.65%) | 344,291            |
| 1% increase (4.65%)           | 318,308            |

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

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

| Medicare Costs Trend Rates                                            | Net OPEB<br>Liability |
|-----------------------------------------------------------------------|-----------------------|
| 1% decrease (3.50% Part A and 4.40% Part B)                           | \$ 316,782            |
| Current Medicare costs trend rates<br>(4.50% Part A and 5.40% Part B) | 344,291               |
| 1% increase (5.50% Part A and 6.40% Part B)                           | 375,348               |

**Note 12 - Non-Obligatory Debt**

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$25,390,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the financial statements.

**Note 13 - Fund Balances**

Fund balances are composed of the following elements:

|                                    | General<br>Fund | Deferred<br>Maintenance<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|-----------------|---------------------------------|------------------------------------|--------------------------------|
| Nonspendable                       |                 |                                 |                                    |                                |
| Revolving cash                     | \$ 60,000       | \$ -                            | \$ 920                             | \$ 60,920                      |
| Stores inventories                 | 293,623         | -                               | 63,442                             | 357,065                        |
| Prepaid expenditures               | 10,677          | -                               | -                                  | 10,677                         |
| Total nonspendable                 | 364,300         | -                               | 64,362                             | 428,662                        |
| Restricted                         |                 |                                 |                                    |                                |
| Legally restricted programs        | 50,304,444      | -                               | -                                  | 50,304,444                     |
| Student Activity                   | -               | -                               | 59,757                             | 59,757                         |
| Food service                       | -               | -                               | 5,213,158                          | 5,213,158                      |
| Capital projects                   | -               | -                               | 24,506,068                         | 24,506,068                     |
| Debt services                      | -               | -                               | 2,406,747                          | 2,406,747                      |
| Total restricted                   | 50,304,444      | -                               | 32,185,730                         | 82,490,174                     |
| Committed                          |                 |                                 |                                    |                                |
| Deferred maintenance program       | -               | 216,758                         | -                                  | 216,758                        |
| Assigned                           |                 |                                 |                                    |                                |
| Capital Projects                   | -               | -                               | 47,072                             | 47,072                         |
| Other                              | 3,176,474       | -                               | -                                  | 3,176,474                      |
| Total assigned                     | 3,176,474       | -                               | 47,072                             | 3,223,546                      |
| Unassigned                         |                 |                                 |                                    |                                |
| Reserve for economic uncertainties | 4,287,700       | -                               | -                                  | 4,287,700                      |
| Remaining unassigned               | 953,721         | -                               | -                                  | 953,721                        |
| Total unassigned                   | 5,241,421       | -                               | -                                  | 5,241,421                      |
| Total                              | \$ 59,086,639   | \$ 216,758                      | \$ 32,297,164                      | \$ 91,600,561                  |

**Note 14 - Risk Management****Property and Liability**

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

**Workers' Compensation**

For fiscal year 2024, the District participated in the Southern California Schools Risk Management (SCSRM) public risk entity pool for workers' compensation coverage. The intent of SCSRM is to achieve the benefit of a reduced premiums for the District by virtue of its grouping and representation with other participants in SCSRM. Each participant pays its workers' compensation premium based on its individual rate. Excess coverage is provided by Schools Excess Liability Fund (SELF) public entity risk pool.

**Employee Medical Benefits**

The District has contracted with High Desert and Inland Employee/Employer Trust to provide employee medical, vision, and life insurance benefits. Additionally, the District participates in Southern California Schools Employee Benefits Association (SCEBA) public risk entity pool to provide dental benefits for its management employees.

**Note 15 - Employee Retirement Systems**

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

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

| <u>Pension Plan</u> | <u>Net<br/>Pension Liability</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> | <u>Pension Expense</u> |
|---------------------|----------------------------------|-------------------------------------------|------------------------------------------|------------------------|
| CalSTRS             | \$ 58,422,973                    | \$ 19,077,558                             | \$ 4,793,989                             | \$ 9,721,751           |
| CalPERS             | 36,411,955                       | 12,607,735                                | 873,746                                  | 5,653,993              |
| Total               | <u>\$ 94,834,928</u>             | <u>\$ 31,685,293</u>                      | <u>\$ 5,667,735</u>                      | <u>\$ 15,375,744</u>   |

The details of each plan are as follows:

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

#### **Plan Description**

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

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

#### **Benefits Provided**

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

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

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

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

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

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$9,616,533.

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

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

|                                                          |                      |
|----------------------------------------------------------|----------------------|
| Total net pension liability, including State share       |                      |
| Proportionate share of net pension liability             | \$ 58,422,973        |
| State's proportionate share of the net pension liability | 27,992,089           |
| Total                                                    | <u>\$ 86,415,062</u> |

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0767% and 0.0783%, resulting in a net decrease in the proportionate share of 0.0016%.

# Adelanto Elementary School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$9,721,751. In addition, the District recognized pension expense and revenue of \$3,807,697 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<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                                                                   | \$ 9,616,533                      | \$ -                             |
| Change in proportion and differences between contributions<br>made and District's proportionate share of contributions | 4,281,578                         | 1,668,064                        |
| Differences between projected and actual earnings<br>on pension plan investments                                       | 250,074                           | -                                |
| Differences between expected and actual experience<br>in the measurement of the total pension liability                | 4,591,083                         | 3,125,925                        |
| Changes of assumptions                                                                                                 | 338,290                           | -                                |
| Total                                                                                                                  | <u>\$ 19,077,558</u>              | <u>\$ 4,793,989</u>              |

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

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

| <u>Year Ended June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|----------------------------|---------------------------------------------------------|
| 2025                       | \$ (1,838,031)                                          |
| 2026                       | (2,880,517)                                             |
| 2027                       | 4,733,699                                               |
| 2028                       | 234,923                                                 |
| Total                      | <u>\$ 250,074</u>                                       |

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

| <u>Year Ended June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|----------------------------|---------------------------------------------------------|
| 2025                       | \$ 1,477,188                                            |
| 2026                       | 909,880                                                 |
| 2027                       | 517,087                                                 |
| 2028                       | 105,946                                                 |
| 2029                       | 741,935                                                 |
| Thereafter                 | 664,926                                                 |
| Total                      | <u>\$ 4,416,962</u>                                     |

#### Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

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

#### Discount Rate

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

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

| Discount Rate                 | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (6.10%)           | \$ 97,999,875         |
| Current discount rate (7.10%) | 58,422,973            |
| 1% increase (8.10%)           | 25,549,743            |

## California Public Employees Retirement System (CalPERS)

### Plan Description

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

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

### Benefits Provided

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

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

|                                                           | School Employer Pool (CalPERS)    |                                |
|-----------------------------------------------------------|-----------------------------------|--------------------------------|
|                                                           | On or before<br>December 31, 2012 | On or after<br>January 1, 2013 |
| Hire date                                                 |                                   |                                |
| Benefit formula                                           | 2% at 55                          | 2% at 62                       |
| Benefit vesting schedule                                  | 5 years of service                | 5 years of service             |
| Benefit payments                                          | Monthly for life                  | Monthly for life               |
| Retirement age                                            | 55                                | 62                             |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5%                       | 1.0% - 2.5%                    |
| Required employee contribution rate                       | 7.00%                             | 8.00%                          |
| Required employer contribution rate                       | 26.680%                           | 25.370%                        |

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$5,354,355.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$36,411,955. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1006% and 0.0990%, resulting in a net increase in the proportionate share of 0.0016%.

For the year ended June 30, 2024, the District recognized pension expense of \$5,653,993. 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<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                                                                | \$ 5,354,355                      | \$ -                             |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 357,803                           | 314,512                          |
| Differences between projected and actual earnings on pension plan investments                                       | 3,889,317                         | -                                |
| Differences between expected and actual experience in the measurement of the total pension liability                | 1,328,776                         | 559,234                          |
| Changes of assumptions                                                                                              | 1,677,484                         | -                                |
| Total                                                                                                               | <u>\$ 12,607,735</u>              | <u>\$ 873,746</u>                |

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

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

| <u>Year Ended June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|----------------------------|---------------------------------------------------------|
| 2025                       | \$ 725,508                                              |
| 2026                       | 429,810                                                 |
| 2027                       | 2,612,959                                               |
| 2028                       | 121,040                                                 |
| Total                      | <u>\$ 3,889,317</u>                                     |

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

| <u>Year Ended June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|----------------------------|---------------------------------------------------------|
| 2025                       | \$ 983,407                                              |
| 2026                       | 1,028,202                                               |
| 2027                       | 478,708                                                 |
| Total                      | <u>\$ 2,490,317</u>                                     |

#### Actuarial Methods and Assumptions

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

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

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

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

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

#### Discount Rate

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

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

| Discount Rate                 | Net Pension Liability |
|-------------------------------|-----------------------|
| 1% decrease (5.90%)           | \$ 52,642,275         |
| Current discount rate (6.90%) | 36,411,955            |
| 1% increase (7.90%)           | 22,997,965            |

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,477,391 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 16 - Commitments and Contingencies****Grants**

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

**Litigation**

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

**Note 17 - Participation in Public Entity Risk Pools and Joint Power Authorities**

The District is a member of Southern California Schools Risk Management (SCSRM), Southern California Schools Employee Benefits Association (SCSEBA) public entity risk pools. The District pays an annual premium/contribution to each entity for its property and liability, workers' compensation, and dental benefits. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of \$14,585,151, and \$19,866 to SCSRM and SCSEBA, respectively.

**Note 18 - Restatement**

*Change within the Reporting Entity*

During the fiscal year 2023-2024, there was a change within the financial reporting entity which resulted in the Deferred Maintenance Fund being reported as a major fund instead of as a non-major fund. As a result, fund balance of the Deferred Maintenance Fund of \$205,889 which was previously reported in the non-major funds is now reported as a major fund with a beginning fund balance of \$205,889. This resulted in adjustments to and restatements of beginning fund balances as follows:

|                                                                   | Governmental Funds              |                                    |
|-------------------------------------------------------------------|---------------------------------|------------------------------------|
|                                                                   | Deferred<br>Maintenance<br>Fund | Non-Major<br>Governmental<br>Funds |
| Fund Balance - Beginning, as previously reported on June 30, 2023 | \$ -                            | \$ 28,912,609                      |
| Change to or within the financial reporting entity                | <u>205,889</u>                  | <u>(205,889)</u>                   |
| Fund Balance - Beginning, as Restated on July 1, 2023             | <u><u>\$ 205,889</u></u>        | <u><u>\$ 28,706,720</u></u>        |



Required Supplementary Information  
June 30, 2024

## Adelanto Elementary School District

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

|                                                              | Budgeted Amounts     |                      | Actual               | Variances -<br>Positive<br>(Negative)<br>Final<br>to Actual |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------------------------------------|
|                                                              | Original             | Final                |                      |                                                             |
| <b>Revenues</b>                                              |                      |                      |                      |                                                             |
| Local Control Funding Formula                                | \$ 104,045,131       | \$ 105,259,739       | \$ 99,144,934        | \$ (6,114,805)                                              |
| Federal sources                                              | 8,076,678            | 8,655,152            | 7,811,085            | (844,067)                                                   |
| Other State sources                                          | 11,900,660           | 30,417,795           | 31,926,087           | 1,508,292                                                   |
| Other local sources                                          | 2,794,507            | 8,685,011            | 11,262,282           | 2,577,271                                                   |
| <b>Total revenues <sup>1</sup></b>                           | <b>126,816,976</b>   | <b>153,017,697</b>   | <b>150,144,388</b>   | <b>(2,873,309)</b>                                          |
| <b>Expenditures</b>                                          |                      |                      |                      |                                                             |
| Current                                                      |                      |                      |                      |                                                             |
| Certificated salaries                                        | 50,311,225           | 50,358,364           | 52,040,933           | (1,682,569)                                                 |
| Classified salaries                                          | 19,573,994           | 19,831,413           | 20,602,653           | (771,240)                                                   |
| Employee benefits                                            | 35,644,072           | 36,726,392           | 37,435,814           | (709,422)                                                   |
| Books and supplies                                           | 9,561,095            | 7,602,081            | 5,472,629            | 2,129,452                                                   |
| Services and operating expenditures                          | 21,779,210           | 25,171,119           | 19,299,403           | 5,871,716                                                   |
| Other outgo                                                  | 1,375,309            | 2,398,542            | 13,052,110           | (10,653,568)                                                |
| Capital outlay                                               | 356,290              | 3,555,583            | 3,327,041            | 228,542                                                     |
| Debt service                                                 |                      |                      |                      |                                                             |
| Debt service - principal                                     | -                    | -                    | 312,868              | (312,868)                                                   |
| Debt service - interest and other                            | -                    | -                    | 57,543               | (57,543)                                                    |
| <b>Total expenditures <sup>1</sup></b>                       | <b>138,601,195</b>   | <b>145,643,494</b>   | <b>151,600,994</b>   | <b>(5,957,500)</b>                                          |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(11,784,219)</b>  | <b>7,374,203</b>     | <b>(1,456,606)</b>   | <b>(8,830,809)</b>                                          |
| <b>Other Financing Sources</b>                               |                      |                      |                      |                                                             |
| Other sources - leases                                       | -                    | -                    | 833,518              | 833,518                                                     |
| Transfers out                                                | -                    | -                    | (1,790,200)          | (1,790,200)                                                 |
| <b>Net Change in Fund Balances</b>                           | <b>(11,784,219)</b>  | <b>7,374,203</b>     | <b>(2,413,288)</b>   | <b>(9,787,491)</b>                                          |
| <b>Fund Balance - Beginning</b>                              | <b>61,499,927</b>    | <b>61,499,927</b>    | <b>61,499,927</b>    | <b>-</b>                                                    |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 49,715,708</b> | <b>\$ 68,874,130</b> | <b>\$ 59,086,639</b> | <b>\$ (9,787,491)</b>                                       |

<sup>1</sup> Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 67, Self-Insurance Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Adelanto Elementary School District  
 Budgetary Comparison Schedule – Deferred Maintenance Fund  
 Year Ended June 30, 2024

|                                        | Budgeted Amounts  |                   | Actual            | Variances -<br>Positive<br>(Negative) |
|----------------------------------------|-------------------|-------------------|-------------------|---------------------------------------|
|                                        | Original          | Final             |                   | Final<br>to Actual                    |
| Revenues                               |                   |                   |                   |                                       |
| Local Control Funding Formula          | \$ -              | \$ -              | \$ 4,660,765      | \$ 4,660,765                          |
| Other local sources                    | 10,000            | 8,000             | 10,869            | 2,869                                 |
| Total revenues                         | 10,000            | 8,000             | 4,671,634         | 4,663,634                             |
| Expenditures                           |                   |                   |                   |                                       |
| Current                                |                   |                   |                   |                                       |
| Services and operating expenditures    | -                 | -                 | 4,660,765         | (4,660,765)                           |
| Net Change in Fund Balances            | 10,000            | 8,000             | 10,869            | 2,869                                 |
| Fund Balance - Beginning, as Restated* | 205,889           | 205,889           | 205,889           | -                                     |
| Fund Balance - Ending                  | <u>\$ 215,889</u> | <u>\$ 213,889</u> | <u>\$ 216,758</u> | <u>\$ 2,869</u>                       |

\* Refer to Note 18 to the financial statements for additional information related to the restatement.

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

|                                                         | 2024                 | 2023                 | 2022                 | 2021                 |
|---------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability                                    |                      |                      |                      |                      |
| Service cost                                            | \$ 1,292,483         | \$ 1,279,082         | \$ 1,562,506         | \$ 1,512,036         |
| Interest                                                | 777,805              | 723,411              | 483,470              | 467,159              |
| Changes of benefit terms                                | -                    | -                    | -                    | -                    |
| Difference between expected and actual experience       | 54,546               | -                    | (925,146)            | -                    |
| Changes of assumptions                                  | (4,672,366)          | (173,303)            | (1,985,653)          | 64,013               |
| Benefit payments                                        | (1,073,161)          | (849,861)            | (1,032,118)          | (808,060)            |
| Net change in total OPEB liability                      | (3,620,693)          | 979,329              | (1,896,941)          | 1,235,148            |
| Total OPEB Liability - Beginning                        | 21,200,061           | 20,220,732           | 22,117,673           | 20,882,525           |
| Total OPEB Liability - Ending                           | <u>\$ 17,579,368</u> | <u>\$ 21,200,061</u> | <u>\$ 20,220,732</u> | <u>\$ 22,117,673</u> |
| Covered Payroll                                         | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Measurement Date                                        | June 30, 2024        | June 30, 2023        | June 30, 2022        | June 30, 2021        |

|                                                         | 2020                 | 2019                 | 2018                 |
|---------------------------------------------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability                                    |                      |                      |                      |
| Service cost                                            | \$ 1,769,773         | \$ 1,647,967         | \$ 1,603,861         |
| Interest                                                | 721,184              | 648,492              | 643,942              |
| Changes of benefit terms                                | -                    | -                    | -                    |
| Difference between expected and actual experience       | (1,242,654)          | -                    | -                    |
| Changes of assumptions                                  | 314,466              | 481,839              | -                    |
| Benefit payments                                        | (801,234)            | (723,327)            | (695,507)            |
| Net change in total OPEB liability                      | 761,535              | 2,054,971            | 1,552,296            |
| Total OPEB Liability - Beginning                        | 20,120,990           | 18,066,019           | 16,513,723           |
| Total OPEB Liability - Ending                           | <u>\$ 20,882,525</u> | <u>\$ 20,120,990</u> | <u>\$ 18,066,019</u> |
| Covered Payroll                                         | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Total OPEB Liability as a Percentage of Covered Payroll | N/A <sup>1</sup>     | N/A <sup>1</sup>     | N/A <sup>1</sup>     |
| Measurement Date                                        | June 30, 2020        | June 30, 2019        | June 30, 2018        |

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

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

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

| Year ended June 30,                                                                      | 2024             | 2023             | 2022             | 2021             |
|------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability                                                     | 0.1135%          | 0.1175%          | 0.1122%          | 0.1159%          |
| Proportionate share of the net OPEB liability                                            | \$ 344,291       | \$ 386,972       | \$ 447,491       | \$ 491,066       |
| Covered payroll                                                                          | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (0.96%)          | (0.94%)          | (0.80%)          | (0.71%)          |
| Measurement Date                                                                         | June 30, 2023    | June 30, 2022    | June 30, 2021    | June 30, 2020    |

| Year ended June 30,                                                                      | 2020             | 2019             | 2018             |
|------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability                                                     | 0.1139%          | 0.1095%          | 0.1047%          |
| Proportionate share of the net OPEB liability                                            | \$ 424,085       | \$ 419,116       | \$ 440,413       |
| Covered payroll                                                                          | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Proportionate share of the net OPEB liability<br>as a percentage of it's covered payroll | N/A <sup>1</sup> | N/A <sup>1</sup> | N/A <sup>1</sup> |
| Plan fiduciary net position as a percentage<br>of the total OPEB liability               | (0.81%)          | (0.40%)          | 0.01%            |
| Measurement Date                                                                         | June 30, 2019    | June 30, 2018    | June 30, 2017    |

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

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

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

| <b>CalSTRS</b>                                                                          | <u>2024</u>           | <u>2023</u>          | <u>2022</u>          | <u>2021</u>           | <u>2020</u>           |
|-----------------------------------------------------------------------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Proportion of the net pension liability                                                 | <u>0.0767%</u>        | <u>0.0783%</u>       | <u>0.0746%</u>       | <u>0.0765%</u>        | <u>0.0737%</u>        |
| Proportionate share of the net pension liability                                        | <u>\$ 58,422,973</u>  | <u>\$ 54,389,787</u> | <u>\$ 33,965,788</u> | <u>\$ 74,097,350</u>  | <u>\$ 66,546,350</u>  |
| State's proportionate share of the net pension liability                                | <u>27,992,089</u>     | <u>27,238,193</u>    | <u>17,090,267</u>    | <u>38,197,193</u>     | <u>36,305,477</u>     |
| Total                                                                                   | <u>\$ 86,415,062</u>  | <u>\$ 81,627,980</u> | <u>\$ 51,056,055</u> | <u>\$ 112,294,543</u> | <u>\$ 102,851,827</u> |
| Covered payroll                                                                         | <u>\$ 48,557,236</u>  | <u>\$ 44,862,683</u> | <u>\$ 42,879,152</u> | <u>\$ 41,060,164</u>  | <u>\$ 38,892,893</u>  |
| Proportionate share of the net pension liability as a percentage of its covered payroll | <u>120.32%</u>        | <u>121.24%</u>       | <u>79.21%</u>        | <u>180.46%</u>        | <u>171.10%</u>        |
| Plan fiduciary net position as a percentage of the total pension liability              | <u>81%</u>            | <u>81%</u>           | <u>87%</u>           | <u>72%</u>            | <u>73%</u>            |
| Measurement Date                                                                        | June 30, 2023         | June 30, 2022        | June 30, 2021        | June 30, 2020         | June 30, 2019         |
|                                                                                         | <u>2019</u>           | <u>2018</u>          | <u>2017</u>          | <u>2016</u>           | <u>2015</u>           |
| Proportion of the net pension liability                                                 | <u>0.0696%</u>        | <u>0.0658%</u>       | <u>0.0640%</u>       | <u>0.0620%</u>        | <u>0.0530%</u>        |
| Proportionate share of the net pension liability                                        | <u>\$ 63,994,436</u>  | <u>\$ 60,826,865</u> | <u>\$ 51,763,840</u> | <u>\$ 41,740,880</u>  | <u>\$ 30,971,610</u>  |
| State's proportionate share of the net pension liability                                | <u>36,639,808</u>     | <u>35,984,659</u>    | <u>29,472,569</u>    | <u>22,076,265</u>     | <u>18,702,183</u>     |
| Total                                                                                   | <u>\$ 100,634,244</u> | <u>\$ 96,811,524</u> | <u>\$ 81,236,409</u> | <u>\$ 63,817,145</u>  | <u>\$ 49,673,793</u>  |
| Covered payroll                                                                         | <u>\$ 38,434,304</u>  | <u>\$ 34,593,625</u> | <u>\$ 31,428,472</u> | <u>\$ 30,042,489</u>  | <u>26,275,442</u>     |
| Proportionate share of the net pension liability as a percentage of its covered payroll | <u>166.50%</u>        | <u>175.83%</u>       | <u>164.70%</u>       | <u>138.94%</u>        | <u>117.87%</u>        |
| Plan fiduciary net position as a percentage of the total pension liability              | <u>71%</u>            | <u>69%</u>           | <u>70%</u>           | <u>74%</u>            | <u>77%</u>            |
| Measurement Date                                                                        | June 30, 2018         | June 30, 2017        | June 30, 2016        | June 30, 2015         | June 30, 2014         |

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

| <b>CalPERS</b>                                                                          | <b>2024</b>   | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   |
|-----------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability                                                 | 0.1006%       | 0.0990%       | 0.1006%       | 0.1016%       | 0.1027%       |
| Proportionate share of the net pension liability                                        | \$ 36,411,955 | \$ 34,076,543 | \$ 20,458,039 | \$ 31,173,689 | \$ 29,920,383 |
| Covered payroll                                                                         | \$ 17,580,244 | \$ 10,905,356 | \$ 14,485,787 | \$ 15,190,041 | \$ 14,303,543 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 207.12%       | 312.48%       | 141.23%       | 205.22%       | 209.18%       |
| Plan fiduciary net position as a percentage of the total pension liability              | 70%           | 70%           | 81%           | 70%           | 70%           |
| Measurement Date                                                                        | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |
|                                                                                         | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   |
| Proportion of the net pension liability                                                 | 0.1080%       | 0.1016%       | 0.0990%       | 0.1012%       | 0.0976%       |
| Proportionate share of the net pension liability                                        | \$ 28,801,123 | \$ 24,265,105 | \$ 19,552,561 | \$ 14,916,980 | \$ 11,079,976 |
| Covered payroll                                                                         | \$ 14,329,515 | \$ 13,430,170 | \$ 11,895,341 | \$ 11,210,492 | 10,210,863    |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 200.99%       | 180.68%       | 164.37%       | 133.06%       | 108.51%       |
| Plan fiduciary net position as a percentage of the total pension liability              | 71%           | 72%           | 74%           | 79%           | 83%           |
| Measurement Date                                                                        | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

**Adelanto Elementary School District**  
**Schedule of the District's Contributions - CalSTRS**  
**Year Ended June 30, 2024**

| <b>CalSTRS</b>                                                            | <u>2024</u>          | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          |
|---------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                       | \$ 9,616,533         | \$ 9,274,432         | \$ 7,590,766         | \$ 6,924,983         | \$ 7,021,288         |
| Less contributions in relation to the contractually required contribution | <u>9,616,533</u>     | <u>9,274,432</u>     | <u>7,590,766</u>     | <u>6,924,983</u>     | <u>7,021,288</u>     |
| Contribution deficiency (excess)                                          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll                                                           | <u>\$ 50,348,340</u> | <u>\$ 48,557,236</u> | <u>\$ 44,862,683</u> | <u>\$ 42,879,152</u> | <u>\$ 41,060,164</u> |
| Contributions as a percentage of covered payroll                          | <u>19.10%</u>        | <u>19.10%</u>        | <u>16.92%</u>        | <u>16.15%</u>        | <u>17.10%</u>        |
|                                                                           | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
| Contractually required contribution                                       | \$ 6,331,763         | \$ 5,546,070         | \$ 4,351,878         | \$ 3,372,275         | \$ 2,667,773         |
| Less contributions in relation to the contractually required contribution | <u>154,759</u>       | <u>5,546,070</u>     | <u>4,351,878</u>     | <u>3,372,275</u>     | <u>2,667,773</u>     |
| Contribution deficiency (excess)                                          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll                                                           | <u>\$ 38,892,893</u> | <u>\$ 38,434,304</u> | <u>\$ 34,593,625</u> | <u>\$ 31,428,472</u> | <u>\$ 30,042,489</u> |
| Contributions as a percentage of covered payroll                          | <u>16.28%</u>        | <u>14.43%</u>        | <u>12.58%</u>        | <u>10.73%</u>        | <u>8.88%</u>         |

**Adelanto Elementary School District**  
**Schedule of the District's Contributions - CalPERS**  
**Year Ended June 30, 2024**

| <b>CalPERS</b>                                                            | <u>2024</u>          | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          |
|---------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                       | \$ 5,354,355         | \$ 4,460,108         | \$ 2,498,417         | \$ 2,998,558         | \$ 2,995,628         |
| Less contributions in relation to the contractually required contribution | <u>5,354,355</u>     | <u>4,460,108</u>     | <u>2,498,417</u>     | <u>2,998,558</u>     | <u>2,995,628</u>     |
| Contribution deficiency (excess)                                          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll                                                           | <u>\$ 20,068,797</u> | <u>\$ 17,580,244</u> | <u>\$ 10,905,356</u> | <u>\$ 14,485,787</u> | <u>\$ 15,190,041</u> |
| Contributions as a percentage of covered payroll                          | <u>26.680%</u>       | <u>25.370%</u>       | <u>22.910%</u>       | <u>20.700%</u>       | <u>19.721%</u>       |
|                                                                           | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
| Contractually required contribution                                       | \$ 2,583,506         | \$ 2,225,517         | \$ 1,865,182         | \$ 1,409,241         | \$ 1,319,587         |
| Less contributions in relation to the contractually required contribution | <u>76,227</u>        | <u>2,225,517</u>     | <u>1,865,182</u>     | <u>1,409,241</u>     | <u>1,319,587</u>     |
| Contribution deficiency (excess)                                          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| Covered payroll                                                           | <u>\$ 14,303,543</u> | <u>\$ 14,329,515</u> | <u>\$ 13,430,170</u> | <u>\$ 11,895,341</u> | <u>\$ 11,210,492</u> |
| Contributions as a percentage of covered payroll                          | <u>18.062%</u>       | <u>15.531%</u>       | <u>13.888%</u>       | <u>11.847%</u>       | <u>11.771%</u>       |

## Note 1 - Purpose of Schedules

### Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

| Funds                     | Expenditures and Other Uses |                |              |
|---------------------------|-----------------------------|----------------|--------------|
|                           | Budget                      | Actual         | Excess       |
| General Fund              | \$ 145,643,494              | \$ 153,391,194 | \$ 7,747,700 |
| Deferred Maintenance Fund | \$ -                        | \$ 4,660,765   | \$ 4,660,765 |

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

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

- *Changes in Benefit Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 3.65% in 2023 to 3.93% in 2024.

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

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

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

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

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

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

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

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



Supplementary Information  
June 30, 2024

## Adelanto Elementary School District

# Adelanto Elementary School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title | Assistance<br>Listing<br>Number | Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|------------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------|
| U.S. Department of Education                                     |                                 |                                 |                         |
| Passed through California Department of Education                |                                 |                                 |                         |
| COVID 19 Governor's Emergency Education Relief Fund II           | 84.425C                         | 15619                           | \$ 38,195               |
| COVID-19 Elementary and Secondary School Relief II               |                                 |                                 |                         |
| (ESSER II) Fund                                                  | 84.425D                         | 15547                           | 153                     |
| COVID-19 ESSER II State Reserve                                  | 84.425D                         | 15618                           | 13,989                  |
| COVID-19 Elementary and Secondary School Emergency               |                                 |                                 |                         |
| Relief III (ESSER III) Fund: Learning Loss                       | 84.425U                         | 10155                           | 5,738                   |
| COVID-19 Elementary and Secondary School Emergency               |                                 |                                 |                         |
| Relief III (ESSER III) Fund                                      | 84.425U                         | 15559                           | 685,634                 |
| COVID-19 American Rescue Plan – Homeless Children and            |                                 |                                 |                         |
| Youth II (ARP HCY II)                                            | 84.425W                         | 15566                           | 64,192                  |
| Subtotal                                                         |                                 |                                 | 807,901                 |
| Title I, Part A, Basic Grants Low Income and Neglected           | 84.010                          | 14329                           | 3,398,911               |
| School Improvement Funding for LEAs                              | 84.010                          | 15438                           | 423,521                 |
| Subtotal                                                         |                                 |                                 | 3,822,432               |
| Title III, English Learner Student Program                       | 84.365                          | 14346                           | 239,039                 |
| Title II, Part A, Supporting Effective Instruction               | 84.367                          | 14341                           | 631,573                 |
| Title IV, Part A, Student Support and Academic Enrichment        | 84.424                          | 15396                           | 385,606                 |
| Passed through Desert Mountain SELPA                             |                                 |                                 |                         |
| Special Education Cluster (IDEA)                                 |                                 |                                 |                         |
| Basic Local Assistance Entitlement, Part B, Sec 611              | 84.027                          | 13379                           | 1,559,951               |
| COVID-19 ARP Part B, Sec. 611, Local Assistance Entitlement      | 84.027                          | 15638                           | 298,240                 |
| Mental Health Allocation Plan, Part B, Sec 611                   | 84.027A                         | 15197                           | 88,075                  |
| Subtotal                                                         |                                 |                                 | 1,946,266               |
| Preschool Grants, Part B, Sec 619                                | 84.173                          | 13430                           | 269                     |
| Subtotal Special Education Cluster (IDEA)                        |                                 |                                 | 1,946,535               |
| Total U.S. Department of Education                               |                                 |                                 | 7,833,086               |

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

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title | Assistance<br>Listing<br>Number | Entity<br>Identifying<br>Number | Federal<br>Expenditures     |
|------------------------------------------------------------------|---------------------------------|---------------------------------|-----------------------------|
| U.S. Department of Agriculture                                   |                                 |                                 |                             |
| Passed through California Department of Education                |                                 |                                 |                             |
| Child Nutrition Cluster                                          |                                 |                                 |                             |
| School Breakfast Needy                                           | 10.553                          | 13526                           | \$ 1,173,250                |
| School Lunch - Section 4                                         | 10.555                          | 13523                           | 490,133                     |
| School Lunch - Section 11                                        | 10.555                          | 13524                           | 3,713,002                   |
| Commodities                                                      | 10.555                          | 13534                           | 466,651                     |
| Meal Supplements                                                 | 10.555                          | 13755                           | 185,959                     |
| Supply Chain Assistance (SCA) Funds                              | 10.555                          | 15655                           | 34,741                      |
| Subtotal                                                         |                                 |                                 | <u>4,890,486</u>            |
| Fresh Fruit and Vegetable Program                                | 10.582                          | 14968                           | 194,030                     |
| Subtotal Child Nutrition Cluster                                 |                                 |                                 | <u>6,257,766</u>            |
| Passed through California Department of Social Services          |                                 |                                 |                             |
| CACFP Claims - Centers and Family Day Care Homes                 | 10.558                          | 13529                           | 904,247                     |
| Cash in Lieu of Commodities                                      | 10.558                          | 13534                           | 62,765                      |
| Subtotal                                                         |                                 |                                 | <u>967,012</u>              |
| Total U.S. Department of Agriculture                             |                                 |                                 | <u>7,224,778</u>            |
| Total Federal Financial Assistance                               |                                 |                                 | <u><u>\$ 15,057,864</u></u> |

Adelanto Elementary School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2024

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|                                         | Final Report            |                  |
|-----------------------------------------|-------------------------|------------------|
|                                         | Second Period<br>Report | Annual<br>Report |
| Regular ADA                             |                         |                  |
| Transitional kindergarten through third | 3,017.83                | 2,983.77         |
| Fourth through sixth                    | 2,373.79                | 2,351.49         |
| Seventh and eighth                      | 1,527.58                | 1,513.58         |
| Total Regular ADA                       | <u>6,919.20</u>         | <u>6,848.84</u>  |

# Adelanto Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2024

| Grade Level  | 1986-1987<br>Minutes<br>Requirement | 2023-2024<br>Actual<br>Minutes | Number of<br>Minutes Credited<br>Form J-13A* | Total<br>Minutes<br>Offered | Traditional Calendar        |                                           |                          | Multitrack Calendar         |                                          |                          | Status   |
|--------------|-------------------------------------|--------------------------------|----------------------------------------------|-----------------------------|-----------------------------|-------------------------------------------|--------------------------|-----------------------------|------------------------------------------|--------------------------|----------|
|              |                                     |                                |                                              |                             | Number of<br>Actual<br>Days | Number of<br>Days Credited<br>Form J-13A* | Total<br>Days<br>Offered | Number of<br>Actual<br>Days | Number of<br>Days Credited<br>Form J-13A | Total<br>Days<br>Offered |          |
| Kindergarten | 36,000                              | 50,685                         | 300                                          | 50,985                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grades 1 - 3 | 50,400                              |                                |                                              |                             |                             |                                           |                          |                             |                                          |                          |          |
| Grade 1      |                                     | 52,245                         | 310                                          | 52,555                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 2      |                                     | 52,245                         | 310                                          | 52,555                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 3      |                                     | 52,245                         | 310                                          | 52,555                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grades 4 - 8 | 54,000                              |                                |                                              |                             |                             |                                           |                          |                             |                                          |                          |          |
| Grade 4      |                                     | 55,665                         | 330                                          | 55,995                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 5      |                                     | 55,665                         | 330                                          | 55,995                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 6      |                                     | 55,665                         | 330                                          | 55,995                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 7      |                                     | 55,665                         | 330                                          | 55,995                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |
| Grade 8      |                                     | 55,665                         | 330                                          | 55,995                      | 179                         | 1                                         | 180                      | -                           | -                                        | -                        | Complied |

\* The District received and approved J-13a for 300 minutes for kindergarten, 310 minutes for grades 1 to 3, 330 minutes for grades 4 to 8 and 1 day.

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

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

|                                                                        | General<br>Fund             | Non-Major<br>Governmental<br>Funds |
|------------------------------------------------------------------------|-----------------------------|------------------------------------|
|                                                                        | <u>                    </u> | <u>                    </u>        |
| Fund Balance                                                           |                             |                                    |
| Balance, June 30, 2024, Unaudited Actuals (with GASB 54 Consolidation) | \$ 69,616,059               | \$ 31,832,680                      |
| Increase in                                                            |                             |                                    |
| Fair value adjustment to cash in county treasury                       | -                           | 16,345                             |
| Accounts payable                                                       | (10,163,493)                | -                                  |
| Receivable                                                             | -                           | 372,534                            |
| Cash in county treasury                                                | -                           | 75,605                             |
| Decrease in                                                            |                             |                                    |
| Receivables                                                            | (118,601)                   | -                                  |
| Lease receivables                                                      | (304,953)                   | -                                  |
| Deferred inflows of resources                                          | 57,627                      | -                                  |
|                                                                        | <u>                    </u> | <u>                    </u>        |
| Balance, June 30, 2024, Audited Financial Statements                   | <u>\$ 59,086,639</u>        | <u>\$ 32,297,164</u>               |

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

|                                                   | (Budget)<br>2025 <sup>1</sup> | 2024           | 2023 <sup>1</sup> | 2022 <sup>1</sup> |
|---------------------------------------------------|-------------------------------|----------------|-------------------|-------------------|
| General Fund <sup>3</sup>                         |                               |                |                   |                   |
| Revenues                                          | \$ 143,113,131                | \$ 152,462,254 | \$ 163,716,377    | \$ 134,430,627    |
| Total revenues and other sources                  | 143,113,131                   | 152,462,254    | 163,716,377       | 134,430,627       |
| Expenditures                                      | 140,953,864                   | 151,110,170    | 136,476,431       | 126,217,334       |
| Other uses and transfers out                      | 70,000                        | 1,790,200      | -                 | 7,102,243         |
| Total expenditures and other uses                 | 141,023,864                   | 152,900,370    | 136,476,431       | 133,319,577       |
| Increase/(Decrease) in Fund Balance               | 2,089,267                     | (438,116)      | 27,239,946        | 1,111,050         |
| Ending Fund Balance                               | \$ 63,148,946                 | \$ 61,059,679  | \$ 61,497,795     | \$ 34,257,849     |
| Available Reserves <sup>2</sup>                   | \$ 4,230,716                  | \$ 5,241,421   | \$ 12,054,016     | \$ 17,497,989     |
| Available Reserves as a Percentage of Total Outgo | 3.00%                         | 3.43%          | 8.83%             | 13.12%            |
| Long-Term Liabilities                             | N/A                           | \$ 122,162,652 | \$ 119,588,828    | \$ 89,964,621     |
| K-12 Average Daily Attendance at P-2              | 7,272                         | 6,919          | 6,897             | 6,729             |

The General Fund balance has increased by \$26,801,830 over the past two years. The fiscal year 2024-2025 budget projects an increase of \$2,089,267 (3.4%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$32,198,031 over the past two years.

Average daily attendance has increased by 190 over the past two years. An increase of 353 ADA is anticipated during fiscal year 2024-2025.

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

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

Adelanto Elementary School District  
Schedule of Charter Schools  
Year Ended June 30, 2024

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| Name of Charter School      | Charter<br>Number | Included in<br>Audit Report |
|-----------------------------|-------------------|-----------------------------|
| Taylion High Desert Academy | 1520              | No                          |

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

|                                                                                    | Student<br>Activity<br>Fund | Cafeteria<br>Fund   | Deferred<br>Maintenance<br>Fund | Capital<br>Facilities<br>Fund | County School<br>Facilities<br>Fund |
|------------------------------------------------------------------------------------|-----------------------------|---------------------|---------------------------------|-------------------------------|-------------------------------------|
| <b>Assets</b>                                                                      |                             |                     |                                 |                               |                                     |
| Deposits and investments                                                           | \$ 59,757                   | \$ 4,216,068        | \$ -                            | \$ 7,843,283                  | \$ 6,177,734                        |
| Receivables                                                                        | -                           | 2,622,219           | -                               | 84,872                        | 61,529                              |
| Due from other funds                                                               | -                           | 7,296               | -                               | -                             | -                                   |
| Stores inventories                                                                 | -                           | 63,442              | -                               | -                             | -                                   |
| <b>Total assets</b>                                                                | <b>\$ 59,757</b>            | <b>\$ 6,909,025</b> | <b>\$ -</b>                     | <b>\$ 7,928,155</b>           | <b>\$ 6,239,263</b>                 |
| <b>Liabilities and Fund Balances</b>                                               |                             |                     |                                 |                               |                                     |
| <b>Liabilities</b>                                                                 |                             |                     |                                 |                               |                                     |
| Accounts payable                                                                   | \$ -                        | \$ 33,122           | \$ -                            | \$ -                          | \$ -                                |
| Due to other funds                                                                 | -                           | 1,235,694           | -                               | -                             | -                                   |
| Unearned revenue                                                                   | -                           | 362,689             | -                               | -                             | -                                   |
| <b>Total liabilities</b>                                                           | <b>-</b>                    | <b>1,631,505</b>    | <b>-</b>                        | <b>-</b>                      | <b>-</b>                            |
| <b>Fund Balances</b>                                                               |                             |                     |                                 |                               |                                     |
| Nonspendable                                                                       | -                           | 64,362              | -                               | -                             | -                                   |
| Restricted                                                                         | 59,757                      | 5,213,158           | -                               | 7,928,155                     | 6,239,263                           |
| Assigned                                                                           | -                           | -                   | -                               | -                             | -                                   |
| <b>Total fund balances</b>                                                         | <b>59,757</b>               | <b>5,277,520</b>    | <b>-</b>                        | <b>7,928,155</b>              | <b>6,239,263</b>                    |
| <b>Total liabilities<br/>and fund balances</b>                                     | <b>\$ 59,757</b>            | <b>\$ 6,909,025</b> | <b>\$ -</b>                     | <b>\$ 7,928,155</b>           | <b>\$ 6,239,263</b>                 |
| <b>Total liabilities, deferred<br/>inflows of resources,<br/>and fund balances</b> | <b>\$ 59,757</b>            | <b>\$ 6,909,025</b> | <b>\$ -</b>                     | <b>\$ 7,928,155</b>           | <b>\$ 6,239,263</b>                 |

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

|                                                                                    | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Debt Service<br>Fund for Blended<br>Component<br>Units | Total<br>Non-Major<br>Governmental<br>Funds |
|------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| <b>Assets</b>                                                                      |                                                        |                                                            |                                            |                                                        |                                             |
| Deposits and investments                                                           | \$ 1,086,038                                           | \$ 10,338,650                                              | \$ 1,848,050                               | \$ 558,697                                             | \$ 32,128,277                               |
| Receivables                                                                        | 20,918                                                 | -                                                          | -                                          | -                                                      | 2,789,538                                   |
| Due from other funds                                                               | -                                                      | -                                                          | -                                          | -                                                      | 7,296                                       |
| Stores inventories                                                                 | -                                                      | -                                                          | -                                          | -                                                      | 63,442                                      |
| <b>Total assets</b>                                                                | <u><u>\$ 1,106,956</u></u>                             | <u><u>\$ 10,338,650</u></u>                                | <u><u>\$ 1,848,050</u></u>                 | <u><u>\$ 558,697</u></u>                               | <u><u>\$ 34,988,553</u></u>                 |
| <b>Liabilities and Fund Balances</b>                                               |                                                        |                                                            |                                            |                                                        |                                             |
| <b>Liabilities</b>                                                                 |                                                        |                                                            |                                            |                                                        |                                             |
| Accounts payable                                                                   | \$ 1,059,884                                           | \$ -                                                       | \$ -                                       | \$ -                                                   | \$ 1,093,006                                |
| Due to other funds                                                                 | -                                                      | -                                                          | -                                          | -                                                      | 1,235,694                                   |
| Unearned revenue                                                                   | -                                                      | -                                                          | -                                          | -                                                      | 362,689                                     |
| <b>Total liabilities</b>                                                           | <u>1,059,884</u>                                       | <u>-</u>                                                   | <u>-</u>                                   | <u>-</u>                                               | <u>2,691,389</u>                            |
| <b>Fund Balances</b>                                                               |                                                        |                                                            |                                            |                                                        |                                             |
| Nonspendable                                                                       | -                                                      | -                                                          | -                                          | -                                                      | 64,362                                      |
| Restricted                                                                         | -                                                      | 10,338,650                                                 | 1,848,050                                  | 558,697                                                | 32,185,730                                  |
| Assigned                                                                           | 47,072                                                 | -                                                          | -                                          | -                                                      | 47,072                                      |
| <b>Total fund balances</b>                                                         | <u>47,072</u>                                          | <u>10,338,650</u>                                          | <u>1,848,050</u>                           | <u>558,697</u>                                         | <u>32,297,164</u>                           |
| <b>Total liabilities<br/>and fund balances</b>                                     | <u><u>\$ 1,106,956</u></u>                             | <u><u>\$ 10,338,650</u></u>                                | <u><u>\$ 1,848,050</u></u>                 | <u><u>\$ 558,697</u></u>                               | <u><u>\$ 34,988,553</u></u>                 |
| <b>Total liabilities, deferred<br/>inflows of resources,<br/>and fund balances</b> | <u><u>\$ 1,106,956</u></u>                             | <u><u>\$ 10,338,650</u></u>                                | <u><u>\$ 1,848,050</u></u>                 | <u><u>\$ 558,697</u></u>                               | <u><u>\$ 34,988,553</u></u>                 |

**Adelanto Elementary School District**

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

**Year Ended June 30, 2024**

|                                                              | Student<br>Activity<br>Fund | Cafeteria<br>Fund   | Deferred<br>Maintenance<br>Fund | Capital<br>Facilities<br>Fund | County School<br>Facilities<br>Fund |
|--------------------------------------------------------------|-----------------------------|---------------------|---------------------------------|-------------------------------|-------------------------------------|
| <b>Revenues</b>                                              |                             |                     |                                 |                               |                                     |
| Federal sources                                              | \$ -                        | \$ 7,403,210        |                                 | \$ -                          | \$ -                                |
| Other State sources                                          | -                           | 1,452,216           |                                 | -                             | -                                   |
| Other local sources                                          | 164,201                     | 290,249             |                                 | 1,902,625                     | 312,144                             |
| <b>Total revenues</b>                                        | <b>164,201</b>              | <b>9,145,675</b>    |                                 | <b>1,902,625</b>              | <b>312,144</b>                      |
| <b>Expenditures</b>                                          |                             |                     |                                 |                               |                                     |
| Current                                                      |                             |                     |                                 |                               |                                     |
| Pupil services                                               |                             |                     |                                 |                               |                                     |
| Food services                                                | -                           | 7,845,459           |                                 | -                             | -                                   |
| Administration                                               |                             |                     |                                 |                               |                                     |
| All other administration                                     | -                           | 175,004             |                                 | 9,320                         | -                                   |
| Plant services                                               | -                           | 27,950              |                                 | -                             | -                                   |
| Ancillary services                                           | 167,736                     | -                   |                                 | -                             | -                                   |
| Other outgo                                                  | -                           | -                   |                                 | -                             | -                                   |
| Facility acquisition and construction                        | -                           | 1,040               |                                 | -                             | -                                   |
| Debt service                                                 |                             |                     |                                 |                               |                                     |
| Principal                                                    | -                           | 2,125               |                                 | -                             | -                                   |
| Interest and other                                           | -                           | 167                 |                                 | -                             | -                                   |
| <b>Total expenditures</b>                                    | <b>167,736</b>              | <b>8,051,745</b>    |                                 | <b>9,320</b>                  | <b>-</b>                            |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(3,535)</b>              | <b>1,093,930</b>    |                                 | <b>1,893,305</b>              | <b>312,144</b>                      |
| <b>Other Financing Sources</b>                               |                             |                     |                                 |                               |                                     |
| Transfers in                                                 | -                           | -                   |                                 | -                             | -                                   |
| Other sources - leases                                       | -                           | 4,717               |                                 | -                             | -                                   |
| <b>Net Financing Sources</b>                                 | <b>-</b>                    | <b>4,717</b>        |                                 | <b>-</b>                      | <b>-</b>                            |
| <b>Net Change in Fund Balances</b>                           | <b>(3,535)</b>              | <b>1,098,647</b>    |                                 | <b>1,893,305</b>              | <b>312,144</b>                      |
| <b>Fund Balance - Beginning, as previously<br/>reported</b>  | <b>63,292</b>               | <b>4,178,873</b>    | <b>205,889</b>                  | <b>6,034,850</b>              | <b>5,927,119</b>                    |
| <b>Adjustments (Note 18)</b>                                 | <b>-</b>                    | <b>-</b>            | <b>(205,889)</b>                | <b>-</b>                      | <b>-</b>                            |
| <b>Fund Balance - Beginning, as restated</b>                 | <b>63,292</b>               | <b>4,178,873</b>    | <b>-</b>                        | <b>6,034,850</b>              | <b>5,927,119</b>                    |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 59,757</b>            | <b>\$ 5,277,520</b> | <b>\$ -</b>                     | <b>\$ 7,928,155</b>           | <b>\$ 6,239,263</b>                 |

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

|                                                              | Special Reserve<br>Fund for Capital<br>Outlay Projects | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Debt Service<br>Fund for Blended<br>Component<br>Units | Total<br>Non-Major<br>Governmental<br>Funds |
|--------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| <b>Revenues</b>                                              |                                                        |                                                            |                                            |                                                        |                                             |
| Federal sources                                              | \$ -                                                   | \$ -                                                       | \$ -                                       | \$ -                                                   | \$ 7,403,210                                |
| Other State sources                                          | -                                                      | -                                                          | 1,445                                      | -                                                      | 1,453,661                                   |
| Other local sources                                          | 243,273                                                | 5,077,443                                                  | 340,520                                    | 659,217                                                | 8,989,672                                   |
| <b>Total revenues</b>                                        | <b>243,273</b>                                         | <b>5,077,443</b>                                           | <b>341,965</b>                             | <b>659,217</b>                                         | <b>17,846,543</b>                           |
| <b>Expenditures</b>                                          |                                                        |                                                            |                                            |                                                        |                                             |
| <b>Current</b>                                               |                                                        |                                                            |                                            |                                                        |                                             |
| Pupil services                                               |                                                        |                                                            |                                            |                                                        |                                             |
| Food services                                                | -                                                      | -                                                          | -                                          | -                                                      | 7,845,459                                   |
| Administration                                               |                                                        |                                                            |                                            |                                                        |                                             |
| All other administration                                     | -                                                      | -                                                          | -                                          | -                                                      | 184,324                                     |
| Plant services                                               | 955,144                                                | -                                                          | -                                          | -                                                      | 983,094                                     |
| Ancillary services                                           | -                                                      | -                                                          | -                                          | -                                                      | 167,736                                     |
| Other outgo                                                  | -                                                      | 1,096,897                                                  | -                                          | -                                                      | 1,096,897                                   |
| Facility acquisition and construction                        | 5,231,474                                              | -                                                          | -                                          | -                                                      | 5,232,514                                   |
| Debt service                                                 |                                                        |                                                            |                                            |                                                        |                                             |
| Principal                                                    | -                                                      | -                                                          | -                                          | 315,000                                                | 317,125                                     |
| Interest and other                                           | -                                                      | -                                                          | -                                          | 223,700                                                | 223,867                                     |
| <b>Total expenditures</b>                                    | <b>6,186,618</b>                                       | <b>1,096,897</b>                                           | <b>-</b>                                   | <b>538,700</b>                                         | <b>16,051,016</b>                           |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(5,943,345)</b>                                     | <b>3,980,546</b>                                           | <b>341,965</b>                             | <b>120,517</b>                                         | <b>1,795,527</b>                            |
| <b>Other Financing Sources</b>                               |                                                        |                                                            |                                            |                                                        |                                             |
| Transfers in                                                 | 1,790,200                                              | -                                                          | -                                          | -                                                      | 1,790,200                                   |
| Other sources - leases                                       | -                                                      | -                                                          | -                                          | -                                                      | 4,717                                       |
| <b>Net Financing Sources</b>                                 | <b>1,790,200</b>                                       | <b>-</b>                                                   | <b>-</b>                                   | <b>-</b>                                               | <b>1,794,917</b>                            |
| <b>Net Change in Fund Balances</b>                           | <b>(4,153,145)</b>                                     | <b>3,980,546</b>                                           | <b>341,965</b>                             | <b>120,517</b>                                         | <b>3,590,444</b>                            |
| <b>Fund Balance - Beginning, as previously<br/>reported</b>  | <b>4,200,217</b>                                       | <b>6,358,104</b>                                           | <b>1,506,085</b>                           | <b>438,180</b>                                         | <b>28,912,609</b>                           |
| <b>Adjustments (Note 18)</b>                                 | <b>-</b>                                               | <b>-</b>                                                   | <b>-</b>                                   | <b>-</b>                                               | <b>(205,889)</b>                            |
| <b>Fund Balance - Beginning, as restated</b>                 | <b>4,200,217</b>                                       | <b>6,358,104</b>                                           | <b>1,506,085</b>                           | <b>438,180</b>                                         | <b>28,706,720</b>                           |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 47,072</b>                                       | <b>\$ 10,338,650</b>                                       | <b>\$ 1,848,050</b>                        | <b>\$ 558,697</b>                                      | <b>\$ 32,297,164</b>                        |

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

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

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

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

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

**Schedule of Instructional Time**

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

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

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

### **Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

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



Other Information  
June 30, 2024

## Adelanto Elementary School District

## ORGANIZATION

The Adelanto Elementary School District is an elementary school district established in 1873 and is comprised of an area of approximately 330 square miles located in San Bernardino County, encompassing a portion of the City of Adelanto and surrounding areas. There were no changes in the boundaries of the District during the current year. During the fiscal year, the District operated seven elementary schools (K-6), three K-8 schools, and two middle schools (7-8). There were no boundary changes during the year.

## GOVERNING BOARD

| <u>MEMBER</u>       | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|---------------------|---------------|---------------------|
| LaShawn Love-French | President     | December 2026       |
| Stephanie Webster   | Clerk         | December 2024       |
| Christina Bentz     | Member        | December 2025       |
| Christine Turner    | Member        | December 2024       |
| Miguel Soto         | Member        | December 2024       |

## ADMINISTRATION

| <u>NAME</u>            | <u>TITLE</u>                                                         |
|------------------------|----------------------------------------------------------------------|
| Terry Walker           | Superintendent                                                       |
| Julie Gonzales         | Chief Business Officer Assistant Superintendent of Business Services |
| Dr. Tasha Doizon Ed.D. | Chief Academic Officer Assistant Superintendent, Academic Services   |
| Carlos Moran           | Chief Personnel Officer Assistant Superintendent, Human Resources    |



Independent Auditor's Reports  
June 30, 2024

# Adelanto Elementary School District



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

To the Governing Board  
Adelanto Elementary School District  
Adelanto, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adelanto Elementary School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated December 15, 2024.

### **Adelanto Elementary School District's Response to Findings**

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

### **Purpose of this Report**

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

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

Rancho Cucamonga, California  
December 15, 2024



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

To the Governing Board  
Adelanto Elementary School District  
Adelanto, California

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

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

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

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

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

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

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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

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

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.



Rancho Cucamonga, California  
December 15, 2024



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

To the Governing Board  
Adelanto Elementary School District  
Adelanto, California

### **Report on Compliance**

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

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

#### ***Basis for Opinion***

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| 2023-2024 K-12 Audit Guide Procedures               | Procedures Performed |
|-----------------------------------------------------|----------------------|
| Local Education Agencies Other Than Charter Schools |                      |
| Attendance                                          | Yes                  |
| Teacher Certification and Misassignments            | Yes                  |
| Kindergarten Continuance                            | Yes                  |
| Independent Study                                   | Yes                  |
| Continuation Education                              | Not Applicable       |
| Instructional Time                                  | Yes                  |
| Instructional Materials                             | Yes                  |
| Ratios of Administrative Employees to Teachers      | Yes                  |
| Classroom Teacher Salaries                          | Yes                  |
| Early Retirement Incentive                          | Not Applicable       |

| 2023-2024 K-12 Audit Guide Procedures                              | Procedures Performed |
|--------------------------------------------------------------------|----------------------|
| 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                  |
| School Districts, County Offices of Education, and Charter Schools |                      |
| Proposition 28 Arts and Music in Schools                           | Yes                  |
| After/Before School Education and Safety Program                   | Yes                  |
| Proper Expenditure of Education Protection Account Funds           | Yes                  |
| Unduplicated Local Control Funding Formula Pupil Counts            | Yes                  |
| Local Control and Accountability Plan                              | Yes                  |
| Independent Study - Course Based                                   | Not Applicable       |
| Immunizations                                                      | Yes                  |
| Educator Effectiveness                                             | Yes                  |
| Expanded Learning Opportunities Grant (ELO-G)                      | Yes                  |
| Career Technical Education Incentive Grant                         | Not Applicable       |
| Expanded Learning Opportunities Program                            | Yes                  |
| Transitional Kindergarten                                          | Yes                  |
| Charter Schools                                                    |                      |
| Attendance                                                         | Not Applicable       |
| Mode of Instruction                                                | Not Applicable       |
| Nonclassroom-Based Instruction/Independent Study                   | Not Applicable       |
| Determination of Funding for Nonclassroom-Based Instruction        | Not Applicable       |
| Annual Instructional Minutes - Classroom Based                     | Not Applicable       |
| Charter School Facility Grant Program                              | Not Applicable       |

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

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

### ***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 items 2024-003. Our opinion on state compliance is not modified with respect to this matter.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Rancho Cucamonga, California  
December 15, 2024



Schedule of Findings and Questioned Costs  
June 30, 2024

# Adelanto Elementary School District

# Adelanto Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2024

## Financial Statements

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

## Federal Awards

|                                                                                                                    |            |
|--------------------------------------------------------------------------------------------------------------------|------------|
| Internal control over major program                                                                                |            |
| Material weaknesses identified                                                                                     | No         |
| Significant deficiencies identified not considered to be material weaknesses                                       | Yes        |
| Type of auditor's report issued on compliance for major programs                                                   | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) | Yes        |

## Identification of major programs

| <u>Name of Federal Program or Cluster</u> | <u>Federal Financial Assistance Listing</u> |
|-------------------------------------------|---------------------------------------------|
|-------------------------------------------|---------------------------------------------|

|                                                                                               |                         |
|-----------------------------------------------------------------------------------------------|-------------------------|
| Title I, Part A, Basic Grants Low Income and Neglected                                        | 84.010                  |
| School Improvement Funding for LEAs                                                           | 84.010                  |
| Special Education Cluster                                                                     | 84.027, 84.027A, 84.173 |
| COVID-19 Elementary and Secondary School Relief II (ESSER II) Fund                            | 84.425D                 |
| COVID-19 ESSER II State Reserve                                                               | 84.425D                 |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U                 |
| COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund                | 84.425U                 |
| CACFP Claims - Centers and Family Day Care Homes                                              | 10.558                  |
| Cash in Lieu of Commodities                                                                   | 10.558                  |

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
|-------------------------------------------------------------------------|-----------|

|                                        |    |
|----------------------------------------|----|
| Auditee qualified as low-risk auditee? | No |
|----------------------------------------|----|

## State Compliance

|                                                                              |            |
|------------------------------------------------------------------------------|------------|
| Internal control over state compliance programs                              |            |
| Material weaknesses identified                                               | No         |
| Significant deficiencies identified not considered to be material weaknesses | Yes        |
| Other matters to be reported                                                 | Yes        |
| Type of auditor's report issued on compliance for programs                   | Unmodified |

The following finding represents a material weakness related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code

AB 3627 Finding Type

30000

Internal Control

**2024-001      30000 - Year-End Closing and Financial Statement Preparation (Material Weakness)**

Criteria or Specific Requirements

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

Condition

During the course of our engagement, the following observations were made with respect to the District's year-end balances:

The following material audit differences were noted:

- 1) General Fund receivables were overstated by \$118,601.
- 2) General Fund lease receivable was overstated by \$304,953.
- 3) General Fund accounts payable was understated by \$10,163,493.
- 4) General Fund deferred inflows of resources was overstated by \$57,627.
- 5) Cafeteria Fund receivables was understated by \$372,534.
- 6) Cafeteria Fund cash in county treasury (FMV) was overstated by \$3.
- 7) Capital Facilities Fund cash in county treasury (FMV) was understated by \$13,052.
- 8) County School Facilities Fund cash in county treasury (FMV) was overstated by \$744.
- 9) Special Reserve Fund for Capital Outlay Projects cash in county treasury (FMV) was understated by \$32,439.
- 10) Bond Interest and Redemption Fund Cash in County Treasury was understated by \$75,605.
- 11) Bond Interest and Redemption Fund Cash in County Treasury (FMV) was overstated by \$2,301.

The following assets were incorrectly classified:

- 1) Capital Projects Fund for Blended Component Units – investments of \$10,287,030 was misclassified as cash with fiscal agent.

- 2) Debt Service Fund for Blended Component Units – investments of \$610,317 was misclassified as cash in bank and cash with fiscal agent.

The following transactions were not recorded at the fund statement level:

- 1) General Fund – other sources – leases in the amount of \$833,518 and the offsetting value of right-to-use leased assets acquired in function 7200 in the amount of \$833,518.

The following debt service payments were incorrectly recorded on the financial statements:

- 1) General Fund - \$166,392 in principal and \$34,344 in interest related to leases.

#### Context

The condition was identified through inquiry with District personnel and through review of supporting documents for the above account balances reported on the District's 2023-2024 Unaudited Actuals.

#### Cause

The cause of the condition identified appears to be due to inadequate internal control processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

#### Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District's internal control. The effect of the condition identified resulted in various misclassification of expenditures and unrecognized revenues and offsetting expenditures. Additionally, the District's General and non-major governmental funds' ending balance were materially misstated.

#### Repeat Finding

Yes. See prior year finding 2023-001.

#### Recommendation

The District should implement adequate internal controls over financial statement preparation. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The District plans strengthen its closing process. This will include additional layers of review and approval during the year-end closing.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

|                 |                      |
|-----------------|----------------------|
| Five Digit Code | AB 3627 Finding Type |
| 50000           | Federal Compliance   |

**2024-002      50000   Procurement, Suspension and Debarment**

Federal Agency: U.S. Department of Agriculture  
Pass-Through Entity: California Department of Education  
Program Name: Child and Adult Care Food Program  
Federal Financial Assistance Listing: 10.558  
Compliance Requirement: Procurement, Suspension and Debarment  
Type of Finding: Significant Deficiency and Non-Compliance

Criteria or Specific Requirements

Title 2, *Code of Federal Regulations* (CFR), Part 200, Subpart D, Section 200.318(a) requires recipients and subrecipients of Federal awards to maintain and use documented procurement procedures that conform to standards identified in Title 2, CFR, Part 200, Subpart D, Section 200.318. This includes the retention of all procurement related documents in connection with federal awards.

Condition

The District was unable to provide procurement documents, including copies of bid documents and contracts for a sampled covered transaction.

Cause

The condition appears to have materialized due to the District not adhering to its federal procurement policy.

Effect

The District did not comply with general procurement standards required by Title 2, CFR Section 200.318(a) and the District policy.

Questioned Costs

There were no questioned costs identified related to the condition identified above.

Context

Total population of 16 transactions were identified and 4 were sampled that were haphazardly selected. Testing result in a 25% exception rate which is 1 out of the 4 samples selected for testing.

Repeat Finding

No.

Recommendation

The District should ensure that all federal procurement transactions are aligned with its procurement policy. As required under the District's procurement policy, the District should retain all procurement related documents.

Corrective Action Plan and Views of Responsible Officials

The District will adhere to the Federal procurement standards moving forward, including the retention of all procurement documents.

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

|                 |                      |
|-----------------|----------------------|
| Five Digit Code | AB 3627 Finding Type |
| 40000           | State Compliance     |

**2024-003      40000 – Unduplicated Local Control Funding Formula Pupil Counts (Significant Deficiency & Non-Compliance)**

Criteria or Specific Requirements

California *Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District misclassified and reported eligibilities of 16 known students (based on sampling) and eligibilities of 517 likely misclassified students (extrapolated error rate to the population) for Free or Reduced-Price Meals on CALPADS Form 1.18 - FRPM/English Learner/Foster Youth Student List.

Cause

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed based on nutrition services records from free/reduced to paid or paid to free/reduced.

Effect

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by 308 for a decrease in funding of approximately \$342,695. The schedule below shows the District-wide exceptions:

|               | Enrollment Count | Certified Total Unduplicated Count | Adjustment to Total Enrollment Count | Adjustment Based on Eligibility for FRPM | Adjusted Total Enrollment | Adjusted Total Unduplicated Pupil Count |
|---------------|------------------|------------------------------------|--------------------------------------|------------------------------------------|---------------------------|-----------------------------------------|
| District-Wide | 23,472           | 19,186                             | 0                                    | (517)                                    | 23,472                    | 18,669                                  |

Questioned Costs

Using the California Department of Education's Audit Penalty Calculator, the estimated penalty was determined to be \$342,695 by taking the likely misclassified figure of 517 students.

Repeat Finding

Yes, See 2023-004.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Corrective Action Plan and Views of Responsible Officials

The District will ensure that Form 1.18 is accurately reported. This will include having appropriate documents which support the information being submitted to the State.

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

***Financial Statements Findings***

**2023-001      30000 – Year-End Closing and Financial Statement Preparation (Material Weakness)**

Criteria or Specific Requirements

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

Condition

During the course of our engagement, the following observations were made with respect to the District's year-end balances:

General Fund receivables were understated by \$238,735.  
General Fund accounts payable was understated by \$726,618.  
General Fund unearned revenue was understated by \$153,548.  
General Fund deferred inflows of resources was understated by \$251,074.  
General Fund lease receivables were overstated by \$248,998.  
General Fund federal revenues of \$562,913 were misclassified as local revenues.  
General Fund unearned revenues of \$1,061,903 were misclassified as accounts payable.  
Cafeteria Fund federal revenues of \$275,173 were misclassified as state revenues.

Context

The condition was identified through inquiry with District personnel and through review of supporting documents for the above account balances reported on the District's 2022-2023 Unaudited Actuals.

Cause

The cause of the condition identified appears to be due to inadequate internal control processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

Effect

As a result of the condition identified, the ending balance of the District's General Fund was materially overstated by \$639,355. The misclassification of revenues in the Cafeteria Fund did not have an impact on the reported ending fund balance. Both errors resulted in misstatements that were not detected or prevented by the District's internal controls that are in place to address year-end closing and financial statement preparation.

Recommendation

The District should implement adequate internal controls over financial statement preparation. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not implemented. See current year finding 2024-001.

***Federal Award Findings***

**2023-002      5000 – (Allowable Costs/Cost Principles and Equipment Real Property Management, Significant Deficiency)**

Federal Program Affected

Federal Agency: U.S. Department of Education  
 Pass-through Entity: California Department of Education  
 Federal Program: Education Stabilization Fund (ESF)  
 ALN: 84.425C, 84.425D, 84.425U (FY 2022-2023)  
 Compliance Requirement: Allowable Costs/Cost Principles  
 Type of Finding: Significant Deficiency and Non-Compliance

Criteria or Specific Requirements

The Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1) states:

"Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity."

Furthermore, the California Department of Education's (CDE) FAQs on Capital Expenditures state the following:

"In accordance with 2 CFR 200.439, prior approval is required for any single big-ticket purchases at the cost of \$5,000 or more using the funding sources cited above. These purchases can include general purpose equipment, buildings, and land, including material improvements. This means one costly item (or several items which make up one unit) and the cost includes all the ancillary expenses such as design costs, new electrical circuit for the item, and other related fees. To obtain approval, an LEA must fill out the Capital Expenditures Pre-Approval Application Form."

#### Condition

The District had a total of \$20,760 in capital expenditures charged to the program that was not preapproved by CDE.

#### Cause

The cause appears to be attribute to the District's improper monitoring and lack of knowledge over this specific compliance requirement. Additionally, a contributing factor appears to be a turnover in a key position that provides oversight for this program.

#### Effect

As a result of the condition identified, the District was not in compliance with the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart E, Section 200.439(a)(1).

#### Questioned Costs

A total of \$20,760 in questioned costs were noted based on the condition identified.

#### Context/Sampling

The condition was identified as a result of our review and testing of expenditures charged to each of the programs audited.

#### Recommendation

The District should become familiar with all of the compliance requirements of this program and other Federal programs. As a resource, the District should utilize a combination of guidance provided by CDE and also by Subpart E of the Uniform Guidance that provides guidance on cost principles. Additionally, the District should establish more effective control activities and monitoring over how Federal funds are spent to ensure compliance, moving forward.

Current Status

We were unable to follow up on the status as the District was not subject to this requirement in the current year.

***State Award Findings***

**2023-003      10000 – Attendance & Independent Study (Significant Deficiency & Non-Compliance)**

Criteria or Specific Requirements

California *Education Code* Section 51749.6 states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in California *Education Code* Section 51749.6.

Condition

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the written learning agreements for independent study were missing some of the required elements identified in California *Education Code* Section 51749.6.

Cause

The condition has materialized due to lack of sufficient internal controls over compliance related the independent study requirements.

Effect

As a result of the condition identified, the District has overstated a total of 72.73 and 76.05 on its Second Period Report of Attendance (P2) and Annual Report of Attendance, respectively. The calculated penalty at P2 by grade is as follows:

| Grade Span | Disallowed ADA | Derived Value of ADA | Penalty   |
|------------|----------------|----------------------|-----------|
| TK-3       | 21.78          | \$13,354             | \$290,850 |
| 4-6        | 21.97          | \$12,278             | \$269,748 |
| 7-8        | 28.94          | \$12,643             | \$365,888 |
| Total:     |                |                      | \$926,486 |

#### Questioned Costs

Questioned costs associated with this condition resulted in a potential decrease of \$926,486 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's Derived Value of ADA by Grade Span. However, there is no fiscal impact since the District was funded on the average ADA from the three prior years rather than the current year ADA.

#### Recommendation

The District should implement sufficient internal controls over compliance related to independent study requirements. The District should ensure that management obtains the training and information necessary to ensure that school sites are operated under the applicable sections of the California *Education Code* and appoint a responsible member or members of management to monitor independent study requirements.

#### Current Status

Implemented.

### **2023-004      40000 – Unduplicated Local Control Funding Formula Pupil Counts (Significant Deficiency & Non-Compliance)**

#### Criteria or Specific Requirements

California *Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

#### Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District misclassified and reported eligibilities of 23 known students (based on sampling) and eligibilities of 308 likely misclassified students (extrapolated error rate to the population) for Free or Reduced-Price Meals on CALPADS Form 1.18 - FRPM/English Learner/Foster Youth Student List.

#### Cause

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed based on nutrition services records from free/reduced to paid or paid to free/reduced.

#### Effect

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by 308 for a decrease in funding of approximately \$825,142. The schedule below shows the District-wide exceptions:

|               | Enrollment Count | Certified Total Unduplicated Count | Adjustment to Total Enrollment Count | Adjustment Based on Eligibility for FRPM | Adjusted Total Enrollment | Adjusted Total Unduplicated Pupil Count |
|---------------|------------------|------------------------------------|--------------------------------------|------------------------------------------|---------------------------|-----------------------------------------|
| District-Wide | 7,740            | 6,265                              | 0                                    | (308)                                    | 7,740                     | 5,957                                   |

#### Questioned Costs

Using the California Department of Education's Audit Penalty Calculator, the estimated penalty was determined to be \$825,142 by taking the likely misclassified figure of 308 student.

#### Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

#### Current Status

Not implemented. See current year finding 2024-003.

### **2023-005      40000 – Comprehensive School Safety Plans (Significant Deficiency & Non-Compliance)**

#### Criteria or Specific Requirements

California *Education Code* Section 32286(a) requires each school site to annually review and update its comprehensive school safety plan (CSSP) by March 1. California *Education Code* Section 32288(a) requires each school site to forward its comprehensive school safety plan to the District office for approval annually.

#### Condition

In our review of comprehensive school safety plans, we noted that three schools did not review and update the comprehensive school safety plan by March 1 in accordance with California *Education Code* Section 32286(a).

Cause

The condition identified appears to have materialized primarily due to the lack of a monitoring process to ensure that all site plans are updated timely.

Effect

The District has not complied with requirements identified in California *Education Code* Sections 32286(a).

Questioned Costs

There were no questioned costs associated with the condition identified.

Recommendation

The District should implement internal controls over compliance to ensure that they meet the requirements identified in California *Education Code* Section 32286(a) each year.

Current Status

Implemented.

**2023-006      40000 – Immunizations (Significant Deficiency & Non-Compliance)**

Criteria or Specific Requirements

Title 17, California Code of Regulations, Section 6025 requires that each pupil admitted to a school district must have received two doses of a varicella vaccine and two doses of a measles vaccine prior to admission. Alternatively, the pupil should have a current medical exemption from varicella and measles immunization on file. Pupils who do not meet these requirements should be excluded from attendance until the parent or guardian provides the required documentation indicating compliance.

Condition

During the audit of immunization records for 12 sampled students, we identified 1 student was admitted without having received any of the required doses of the varicella and measles vaccines prior to admission. Furthermore, the identified student did not possess a current medical exemption. As the immunization records were not compliant under Title 17, California Code of Regulations Section 6025, the District should not have claimed average daily attendance (ADA) in relation to the student until both doses of each vaccination had been received.

Cause

It appears that the necessary checks and documentation procedures were not diligently followed, resulting in the admission of students who did not meet the vaccination requirements.

Effect

The ADA claimed for the identified student must be disallowed for the number of school days from the date that they enrolled through the date that they received all required doses. Through review of the students' attendance records, the total disallowed ADA was determined to be 0.24 and 0.18 ADA for Second Period and Annual Attendance reports, respectively.

Questioned Costs

The District has overclaimed 0.24 and 0.18 units of average daily attendance (ADA) for apportionment on its Second Period and Annual Attendance reports, respectively. The penalty results in a decrease of approximately \$3,205. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span.

Recommendation

It is recommended that the District review and strengthen the immunization verification processes to ensure strict adherence to Title 17, California Code of Regulations, Section 6025 requirements.

Current Status

Implemented.



Management  
Adelanto Elementary School District  
Adelanto, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2024, on the government-wide financial statements of the District.

#### **Associated Student Body (ASB)**

*Columbia Middle School*

#### **Observation**

Based on the review of the cash receipting procedures, it was noted that four of thirteen deposits tested contained cash that was not deposited in a timely manner. The delay in deposits was 7 to 25 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

#### **Recommendation**

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
December 15, 2024