

**OLD ADOBE UNION SCHOOL DISTRICT  
COUNTY OF SONOMA  
PETALUMA, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2024**



OLD ADOBE UNION SCHOOL DISTRICT

JUNE 30, 2024

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OLD ADOBE UNION SCHOOL DISTRICT

JUNE 30, 2024

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## FINANCIAL SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Old Adobe Union School District  
Petaluma, California

**Report on the Audit of the Financial Statements**

*Opinions*

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

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Old Adobe Union School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of the proportionate share of the net pension liabilities, and schedules of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Old Adobe Union School 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*, 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, 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 audit report. The other information comprises the organization/board of trustees/administration but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 5, 2024 on our consideration of the Old Adobe Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Old Adobe Union School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Old Adobe Union School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2024

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of the Old Adobe Union School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the Independent Auditor’s Report presented on pages 1 through 4, and the District’s financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 15 and 16, provide information about the activities of the District as a whole and present a longer-term view of the District’s finances. The fund financial statements for governmental activities, presented on pages 17 through 20, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds.

**FINANCIAL HIGHLIGHTS**

- The District’s overall financial status decreased over the course of the year. On the Statement of Activities, total expenses exceeded total revenues by \$1,468,033.
- Net capital assets decreased \$1,256,337 due to \$1,005,545 of current year additions offset by \$2,261,882 of depreciation expense.
- Total long-term liabilities increased \$13,464,976 due primarily to the increase in the District’s net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans and issuance of \$13,500,000 of general obligation bonds.
- The District’s P-2 average daily attendance (ADA) was 1,692 ADA.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2023-24 General Fund total outgo was \$34,979,353. At June 30, 2024, the District had available reserves of 23.2%.

**THE FINANCIAL REPORT**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management’s discussion and analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities, and the quality of education provided need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District's governmental activities are reported. These activities are the basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition and child development programs are also included here, but are financed by a combination of local revenues and state and federal programs.

**Reporting the District's Most Significant Funds:**

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

The major governmental funds of the Old Adobe Union School District are the General Fund, Bond Interest and Redemption Fund, and Building Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting 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 operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The District's overall financial status decreased over the course of the year.

<b><u>Comparative Statement of Net Position</u></b>		
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2024</u>
<b><u>Assets</u></b>		
Deposits and Investments	\$ 23,521,140	\$ 34,868,677
Receivables	3,135,549	3,366,358
Inventories	21,392	26,109
Prepaid Expenses	32,036	105,008
Capital Assets, net	41,795,403	40,539,066
Total Assets	<u>68,505,520</u>	<u>78,905,218</u>
<b><u>Deferred Outflows of Resources</u></b>		
OPEB Deferrals	142,342	102,635
Pension Deferrals	7,374,435	8,118,412
Bond Refunding	1,073,667	1,022,742
Total Deferred Outflows of Resources	<u>8,590,444</u>	<u>9,243,789</u>
<b><u>Liabilities</u></b>		
Current	7,109,698	5,942,410
Long-term	71,831,264	86,503,730
Total Liabilities	<u>78,940,962</u>	<u>92,446,140</u>
<b><u>Deferred Inflows of Resources</u></b>		
OPEB Deferrals	1,786,338	1,652,060
Pension Deferrals	2,478,441	1,628,617
Total Deferred Inflows of Resources	<u>4,264,779</u>	<u>3,280,677</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	887,484	(13,547)
Restricted	9,546,784	7,890,225
Unrestricted (Deficit)	<u>(16,544,045)</u>	<u>(15,454,488)</u>
Total Net Position (Deficit)	<u>\$ (6,109,777)</u>	<u>\$ (7,577,810)</u>

*Table includes financial data of the combined governmental funds*

The unrestricted deficit balance, presented above, is a result of the District's requirement to record liabilities in the financial statements to reflect the District's total OPEB liability and proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

The District's total current year expenses exceeded total current year revenues by \$1,468,033.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2024</u>
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 1,138,237	\$ 614,008
Operating Grants & Contributions	9,561,340	9,029,879
Capital Grants & Contributions	142	435
<b><u>General Revenues</u></b>		
Taxes Levied	17,337,263	17,444,364
Federal & State Aid	10,413,605	10,716,946
Interest & Investment Earnings	469,629	1,172,049
Other Revenues	185,707	112,108
<b>Total Revenues</b>	<b><u>39,105,923</u></b>	<b><u>39,089,789</u></b>
<b><u>Expenses</u></b>		
Instruction	20,988,996	26,270,452
Instruction-Related Services	3,220,223	3,338,352
Pupil Services	3,513,988	3,732,825
General Administration	1,829,184	1,941,175
Plant Services	2,931,206	3,208,704
Interest on Long-Term Debt	1,666,741	1,767,319
Other Outgo	123,695	298,995
<b>Total Expenses</b>	<b><u>34,274,033</u></b>	<b><u>40,557,822</u></b>
<b>Changes in Net Position</b>	<b><u>\$ 4,831,890</u></b>	<b><u>\$ (1,468,033)</u></b>

*Table includes financial data of the combined governmental funds*

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

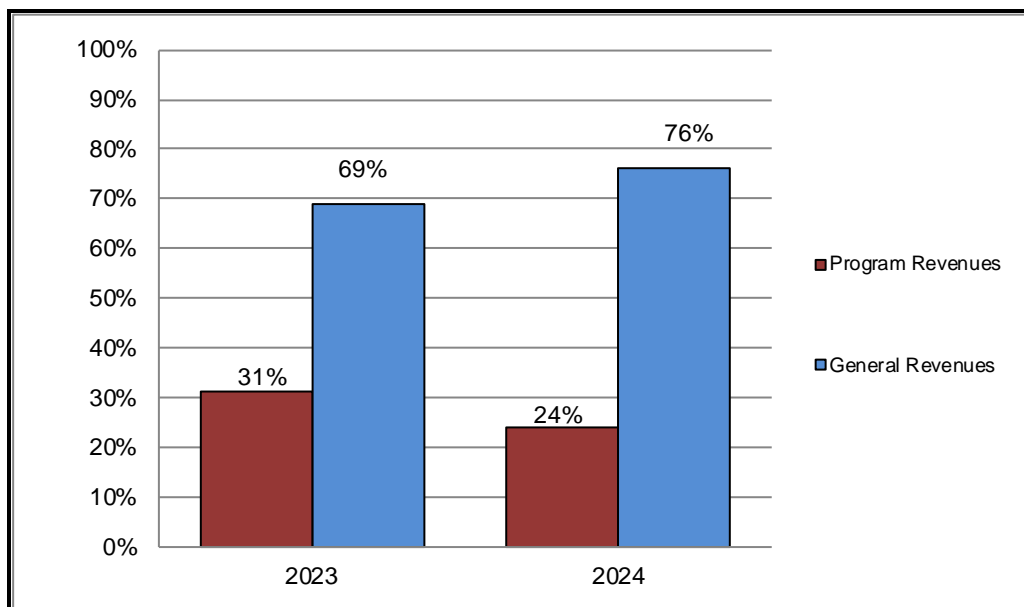
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

The table below presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$30,913,500 total net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	Instruction	\$ 20,988,996	\$ 26,270,452	\$ 13,218,309
Instruction-Related Services	3,220,223	3,338,352	2,755,076	2,829,512
Pupil Services	3,513,988	3,732,825	1,608,621	2,106,848
General Administration	1,829,184	1,941,175	1,509,525	1,754,459
Plant Services	2,931,206	3,208,704	2,704,679	2,647,107
Interest on Long-Term Debt	1,666,741	1,767,319	1,666,741	1,767,319
Other Outgo	123,695	298,995	111,363	221,431
<b>Totals</b>	<b>\$ 34,274,033</b>	<b>\$ 40,557,822</b>	<b>\$ 23,574,314</b>	<b>\$ 30,913,500</b>

*Table includes financial data of the combined governmental funds*

In 2023-24, program revenues financed 24% of the total cost of providing the services listed above, while the remaining 76% was financed by the general revenues of the District.



**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

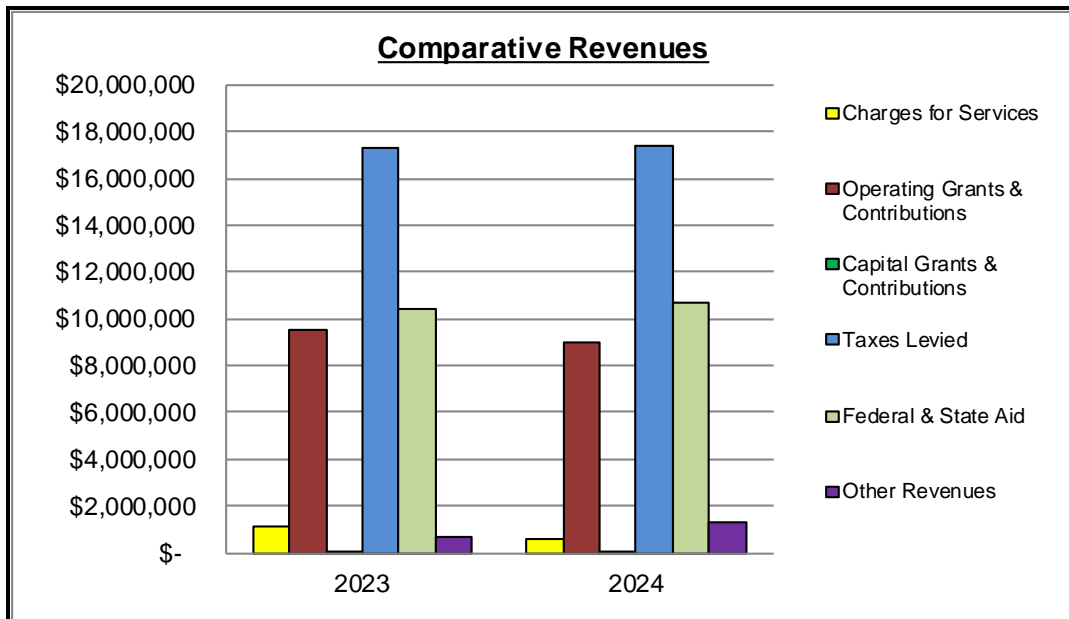
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Revenues For Governmental Functions**

	<u>FYE 2023 Amount</u>	<u>Percent of Total</u>	<u>FYE 2024 Amount</u>	<u>Percent of Total</u>
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 1,138,237	2.91%	\$ 614,008	1.57%
Operating Grants & Contributions	9,561,340	24.45%	9,029,879	23.10%
Capital Grants & Contributions	142	0.00%	435	0.00%
<b><u>General Revenues</u></b>				
Taxes Levied	17,337,263	44.33%	17,444,364	44.63%
Federal & State Aid	10,413,605	26.63%	10,716,946	27.42%
Other Revenues	655,336	1.68%	1,284,157	3.29%
<b>Total Revenues</b>	<b>\$ 39,105,923</b>	<b>100.00%</b>	<b>\$ 39,089,789</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds*



**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

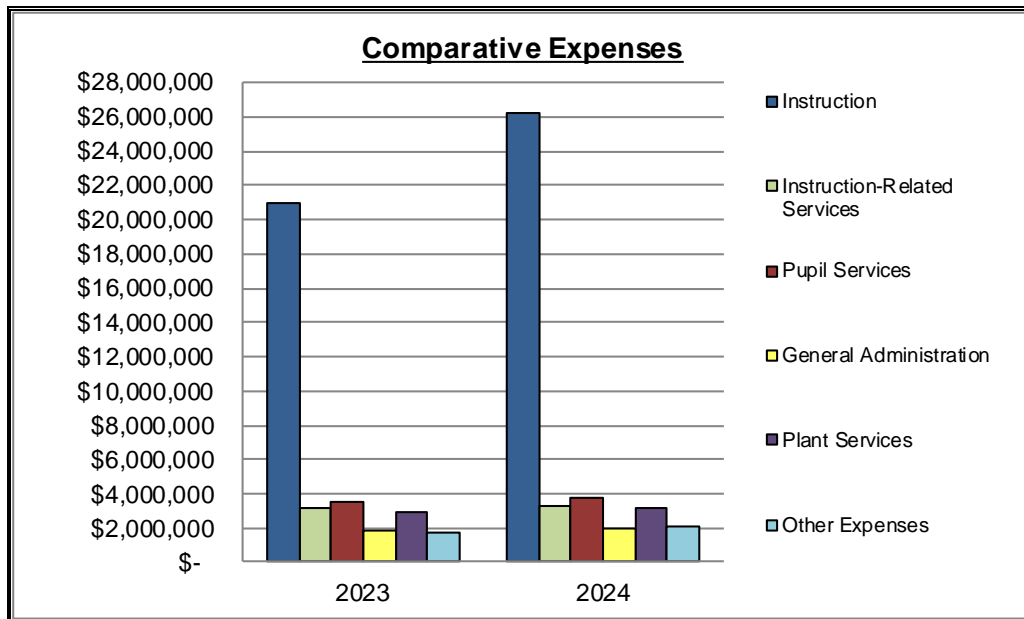
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

**Schedule of Expenses For Governmental Functions**

<u>Expenses</u>	<u>FYE 2023 Amount</u>	<u>Percent of Total</u>	<u>FYE 2024 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 20,988,996	61.24%	\$ 26,270,452	64.77%
Instruction-Related Services	3,220,223	9.40%	3,338,352	8.23%
Pupil Services	3,513,988	10.25%	3,732,825	9.20%
General Administration	1,829,184	5.34%	1,941,175	4.79%
Plant Services	2,931,206	8.55%	3,208,704	7.91%
Other Expenses	1,790,436	5.22%	2,066,314	5.09%
<b>Total Expenses</b>	<b>\$ 34,274,033</b>	<b>100.00%</b>	<b>\$ 40,557,822</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds*



**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

<b><u>Comparative Schedule of Capital Assets</u></b>		
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2024</u>
Land	\$ 826,283	\$ 826,283
Construction-in-Progress	63,417	491,189
Sites and Improvements	1,601,368	1,898,362
Buildings and Improvements	38,181,202	36,218,168
Furniture and Equipment	1,123,133	1,105,064
Capital Assets, net	<u>\$ 41,795,403</u>	<u>\$ 40,539,066</u>

Net capital assets decreased \$1,256,337 due to \$1,005,545 of current year additions offset by \$2,261,882 of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2024</u>
Compensated Absences	\$ 198,077	\$ 132,469
General Obligation Bonds	46,992,474	58,854,454
Note Payable	36,595	9,424
Total OPEB Liability	3,609,526	3,897,828
Net Pension Liabilities	23,117,564	24,525,037
Totals	<u>\$ 73,954,236</u>	<u>\$ 87,419,212</u>

The general obligation bonds represent approximately 67% of the total long-term liabilities and will be financed primarily by local taxpayers. The District has satisfied all of the debt service requirements for all of their debt and continues to maintain an excellent credit rating on all of their debt issues. The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**OLD ADOBE UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

(PREPARED BY DISTRICT MANAGEMENT)

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**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

The fund balance of the General Fund decreased \$976,608, the fund balance of the Building Fund increased \$12,733,532 due to bond proceeds issued in the current fiscal year, and the combined fund balances of all other District governmental funds increased \$11,302.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. The original budget, approved at the end of June, is based on May Revise figures and updated 45 days after the State approves its final budget. Over the course of the year, the District revised the annual operating budget on numerous occasions. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Adjustments at First and Second Interim.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Legislative Analyst's Office recently reported that the State of California was facing an estimated \$68 billion budget deficit for fiscal year 2024-25, which reflects that the projected resources for the upcoming budget are insufficient to cover the costs of currently authorized services. In addition, they also reported that the state is facing annual operating deficits of around \$30 billion per year. These operating deficits represent additional budget problems the Legislature would need to address in the coming years, either by reducing spending, increasing revenues, shifting costs, or using reserves, which will likely result in less funding for local educational agencies. In addition, inflation is expected to increasingly reduce the purchasing power of local educational agencies as the annual federal budget deficits are expected to grow into the foreseeable future.

Accordingly, based on the above factors and projections, the District's budget should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, 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 regarding this report or need additional financial information, contact the Fiscal Services Department, Old Adobe Union School District, 845 Crinella Drive, Petaluma, CA 94954.

## BASIC FINANCIAL STATEMENTS

**OLD ADOBE UNION SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Current Assets:	
Deposits and Investments (Note 2)	\$ 34,868,677
Receivables (Note 3)	3,366,358
Stores Inventory (Note 1H)	26,109
Prepaid Expenses (Note 1H)	105,008
Non-Current Assets:	
Capital Assets, Not Depreciated (Note 5)	1,317,472
Capital Assets, Net	39,221,594
Total Assets	78,905,218
 <b><u>Deferred Outflows of Resources</u></b>	
OPEB Deferrals (Note 8)	102,635
Pension Deferrals (Note 9)	8,118,412
Bond Refunding (Note 1H)	1,022,742
Total Deferred Outflows of Resources	9,243,789
 <b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable and Other Current Liabilities	4,079,591
Accrued Interest Payable	840,008
Unearned Revenue (Note 1H)	107,329
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1H)	132,469
General Obligation Bonds (Note 6)	773,589
Note Payable (Note 7)	9,424
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 6)	58,080,865
Total OPEB Liability (Note 8)	3,897,828
Net Pension Liabilities (Note 9)	24,525,037
Total Liabilities	92,446,140
 <b><u>Deferred Inflows of Resources</u></b>	
OPEB Deferrals (Note 8)	1,652,060
Pension Deferrals (Note 9)	1,628,617
Total Deferred Inflows of Resources	3,280,677
 <b><u>Net Position</u></b>	
Net Investment in Capital Assets (Deficit)	(13,547)
Restricted:	
For Capital Projects	1,331,712
For Debt Service	2,129,412
For Educational Programs	3,662,685
For Other Purposes	766,416
Unrestricted (Deficit)	(15,454,488)
Total Net Position (Deficit)	\$ (7,577,810)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**OLD ADOBE UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b><u>Governmental Activities</u></b>					
Instruction	\$ 26,270,452	\$ 511,752	\$ 6,171,441	\$ 435	\$ (19,586,824)
Instruction-Related Services:					
Supervision of Instruction	449,375	5,273	96,404		(347,698)
Instructional Library and Technology	520,026	2,125	3,005		(514,896)
School Site Administration	2,368,951	32,358	369,675		(1,966,918)
Pupil Services:					
Home-to-School Transportation	886,655	1,965	19,226		(865,464)
Food Services	1,193,041	2,139	1,214,794		23,892
Other Pupil Services	1,653,129	16,576	371,277		(1,265,276)
General Administration:					
Other General Administration	1,941,175	15,928	170,788		(1,754,459)
Plant Services	3,208,704	25,892	535,705		(2,647,107)
Interest on Long-Term Debt	1,767,319				(1,767,319)
Other Outgo	298,995		77,564		(221,431)
Total Governmental Activities	<u>\$ 40,557,822</u>	<u>\$ 614,008</u>	<u>\$ 9,029,879</u>	<u>\$ 435</u>	<u>(30,913,500)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					14,608,223
Taxes Levied for Debt Service					2,746,568
Taxes Levied for Specific Purposes					89,573
Federal and State Aid - Unrestricted					10,716,946
Interest and Investment Earnings					1,172,049
Transfers from Other Agencies					3,056
Miscellaneous					109,052
Total General Revenues					<u>29,445,467</u>
Change in Net Position					(1,468,033)
Net Position (Deficit) - July 1, 2023					(6,109,777)
Net Position (Deficit) - June 30, 2024					<u>\$ (7,577,810)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**OLD ADOBE UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<b>General</b>	<b>Bond Interest and Redemption</b>	<b>Building</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>					
Deposits and Investments (Note 2)	\$ 12,624,692	\$ 3,018,910	\$ 17,334,458	\$ 1,890,617	\$ 34,868,677
Receivables (Note 3)	3,172,800			193,558	3,366,358
Due from Other Funds (Note 4)	37,795			97,880	135,675
Stores Inventory (Note 1H)				26,109	26,109
Prepaid Expenditures (Note 1H)	105,008				105,008
<b>Total Assets</b>	<b>\$ 15,940,295</b>	<b>\$ 3,018,910</b>	<b>\$ 17,334,458</b>	<b>\$ 2,208,164</b>	<b>\$ 38,501,827</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 3,958,342		\$ 95,425	\$ 25,824	\$ 4,079,591
Due to Other Funds (Note 4)	97,880			37,795	135,675
Unearned Revenue (Note 1H)	107,329				107,329
<b>Total Liabilities</b>	<b>4,163,551</b>		<b>95,425</b>	<b>63,619</b>	<b>4,322,595</b>
<b>Fund Balances: (Note 11)</b>					
Nonspendable	113,008			26,609	139,617
Restricted	3,534,031	\$ 3,018,910	17,239,033	2,087,165	25,879,139
Assigned				30,771	30,771
Unassigned	8,129,705				8,129,705
<b>Total Fund Balances</b>	<b>11,776,744</b>	<b>3,018,910</b>	<b>17,239,033</b>	<b>2,144,545</b>	<b>34,179,232</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,940,295</b>	<b>\$ 3,018,910</b>	<b>\$ 17,334,458</b>	<b>\$ 2,208,164</b>	<b>\$ 38,501,827</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**OLD ADOBE UNION SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

**Total Fund Balances - Governmental Funds** \$ 34,179,232

Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital Assets	\$ 66,102,743	
Accumulated Depreciation	(25,563,677)	
Net		40,539,066

Deferred outflows and inflows of resources related to other post employment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported. Net deferred outflows and inflows relating to OPEB are:

(1,549,425)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Net deferred outflows and inflows relating to pensions are:

6,489,795

Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as deferred outflows of resources, are:

1,022,742

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated Absences	132,469	
General Obligation Bonds	58,854,454	
Note Payable	9,424	
Total OPEB Liability	3,897,828	
Net Pension Liabilities	24,525,037	
Total		(87,419,212)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:

(840,008)

**Total Net Position (Deficit) - Governmental Activities** **\$ (7,577,810)**

**OLD ADOBE UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>General</b>	<b>Bond Interest and Redemption</b>	<b>Building</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Revenues</u></b>					
LCFF Sources:					
State Apportionment / Transfers	\$ 10,890,264				\$ 10,890,264
Local Taxes	13,721,786				13,721,786
<b>Total LCFF Sources</b>	<b>24,612,050</b>				<b>24,612,050</b>
Federal Revenue	1,369,180			\$ 617,268	1,986,448
State Revenue	5,020,031	\$ 14,269		1,106,382	6,140,682
Local Revenue	3,001,484	2,877,390	\$ 182,251	289,484	6,350,609
<b>Total Revenues</b>	<b>34,002,745</b>	<b>2,891,659</b>	<b>182,251</b>	<b>2,013,134</b>	<b>39,089,789</b>
<b><u>Expenditures</u></b>					
Current:					
Instruction	24,371,401			145,005	24,516,406
Supervision of Instruction	374,768			50,464	425,232
Instructional Library and Technology	510,214				510,214
School Site Administration	2,221,164			45,417	2,266,581
Home-To-School Transportation	906,197				906,197
Food Services	85,360			1,135,655	1,221,015
Other Pupil Services	1,563,973				1,563,973
Other General Administration	1,860,777			34,800	1,895,577
Plant Services	2,747,527			257,583	3,005,110
Facilities Acquisition and Construction	155,352		803,719	24,000	983,071
Other Outgo	153,995				153,995
Debt Service:					
Principal Retirement	27,171	3,225,000			3,252,171
Interest and Issuance Costs	1,454	1,669,884	145,000		1,816,338
<b>Total Expenditures</b>	<b>34,979,353</b>	<b>4,894,884</b>	<b>948,719</b>	<b>1,692,924</b>	<b>42,515,880</b>
Excess of Revenues Over (Under) Expenditures	(976,608)	(2,003,225)	(766,468)	320,210	(3,426,091)
<b><u>Other Financing Sources</u></b>					
Other Sources		1,694,317	13,500,000		15,194,317
<b>Net Change in Fund Balances</b>	<b>(976,608)</b>	<b>(308,908)</b>	<b>12,733,532</b>	<b>320,210</b>	<b>11,768,226</b>
Fund Balances - July 1, 2023	12,753,352	3,327,818	4,505,501	1,824,335	22,411,006
<b>Fund Balances - June 30, 2024</b>	<b>\$ 11,776,744</b>	<b>\$ 3,018,910</b>	<b>\$ 17,239,033</b>	<b>\$ 2,144,545</b>	<b>\$ 34,179,232</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**OLD ADOBE UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Net Change in Fund Balances - Governmental Funds** \$ 11,768,226

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlay Expenditures	\$ 1,005,545	
Depreciation Expense	(2,261,882)	
Net		(1,256,337)

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt and issue premium, were: (15,194,317)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are: (50,925)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 3,383,861

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 65,608

Other post employment benefits (OPEB): In governmental funds, OPEB costs are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (193,731)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: 186,328

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statements, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from a prior period, was: (176,746)

**Change in Net Position of Governmental Activities** \$ (1,468,033)

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Old Adobe Union School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1957 and serves students in kindergarten through grade six.

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

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 Old Adobe Union School District, this includes general operations, food service, child development, and student related activities of the District.

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

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. Eliminations have been made to remove the double-counting of internal activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Government-wide Financial Statements (Concluded):

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as 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 of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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 governmental fund is presented in a separate column and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions (Concluded):

For the District, “available” means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following governmental fund types:

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

*Special Revenue Funds* - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

*Debt Service Funds* - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District's funds are organized into major and non-major funds as follows:

Major Governmental Funds:

*General Fund* is the general operating fund of the District.

*Bond Interest and Redemption Fund* is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

*Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from bond proceeds.

Non-major Governmental Funds:

*Deferred Maintenance Fund* is used for the purpose of major repairs or replacement of District property.

*Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's cafeteria program.

*Child Development Fund* is used to account for revenues received and expenditures made to operate the District's child development programs.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Non-major Governmental Funds (Concluded):

*Capital Facilities Fund* is used to account separately for financial resources received from fees levied on developers or other agencies as a condition of approving a development.

*County School Facilities Fund* is used primarily to account for new school facility construction and modernization apportionments as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070.10 et seq.).

*Capital Projects - Special Reserve Fund* is used to account for redevelopment shift funds set aside for future capital expenditures.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information on page 59.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

The District is authorized to maintain cash in revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). 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 County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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. 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.

2. Stores Inventory and Prepaid Expenses / Expenditures

Inventory is recorded using the purchase method in that inventories are recorded as expenditures when they are acquired. Inventories are valued at average cost and consist of expendable supplies held for consumption.

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year ended, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Reported inventory and prepaid expenses/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Beginning in fiscal year 2011-12, capital improvement acquisition or construction with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

3. Capital Assets (Concluded)

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	7-20
Buildings and Improvements	7-50
Furniture and Equipment	5-20

4. Deferred Outflows / Inflows of Resources

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

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

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

7. Other Post Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' 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. Investments are reported at fair value.

9. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the obligation, when applicable. Liabilities are reported net of applicable premiums and discounts.

In the fund financial statements, governmental funds recognize premiums and discounts when the debt is issued. The face amount of the debt issued, premiums and discounts are reported as other financing sources or uses.

10. Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications in the governmental fund financial statements are as follows:

*Nonspendable Fund Balance* includes amounts that are not expected to be converted to cash, such as resources that are not in spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

*Restricted Fund Balance* includes amounts constrained to a specific purpose by their providers or by law.

*Committed Fund Balance* includes amounts constrained to specific purpose by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

10. Fund Balances (Concluded)

*Assigned Fund Balance* includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. The Board delegates authority to assign funds to the assigned fund balance to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent shall have discretion to further delegate authority to assign funds.

*Unassigned Fund Balance* includes amounts that are available for any purpose.

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the District against unforeseen circumstances. If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfall, the Board shall develop a plan to recover the fund balance, which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

The District budget shall include a minimum reserve fund balance for economic uncertainties that is consistent with the percentage or amount specified in 5 CCR 15450.

11. Local Control Funding Formula (LCFF) / Property Tax

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of state aid and local property taxes.

The County of Sonoma is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

11. Local Control Funding Formula (LCFF) / Property Tax (Concluded)

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Cash in Revolving Fund	\$	8,500
County Pool Investments		34,860,177
Total		\$ 34,868,677

Cash in Revolving Fund

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds and petty cash funds maintained at various sites.

County Pool Investments

County pool investments consist of District cash held by the Sonoma County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**General Authorization**

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Sonoma County Investment pool.

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
County Pool Investments	\$ 34,860,177	\$ 34,860,177	664

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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. Investments in the County Treasury are not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the 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 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk.

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 specific term, a Level 2 input is required to be observable for substantially the full term of the asset.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

Fair Value Measurements (Concluded)

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

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

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

Investment Type	Fair Value	Uncategorized
County Pool Investments	\$ 34,860,177	\$ 34,860,177

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

**NOTE 3 - RECEIVABLES**

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

	General Fund	Non-Major Governmental Funds	Totals
Federal Government	\$ 991,279	\$ 71,494	\$ 1,062,773
State Government	2,022,773	108,539	2,131,312
Local Governments	40,920		40,920
Miscellaneous	117,828	13,525	131,353
Totals	\$ 3,172,800	\$ 193,558	\$ 3,366,358

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 4 - INTERFUND ACTIVITIES**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**A. Balances Due From / Due To Other Funds**

Balances due from / to other funds at June 30, 2024 consisted of the following:

General Fund due to Capital Projects - Special Reserve Fund for educational facilities RDA funds	\$ 89,573
Capital Facilities Fund due to General Fund for admin fee	3,303
General Fund due to Child Development Fund for salaries and benefits related to grant funds	8,307
Deferred Maintenance Fund due to General Fund to transfer out the remaining balance and close the fund	3,731
Cafeteria Fund due to General Fund for indirect costs	24,415
Child Development Fund due to General Fund for indirect costs	<u>6,346</u>
Total	<u><u>\$ 135,675</u></u>

All interfund receivables and payables are scheduled to be paid within one year.

**B. Interfund Transfers**

There were no interfund transfers during fiscal year 2023-24.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the fiscal year ended June 30, 2024, is shown below:

	Balances July 1, 2023	Additions	Deletions	Balances June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 826,283			\$ 826,283
Construction-in-Progress	63,417	\$ 479,015	\$ 51,243	491,189
<b>Total Capital Assets Not Being Depreciated</b>	<b>889,700</b>	<b>479,015</b>	<b>51,243</b>	<b>1,317,472</b>
Capital Assets Being Depreciated:				
Sites and Improvements	5,479,036	477,026		5,956,062
Buildings and Improvements	56,295,030			56,295,030
Furniture and Equipment	2,433,432	100,747		2,534,179
<b>Total Capital Assets Being Depreciated</b>	<b>64,207,498</b>	<b>577,773</b>	<b>0</b>	<b>64,785,271</b>
Less Accumulated Depreciation:				
Sites and Improvements	3,877,668	180,032		4,057,700
Buildings and Improvements	18,113,828	1,963,034		20,076,862
Furniture and Equipment	1,310,299	118,816		1,429,115
<b>Total Accumulated Depreciation</b>	<b>23,301,795</b>	<b>2,261,882</b>	<b>0</b>	<b>25,563,677</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>40,905,703</b>	<b>(1,684,109)</b>	<b>0</b>	<b>39,221,594</b>
<b>Capital Assets, Net</b>	<b>\$ 41,795,403</b>	<b>\$ (1,205,094)</b>	<b>\$ 51,243</b>	<b>\$ 40,539,066</b>

Depreciation expense was charged as follows:

Instruction	\$ 1,543,733
Instruction-Related Services	196,172
Pupil Services	219,353
General Administration	114,070
Plant Services	188,554
<b>Total</b>	<b>\$ 2,261,882</b>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - GENERAL OBLIGATION BONDS**

On February 25, 2021, the District issued \$13,000,000 of Election 2018, Series B, general obligation bonds, consisting of \$1,750,000 federally taxable bonds with an interest rate of 0.15% maturing on May 1, 2021 and \$11,250,000 of serial and term tax-exempt bonds with an interest rate of 4.00% and a final maturity date on August 1, 2048. The Series B bonds represent the second series issued pursuant to the \$38,500,000 2018 Authorization approved by voters in the District on November 6, 2018.

On May 31, 2022, the District issued 2022 General Obligation Refunding Bonds, Series A for \$4,485,000, Series B for \$8,096,000, and Series C for \$6,714,000 for purposes of refunding the District's outstanding Election of 2012, Series A, B and C, General Obligation Bonds, maturing August 1, 2023 through August 1, 2045, and to pay costs of issuance of the bonds. The refunding bonds were issued to take advantage of the current lower interest rates, which will ultimately result in a decreased tax burden for individuals who own property within the District. The issuance of the refunding bonds is expected to result in net present value savings of \$2,345,287.

On March 21, 2024, the District issued \$13,500,000 of Election 2018, Series C, general obligation bonds. The Series C bonds represent the third and final series issued pursuant to the \$38,500,000 2018 Authorization approved by voters in the District on November 6, 2018.

The general obligation bonds are secured by the full faith and credit of the District. In order to provide sufficient funds for the repayment of principal and interest on the bonds when due, the Board of Supervisors of Sonoma County is empowered and obligated to annually levy ad valorem taxes upon all property subject to taxation in the District.

The District's outstanding general obligation debt, excluding \$4,273,513 of unamortized bond premiums, as of June 30, 2024 is as follows:

**A. Current Interest Bonds**

The outstanding current interest general obligation bonded debt at June 30, 2024 is as follows:

<u>Year of Issue</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2023</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2024</u>
2014	2.00-5.25	8/1/43	\$ 8,000,000	\$ 205,000		\$ 95,000	\$ 110,000
2016	3.00-4.00	8/1/45	3,865,000	100,000			100,000
2019	4.00	8/1/38	3,500,000	3,385,000			3,385,000
2019	4.00-5.00	8/1/48	12,000,000	9,520,000		210,000	9,310,000
2021	0.15-4.00	8/1/48	13,000,000	10,950,000		380,000	10,570,000
2022	2.45	8/1/37	4,485,000	4,430,000		285,000	4,145,000
2022	3.70	8/1/43	8,096,000	7,978,000			7,978,000
2022	3.73	8/1/44	6,714,000	6,696,000			6,696,000
2024	5.00-5.48	8/1/46			\$ 13,500,000	1,440,000	12,060,000
			<u>\$ 59,660,000</u>	<u>\$ 43,264,000</u>	<u>\$ 13,500,000</u>	<u>\$ 2,410,000</u>	<u>\$ 54,354,000</u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)**

**A. Current Interest Bonds (Concluded)**

The annual requirement to amortize the current interest bonds payable, outstanding as of June 30, 2024, is as follows:

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 440,000	\$ 2,110,662	\$ 2,550,662
2026	675,000	2,105,332	2,780,332
2027	960,000	2,045,097	3,005,097
2028	1,093,000	2,008,762	3,101,762
2029	1,229,000	1,967,307	3,196,307
2030-2034	8,634,000	9,023,460	17,657,460
2035-2039	13,512,000	7,035,900	20,547,900
2040-2044	15,314,000	4,379,013	19,693,013
2045-2049	12,497,000	1,293,289	13,790,289
Totals	<u>\$ 54,354,000</u>	<u>\$ 31,968,822</u>	<u>\$ 86,322,822</u>

**B. Capital Appreciation Bonds**

The outstanding capital appreciation general obligation bonded debt at June 30, 2024 is as follows:

Year of Issue	Accretion Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2023	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2024
1999	5.00-5.38	6/1/24	\$ 1,359,864	\$ 657,395	\$ 17,605	\$ 675,000	\$ 0
2016	2.35-4.48	8/1/40	2,631,222	360,193	6,748	140,000	226,941
			<u>\$ 3,991,086</u>	<u>\$ 1,017,588</u>	<u>\$ 24,353</u>	<u>\$ 815,000</u>	<u>\$ 226,941</u>

The outstanding obligation for the capital appreciation bonds at June 30, 2024, is as follows:

Year Ended <u>June 30</u>	<u>Original Issue (Principal)</u>	<u>Accreted Interest</u>	<u>Totals</u>
2025	\$ 113,842	\$ 30,826	\$ 144,668
2026	63,609	18,664	82,273
Totals	<u>\$ 177,451</u>	<u>\$ 49,490</u>	<u>\$ 226,941</u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - GENERAL OBLIGATION BONDS (CONCLUDED)**

**B. Capital Appreciation Bonds (Concluded)**

The annual requirements to amortize the capital appreciation bonds at June 30, 2024, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 113,842	\$ 31,158	\$ 145,000
2026	63,609	21,391	85,000
Totals	<u>\$ 177,451</u>	<u>\$ 52,549</u>	<u>\$ 230,000</u>

**NOTE 7 - NOTE PAYABLE**

On November 20, 2020, the District entered into an agreement to finance the purchase of \$102,099 of transportation equipment. The agreement provides for title to pass to the District upon expiration of the note payable period. Future minimum note payments under the agreement provide for monthly payments of \$2,385.41 through October 20, 2024.

<u>Year Ended June 30</u>	<u>Note Payments</u>
2025	\$ 9,541
Less amounts representing interest	<u>(117)</u>
Present value of net minimum note payments	<u>\$ 9,424</u>

The District will receive no sublease revenues or pay any contingent rentals for these assets.

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The District's defined benefit plan, Old Adobe Union School District's Other Post Employment Benefits Plan (Plan), is a single-employer defined benefit health care plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. The Plan does not issue a stand-alone financial report.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description / Retiree Coverage

Medical and prescription drug benefits are offered to active employees and retirees of the District through Redwood Empire Schools Insurance Group (RESIG). The District offers continued coverage to its eligible retirees according to the provisions described below.

Benefit types provided	Medical Only
Duration of Benefits	To age 65
Required Service	10 years
Minimum Age	55
Dependent Coverage	Yes
District Contribution %	100% up to District cap *
District Cap	\$15,914 annually

\* District contribution % is dependent on retirement age. The District contribution is: 100% at retirement age 55 and decreases by 10% per year to 40% at retirement age 61. Those retiring from ages 62-65 are allowed on the District plan on a self-pay basis.

Plan benefits and contribution requirements for both the employee and the District are established by labor agreements. All contracts with District employees may be renegotiated at various times in the future and, thus, benefits and costs are subject to change.

Employees Covered by Benefit Terms

The number of employees covered by the benefit terms of the Plan as of June 30, 2023 are as follows:

Inactive employees currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments *	0
Active employees	<u>170</u>
Total number of participants	<u><u>176</u></u>

\* Actuary did not receive information about any terminated, vested employees

Total OPEB Liability

The District's total OPEB liability as of June 30, 2024 is \$3,897,828, based on an actuarial valuation date of June 30, 2023 and a measurement date of June 30, 2024. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability was determined using an actuarial valuation as of June 30, 2024, using the following actuarial assumptions:

Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age
Inflation	2.50%
Salary Increases	2.75%
Discount Rate	3.93%, net of expenses
Healthcare cost trend rates	4.00% based on the conclusion that while medical trends will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin.

Because the Plan is unfunded, the yield for the 20-year, tax-exempt general obligation municipal bond was used to determine the liability. The discount rate is based on the Bond Buyer 20 Index.

Mortality assumptions were based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees, 2020 CalSTRS Mortality and 2021 CalPERS Retiree Mortality for All Employees tables. Retirement assumptions were based on the 2021 CalPERS 2.0% @ 55 Rates for Schools Employees, 2021 CalPERS 2.0% @ 62 Rates for Schools Employees, 2020 CalSTRS 2.0% @ 60 Rates and 2020 CalSTRS 2.0% @ 62 Rates tables. Turnover assumptions were based on the 2021 CalPERS Termination Rates for School Employees and 2020 CalSTRS Termination Rates tables. For other assumptions, actual plan provisions and plan data were used.

The valuation assumed 100% participation rates for certificated and classified employees less than age 65.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at beginning of year	<u>\$ 3,609,526</u>
Changes for the year:	
Service cost	309,016
Interest on total OPEB Liability	135,929
Changes in assumptions or other inputs	(76,761)
Benefit payments, including implicit subsidy	<u>(79,882)</u>
Net change	<u>288,302</u>
Balance at end of year	<u><u>\$ 3,897,828</u></u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

*Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate*

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current discount rate of 3.93%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	<u>Discount Rate 1% Decrease</u>	<u>Discount Rate Current Rate</u>	<u>Discount Rate 1% Increase</u>
District's total OPEB liability	\$ 4,156,774	\$ 3,897,828	\$ 3,667,608

*Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following table presents the District's total OPEB liability as of the measurement date, calculated using the current healthcare cost trend rate of 4.00% as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	<u>Healthcare Cost Trend Rate 1% Decrease</u>	<u>Healthcare Cost Trend Rate Current Rate</u>	<u>Healthcare Cost Trend Rate 1% Increase</u>
District's total OPEB liability	\$ 3,471,905	\$ 3,897,828	\$ 4,392,122

*OPEB Expense and 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 \$444,945. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 753,292
Changes of assumptions or other inputs	\$ 102,635	898,768
Totals	<u>\$ 102,635</u>	<u>\$ 1,652,060</u>

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

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)*

Year Ended <u>June 30</u>	
2025	\$ (168,302)
2026	(165,766)
2027	(172,057)
2028	(160,010)
2029	(160,010)
Thereafter	(723,280)

Differences between expected and actual experience and changes of assumptions or other inputs are amortized over the average of expected remaining service life of members at the various measurement dates.

**NOTE 9 - RETIREMENT PLANS**

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

The District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying government-wide financial statements as follows:

<u>Pension Plan</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 13,753,152	\$ 4,363,479	\$ 960,925	\$ 3,190,219
CalPERS	10,771,885	3,754,933	667,692	1,249,322
Totals	<u>\$ 24,525,037</u>	<u>\$ 8,118,412</u>	<u>\$ 1,628,617</u>	<u>\$ 4,439,541</u>

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

*Plan Description*

The California State Teachers' Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to full-time and part-time California public school teachers from pre-kindergarten through community college and certain other employees of the public school system.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Plan Description (Concluded)

The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature and the Governor, established the plan and CalSTRS as the administrator. The terms of the plan may be amended through legislation. CalSTRS issues publicly available reports that include a full description of the pension plan that can be found on the CalSTRS website.

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses for administering the STRP. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

Benefits Provided

Membership is mandatory for all employees meeting certain statutory requirements and optional for all other employees performing creditable service activities. The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the program provides benefits to members upon disability and to their survivors or beneficiaries upon the death of eligible members.

The STRP DB Program has two benefit structures:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

There are several differences between the two benefit structures and some of the differences are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided / CalSTRS 2% at 60 (Concluded)

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members: The member contribution rate for CalSTRS 2% at 60 members is set in statute at 10.25%, while CalSTRS 2% at 62 members are required to pay at least one-half of the normal cost of their DB Program benefit (rounded to the nearest quarter of 1%). The member contribution rate for CalSTRS 2% at 62 members was 10.205% for fiscal year 2023-24.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

Employers: Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24 for a total contribution rate of 19.10%. The District contributed \$2,324,741 to the plan for the fiscal year ended June 30, 2024.

State: The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by no more than 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2023-24. The total state contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account, which is funded through a continuous appropriation from the state's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954. The total state contribution to the DB program was 10.828% for the fiscal year ended June 30, 2024.

District's Proportionate Share of the Net Pension Liability, 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 associated with the District was as follows:

District's proportionate share of the net pension liability	\$ 13,753,152
State's proportionate share of the net pension liability associated with the District	6,589,522
Total net pension liability attributed to District	<u>\$ 20,342,674</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers and the State.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The District's proportionate share of the net pension liability as of June 30, 2023 and June 30, 2022 was as follows:

Proportion - June 30, 2023	0.0181%
Proportion - June 30, 2022	<u>0.0177%</u>
Change - Increase (Decrease)	<u><u>0.0004%</u></u>

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$3,190,219, which includes \$1,054,000 of support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 2,324,741	
Differences between expected and actual experience	1,080,846	\$ 713,570
Changes of assumptions	73,698	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	868,588	247,355
Net differences between projected and actual earnings on plan investments	<u>15,606</u>	
Totals	<u><u>\$ 4,363,479</u></u>	<u><u>\$ 960,925</u></u>

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Year Ended June 30	
2025	\$ (157,154)
2026	(500,597)
2027	1,226,429
2028	187,453
2029	114,980
Thereafter	206,702

Other than differences between projected and actual earnings on plan investments, deferred outflows and inflows of resources are amortized using a straight-line method over a closed period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), which is 7 years as of the beginning of the measurement period. Deferred outflows and inflows of resources related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions

The total pension liability for the 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. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation report to determine the total pension liability include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return <sup>1</sup>	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (Annually) Maintain 85% purchasing power level for DB

<sup>1</sup> Net of investment expenses, but gross of administrative expenses.

The sections that follow provide additional discussion on key assumptions and methods for the valuation of the STRP.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates as previously described. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expenses occur midyear. Based on those 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 the total pension liability.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
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%
Total	<u>100%</u>	

\* 20-year average. Real rates of return are net of assumed 2.75% inflation.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

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

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

	Discount Rate 1% Decrease <u>6.10%</u>	Discount Rate Current Rate <u>7.10%</u>	Discount Rate 1% Increase <u>8.10%</u>
District's proportionate share of the net pension liability	\$ 23,069,815	\$ 13,753,152	\$ 6,014,577

Mortality

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 of 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.

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire.

The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Plan Description, Benefits Provided, and Employees Covered (Concluded)

Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through 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. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 are required to contribute the higher of 50.0% of the total normal cost rate for their defined benefit plan or 8.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 26.68% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2024 was \$1,640,234.

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2024, the District reported a liability of \$10,771,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. 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 employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2023 and June 30, 2022 was as follows:

Proportion - June 30, 2023	0.0298%
Proportion - June 30, 2022	0.0315%
Change - Increase (Decrease)	-0.0017%

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$1,249,322. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 1,640,234	
Differences between expected and actual experience	396,774	\$ 179,655
Changes of assumptions	538,878	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,045	488,037
Net differences between projected and actual earnings on plan investments	1,173,002	
Totals	\$ 3,754,933	\$ 667,692

The deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2025	\$ 340,491
2026	245,593
2027	825,116
2028	35,807

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.8 years as of June 30, 2023. The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Wage Growth	Varies by Entry Age And Service
Mortality Rate Table	Derived Using CalPERS' Membership Data For All Funds
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	The Lesser of Contract COLA or 2.30% Until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% Thereafter

The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

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 that contributions from plan members 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 those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

<u>Asset Class<sup>1</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return<sup>1, 2</sup></u>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management Study.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - RETIREMENT PLANS (CONCLUDED)**

**B. California Public Employees' Retirement System (CalPERS) (Concluded)**

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

	Discount Rate 1% Decrease 5.90%	Discount Rate Current Rate 6.90%	Discount Rate 1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 15,573,361	\$ 10,771,885	\$ 6,803,574

**Pension Plan Fiduciary Net Position**

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

**C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. Both the District and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

**NOTE 10 - LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2024 is shown below:

	Balances July 1, 2023	Additions	Deductions	Balances June 30, 2024	Due within One Year
Long-Term Debt:					
General Obligation Bonds	\$ 46,992,474	\$ 15,218,670	\$ 3,356,690	\$ 58,854,454	\$ 773,589
Note Payable	36,595		27,171	9,424	9,424
Other Long-Term Liabilities:					
Compensated Absences	198,077	132,469	198,077	132,469	132,469
Total OPEB Liability	3,609,526	368,184	79,882	3,897,828	
Net Pension Liabilities	23,117,564	1,407,473		24,525,037	
Totals	\$ 73,954,236	\$ 17,126,796	\$ 3,661,820	\$ 87,419,212	\$ 915,482

The general obligation bonds are obligations of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The remaining long-term liabilities will be financed primarily by the General Fund.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - FUND BALANCES**

The District's fund balances at June 30, 2024 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	Building Fund	Non-Major Governmental Funds	Totals
<b>Nonspendable:</b>					
Revolving Cash	\$ 8,000			\$ 500	\$ 8,500
Stores Inventory				26,109	26,109
Prepaid Expenditures	<u>105,008</u>				<u>105,008</u>
Total Nonspendable	<u>113,008</u>			<u>26,609</u>	<u>139,617</u>
<b>Restricted:</b>					
Categorical Programs	3,534,031			128,654	3,662,685
Food Services Program				626,799	626,799
Bond Projects			\$ 17,239,033		17,239,033
Capital Projects				1,331,712	1,331,712
Debt Service		<u>\$ 3,018,910</u>			<u>3,018,910</u>
Total Restricted	<u>3,534,031</u>	<u>3,018,910</u>	<u>17,239,033</u>	<u>2,087,165</u>	<u>25,879,139</u>
<b>Assigned:</b>					
Capital Projects				<u>30,771</u>	<u>30,771</u>
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,771</u>	<u>30,771</u>
<b>Unassigned:</b>					
Economic Uncertainties	1,049,381				1,049,381
Unassigned	<u>7,080,324</u>				<u>7,080,324</u>
Total Unassigned	<u>8,129,705</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,129,705</u>
Totals	<u>\$ 11,776,744</u>	<u>\$ 3,018,910</u>	<u>\$ 17,239,033</u>	<u>\$ 2,144,545</u>	<u>\$ 34,179,232</u>

**NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA**

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions of \$1,054,000 to CalSTRS. These contributions are recorded in the General Fund as revenues and expenditures. The District is not legally responsible for these contributions.

**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023-24, the District participated in one joint power authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - JOINT VENTURE**

The District participates in one joint venture under a joint power agreement (JPA) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability, and workers' compensation. The relationship between the District and the JPA are such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

The JPA is audited on an annual basis. Financial information can be obtained by contacting the JPA's management.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

**A. State and Federal Allowances, Awards and Grants**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

**B. Litigation**

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

**C. Construction Commitments**

As of June 30, 2024, the District has the following commitments with respect to unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
MV - Library	\$ 250,000	Aug - 2025
SM - Music Building	8,500,000	July 2026
LT - Staff Workspace	300,000	Aug - 2025
MV - Shade Structure	110,000	Dec - 2024
LT - Shade Structure	110,000	Oct - 2024
Total	<u>\$ 9,270,000</u>	

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 16 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 5, 2024, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.



REQUIRED SUPPLEMENTARY INFORMATION SECTION



**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 10,916,068	\$ 10,952,729	\$ 10,890,264	\$ (62,465)
Local Sources	13,257,576	13,413,622	13,721,786	308,164
Total LCFF Sources	24,173,644	24,366,351	24,612,050	245,699
Federal Revenue	1,637,545	1,475,629	1,369,180	(106,449)
Other State Revenue	4,648,496	4,924,357	5,020,031	95,674
Other Local Revenue	1,444,289	2,619,157	3,001,484	382,327
Total Revenues	31,903,974	33,385,494	34,002,745	617,251
<b><u>Expenditures</u></b>				
Current:				
Certificated Salaries	11,216,098	12,820,388	12,765,936	54,452
Classified Salaries	5,609,832	5,997,941	5,880,579	117,362
Employee Benefits	7,697,655	8,564,085	8,513,987	50,098
Books and Supplies	2,645,020	2,412,104	1,976,132	435,972
Services and Other				
Operating Expenditures	5,751,921	5,839,618	5,396,106	443,512
Capital Outlay	195,000	487,738	295,490	192,248
Debt Service:				
Principal Retirement		27,171	27,171	
Interest and Fiscal Charges		1,454	1,454	
Other Expenditures	116,754	160,105	122,498	37,607
Total Expenditures	33,232,280	36,310,604	34,979,353	1,331,251
Net Change in Fund Balances	(1,328,306)	(2,925,110)	(976,608)	<u>\$ 1,948,502</u>
Fund Balances - July 1, 2023	12,753,352	12,753,352	12,753,352	
Fund Balances - June 30, 2024	<u>\$ 11,425,046</u>	<u>\$ 9,828,242</u>	<u>\$ 11,776,744</u>	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS \***  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>2024</u>	<u>2023</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 309,016	\$ 269,894
Interest on Total OPEB Liability	135,929	129,635
Changes in Benefit Terms		
Differences Between Expected and Actual Experience		(140,143)
Changes in Assumptions or Other Inputs	(76,761)	(120,978)
Benefit Payments	<u>(79,882)</u>	<u>(111,884)</u>
<b>Net Changes in Total OPEB Liability</b>	288,302	26,524
<b>Total OPEB Liability - Beginning</b>	<u>3,609,526</u>	<u>3,583,002</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 3,897,828</u></u>	<u><u>\$ 3,609,526</u></u>
<b>Covered-employee Payroll</b>	\$ 11,722,034	\$ 11,408,306
<b>District's Total OPEB Liability as Percentage of Covered- employee Payroll</b>	33.25%	31.64%

\* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 320,445	\$ 288,579	\$ 280,174	\$ 227,768	\$ 230,844
80,625	79,628	76,527	123,330	107,037
	1,184,780			
	(739,115)	(314,240)	(20,769)	(3,110)
(357,784)	(642,733)	219,410	94,041	(64,614)
<u>(65,400)</u>	<u>(82,389)</u>	<u>(78,899)</u>	<u>(71,826)</u>	<u>(66,512)</u>
(22,114)	88,750	182,972	352,544	203,645
<u>3,605,116</u>	<u>3,516,366</u>	<u>3,333,394</u>	<u>2,980,850</u>	<u>2,777,205</u>
<u>\$ 3,583,002</u>	<u>\$ 3,605,116</u>	<u>\$ 3,516,366</u>	<u>\$ 3,333,394</u>	<u>\$ 2,980,850</u>
\$ 11,052,144	\$ 10,756,345	\$ 13,786,343	\$ 11,758,143	\$ 11,415,673
32.42%	33.52%	25.51%	28.35%	26.11%

**OLD ADOBE UNION SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS \***

**JUNE 30, 2024**

<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</u>	<u>State's Proportionate Share of the NPL Associated to District</u>	<u>Total NPL Attributed to District</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of Total Pension Liability</u>
2024	0.0181%	\$ 13,753,152	\$ 6,589,522	\$ 20,342,674	\$ 10,824,628	127.05%	80.62%
2023	0.0177%	12,283,979	6,151,769	18,435,748	10,307,825	119.17%	81.20%
2022	0.0178%	8,120,425	4,085,883	12,206,308	9,649,288	84.16%	87.21%
2021	0.0167%	16,194,713	8,348,377	24,543,090	9,132,088	177.34%	71.82%
2020	0.0166%	15,008,674	8,188,234	23,196,908	8,877,819	169.06%	72.56%
2019	0.0159%	14,573,626	8,344,083	22,917,709	8,530,021	170.85%	70.99%
2018	0.0148%	13,707,580	8,109,289	21,816,869	7,943,903	172.55%	69.46%
2017	0.0147%	11,896,679	8,604,686	20,501,365	7,496,505	158.70%	70.04%
2016	0.0151%	10,196,254	6,949,048	17,145,302	6,914,291	147.47%	74.02%
2015	0.0128%	7,479,936	5,896,113	13,376,049	5,688,170	131.50%	76.52%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

**OLD ADOBE UNION SCHOOL DISTRICT**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS \***

**JUNE 30, 2024**

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<u>Year Ended June 30</u>	<u>District's Proportion of the NPL</u>	<u>District's Proportionate Share of the NPL</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the NPL as a % of Covered Payroll</u>	<u>Plan Fiduciary Net Position As a % of Total Pension Liability</u>
2024	0.0298%	\$ 10,771,885	\$ 5,153,563	209.02%	69.96%
2023	0.0315%	10,833,585	4,825,194	224.52%	69.76%
2022	0.0323%	6,578,010	4,256,246	154.55%	80.97%
2021	0.0320%	9,813,556	4,587,455	213.92%	70.00%
2020	0.0337%	9,813,184	4,671,077	210.08%	70.05%
2019	0.0331%	8,815,339	4,361,335	202.12%	70.85%
2018	0.0313%	7,462,618	3,986,650	187.19%	71.87%
2017	0.0299%	5,898,817	3,584,300	164.57%	73.90%
2016	0.0279%	4,113,538	3,104,333	132.51%	79.43%
2015	0.0259%	2,940,281	2,719,166	108.13%	83.38%

\* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - CALSTRS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2024	\$ 2,324,741	\$ 2,324,741	-	\$12,171,419	19.10%
2023	2,067,504	2,067,504	-	10,824,628	19.10%
2022	1,744,084	1,744,084	-	10,307,825	16.92%
2021	1,558,360	1,558,360	-	9,649,288	16.15%
2020	1,561,587	1,561,587	-	9,132,088	17.10%
2019	1,445,309	1,445,309	-	8,877,819	16.28%
2018	1,230,882	1,230,882	-	8,530,021	14.43%
2017	999,343	999,343	-	7,943,903	12.58%
2016	804,375	804,375	-	7,496,505	10.73%
2015	613,989	613,989	-	6,914,291	8.88%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS - CALPERS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions As a % of Covered Payroll</u>
2024	\$ 1,640,234	\$ 1,640,234	-	\$ 6,147,804	26.680%
2023	1,307,459	1,307,459	-	5,153,563	25.370%
2022	1,105,452	1,105,452	-	4,825,194	22.910%
2021	881,043	881,043	-	4,256,246	20.700%
2020	904,692	904,692	-	4,587,455	19.721%
2019	843,690	843,690	-	4,671,077	18.062%
2018	677,359	677,359	-	4,361,335	15.531%
2017	553,666	553,666	-	3,986,650	13.888%
2016	424,632	424,632	-	3,584,300	11.847%
2015	365,411	365,411	-	3,104,333	11.771%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. The basis of budgeting is the same as Generally Accepted Accounting Principles (GAAP). There were no excess of expenditures over appropriations in the General Fund as of June 30, 2024.

**B. Schedule of Changes in Total OPEB Liability and Related Ratios**

In accordance with Governmental Accounting Standards Board Statement No. 75, the District is required to present a 10-year schedule including certain information for each OPEB plan. The information required to be presented includes certain components that make up the changes in the total OPEB liability, the total OPEB liability, the covered-employee payroll, and the total OPEB liability as a percentage of the District's covered-employee payroll.

**C. Schedule of the Proportionate Share of the Net Pension Liability**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**D. Schedule of Contributions**

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered payroll.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 2 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Trust Assets

The District has no assets accumulated in a trust that meet the criteria of GASB 75 to pay related benefits.

Benefit Terms

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions or other inputs

The discount rate changed from 3.65% at June 30, 2023 to 3.93% at June 30, 2024.

**NOTE 3 - SUMMARY OF CHANGES FOR CALSTRS AND CALPERS**

Benefit Changes

There were no changes to benefit terms since the previous valuation for either the State Teachers' Retirement Plan (CalSTRS) or the Public Employer's Retirement Fund B (CalPERS).

Changes of Assumptions

There were no changes in assumptions since the previous valuation for CalSTRS or CalPERS.



SUPPLEMENTARY INFORMATION SECTION





**OLD ADOBE UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Child Development</u>
<b><u>Assets</u></b>			
Deposits and Investments	\$ 3,731	\$ 502,310	\$ 117,183
Receivables		166,855	13,883
Due from Other Funds			8,307
Stores Inventory		26,109	
Total Assets	<u>\$ 3,731</u>	<u>\$ 695,274</u>	<u>\$ 139,373</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts Payable		\$ 17,451	\$ 4,373
Due to Other Funds	\$ 3,731	24,415	6,346
Total Liabilities	<u>3,731</u>	<u>41,866</u>	<u>10,719</u>
Fund Balances:			
Nonspendable		26,609	
Restricted		626,799	128,654
Assigned			
Total Fund Balances	<u>0</u>	<u>653,408</u>	<u>128,654</u>
Total Liabilities and Fund Balances	<u>\$ 3,731</u>	<u>\$ 695,274</u>	<u>\$ 139,373</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

<b>Capital Facilities</b>	<b>County School Facilities</b>	<b>Capital Projects - Special Reserve</b>	<b>Total Non-Major Governmental Funds</b>
\$ 931,884 12,820	\$ 8,668	\$ 326,841 89,573	\$ 1,890,617 193,558 97,880 26,109
<u>\$ 944,704</u>	<u>\$ 8,668</u>	<u>\$ 416,414</u>	<u>\$ 2,208,164</u>
\$ 3,303		\$ 4,000	\$ 25,824 37,795
<u>3,303</u>		<u>4,000</u>	<u>63,619</u>
941,401	\$ 8,668	381,643 30,771	26,609 2,087,165 30,771
<u>941,401</u>	<u>8,668</u>	<u>412,414</u>	<u>2,144,545</u>
<u>\$ 944,704</u>	<u>\$ 8,668</u>	<u>\$ 416,414</u>	<u>\$ 2,208,164</u>

**OLD ADOBE UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Child Development</u>
<b><u>Revenues</u></b>			
Federal Revenue		\$ 617,268	
State Revenue		778,605	\$ 327,777
Local Revenue	\$ 2,618	24,379	3,650
	2,618	1,420,252	331,427
<b><u>Expenditures</u></b>			
Current:			
Instruction			145,005
Supervision of Instruction			50,464
School Site Administration			45,417
Food Services		1,135,655	
Other General Administration		24,415	7,082
Plant Services	73,549	184,034	
Facilities Acquisition and Construction			
	73,549	1,344,104	247,968
Net Change in Fund Balances	(70,931)	76,148	83,459
Fund Balances - July 1, 2023	70,931	577,260	45,195
Fund Balances - June 30, 2024	\$ 0	\$ 653,408	\$ 128,654

SEE NOTES TO SUPPLEMENTARY INFORMATION

<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
			\$ 617,268
			1,106,382
\$ 153,887	\$ 435	\$ 104,515	289,484
<u>153,887</u>	<u>435</u>	<u>104,515</u>	<u>2,013,134</u>
			145,005
			50,464
			45,417
			1,135,655
3,303			34,800
			257,583
		24,000	24,000
<u>3,303</u>	<u>0</u>	<u>24,000</u>	<u>1,692,924</u>
150,584	435	80,515	320,210
790,817	8,233	331,899	1,824,335
<u>\$ 941,401</u>	<u>\$ 8,668</u>	<u>\$ 412,414</u>	<u>\$ 2,144,545</u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>P-2 Report</b>		
	<b>TK / K - 3</b>	<b>4 - 6</b>	<b>Totals</b>
Regular ADA	147.62	138.98	286.60
Special Education - Nonpublic / LCI	0.18	4.88	5.06
Extended Year Special Education - Nonpublic / LCI		0.28	0.28
Totals	<u>147.80</u>	<u>144.14</u>	<u>291.94</u>

	<b>Annual Report</b>		
	<b>TK / K - 3</b>	<b>4 - 6</b>	<b>Totals</b>
Regular ADA	148.38	139.17	287.55
Special Education - Nonpublic / LCI	0.34	4.96	5.30
Extended Year Special Education - Nonpublic / LCI		0.27	0.27
Totals	<u>148.72</u>	<u>144.40</u>	<u>293.12</u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE - CHARTER SCHOOLS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Totals</u>	<u>Classroom Based</u>	<u>Totals</u>
<b><u>Old Adobe Elementary</u></b>				
<b><u>Charter</u></b>				
TK / K - 3	149.39	150.54	151.36	152.51
Grades 4 - 6	119.36	120.01	119.16	119.81
Totals	<u>268.75</u>	<u>270.55</u>	<u>270.52</u>	<u>272.32</u>

	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Based</u>	<u>Totals</u>	<u>Classroom Based</u>	<u>Totals</u>
<b><u>Loma Vista Immersion</u></b>				
<b><u>Academy Charter</u></b>				
TK / K - 3	302.36	304.69	301.61	304.66
Grades 4 - 6	126.12	126.69	125.93	126.47
Totals	<u>428.48</u>	<u>431.38</u>	<u>427.54</u>	<u>431.13</u>

	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Totals</u>	<u>Classroom Based</u>	<u>Totals</u>
<b><u>Miwok Valley</u></b>				
<b><u>Elementary Charter</u></b>				
TK / K - 3	159.47	160.38	160.15	160.99
Grades 4 - 6	115.20	115.59	115.48	115.90
Totals	<u>274.67</u>	<u>275.97</u>	<u>275.63</u>	<u>276.89</u>

	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Totals</u>	<u>Classroom Based</u>	<u>Totals</u>
<b><u>Sonoma Mountain</u></b>				
<b><u>Elementary Charter</u></b>				
TK / K - 3	236.63	238.65	237.32	238.63
Grades 4 - 6	183.63	183.95	183.62	184.57
Totals	<u>420.26</u>	<u>422.60</u>	<u>420.94</u>	<u>423.20</u>

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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<b>Grade Level</b>	<b>Minutes Required</b>	<b>2023-24 Actual Minutes</b>	<b>Number of Days Traditional Calendar</b>	<b>J-13A Credited</b>	<b>Number of Days Multitrack Calendar</b>	<b>Status</b>
Kindergarten	36,000	53,725	180	0	N/A	In Compliance
Grade 1	50,400	53,725	180	0	N/A	In Compliance
Grade 2	50,400	53,725	180	0	N/A	In Compliance
Grade 3	50,400	53,725	180	0	N/A	In Compliance
Grade 4	54,000	54,995	180	0	N/A	In Compliance
Grade 5	54,000	54,995	180	0	N/A	In Compliance
Grade 6	54,000	54,995	180	0	N/A	In Compliance

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME - CHARTER SCHOOLS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2023-24 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>J-13A Credited</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
<b><u>Old Adobe</u></b>						
<b><u>Elementary Charter</u></b>						
Kindergarten	36,000	51,455	180	0	N/A	In Compliance
Grade 1	50,400	53,215	180	0	N/A	In Compliance
Grade 2	50,400	53,215	180	0	N/A	In Compliance
Grade 3	50,400	53,215	180	0	N/A	In Compliance
Grade 4	54,000	54,875	180	0	N/A	In Compliance
Grade 5	54,000	54,875	180	0	N/A	In Compliance
Grade 6	54,000	54,875	180	0	N/A	In Compliance
<b><u>Loma Vista Immersion</u></b>						
<b><u>Academy Charter</u></b>						
Kindergarten	36,000	52,050	180	0	N/A	In Compliance
Grade 1	50,400	53,090	180	0	N/A	In Compliance
Grade 2	50,400	53,090	180	0	N/A	In Compliance
Grade 3	50,400	53,090	180	0	N/A	In Compliance
Grade 4	54,000	54,995	180	0	N/A	In Compliance
Grade 5	54,000	54,995	180	0	N/A	In Compliance
Grade 6	54,000	54,995	180	0	N/A	In Compliance
<b><u>Miwok Valley</u></b>						
<b><u>Elementary Charter</u></b>						
Kindergarten	36,000	53,405	180	0	N/A	In Compliance
Grade 1	50,400	53,405	180	0	N/A	In Compliance
Grade 2	50,400	53,405	180	0	N/A	In Compliance
Grade 3	50,400	53,405	180	0	N/A	In Compliance
Grade 4	54,000	54,230	180	0	N/A	In Compliance
Grade 5	54,000	54,230	180	0	N/A	In Compliance
Grade 6	54,000	54,230	180	0	N/A	In Compliance
<b><u>Sonoma Mountain</u></b>						
<b><u>Elementary Charter</u></b>						
Kindergarten	36,000	52,380	180	0	N/A	In Compliance
Grade 1	50,400	53,280	180	0	N/A	In Compliance
Grade 2	50,400	53,280	180	0	N/A	In Compliance
Grade 3	50,400	53,280	180	0	N/A	In Compliance
Grade 4	54,000	55,185	180	0	N/A	In Compliance
Grade 5	54,000	55,185	180	0	N/A	In Compliance
Grade 6	54,000	55,185	180	0	N/A	In Compliance

OLD ADOBE UNION SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Passed Through California Department of Education (CDE):			
<i>Child Nutrition Cluster:</i>			
National School Lunch	10.555	13524	\$ 378,214
Basic Breakfast	10.553	13525	30,635
School Needy Breakfast	10.553	13526	26,842
Supply Chain Assistance	10.555	15655	116,454
USDA Food Commodities	10.555	*	65,123
<b>Total U.S. Department of Agriculture</b>			<u>617,268</u>
<b>U.S. Department of Education:</b>			
Passed Through CDE:			
Title I Part A Basic Grant Low-Income & Neglected	84.010	14329	189,252
Title II, Part A, Supporting Effective Instruction	84.367	14341	37,182
Title III Immigrant Student Program	84.365	15146	8,194
Title III English Learner Student Program	84.365	14346	57,739
Title IV, Part A Student Support & Academic Enrichment	84.424	15391	14,925
Education Stabilization Fund Programs:			
COVID-19 Elementary and Secondary School Emergency Relief III	84.425U	15559	522,960
COVID-19 Expanded Learning Opportunities (ELO) Grant ESSER II	84.425	15618	27,649
COVID-19 Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	12,804
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III	84.425	15620	87,542
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III	84.425	15621	142,234
Subtotal Education Stabilization Fund Programs			<u>793,189</u>
Passed Through Sonoma County SELPA:			
<i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	247,272
IDEA Part B Mental Health Services	84.027A	15197	21,427
Subtotal Special Education Cluster			<u>268,699</u>
<b>Total U.S. Department of Education</b>			<u>1,369,180</u>
Total			<u><u>\$ 1,986,448</u></u>

\* Pass-Through Entity's Identification number is not available or not applicable.

The District provided no federal awards to subrecipients.

**OLD ADOBE UNION SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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Auditor's Comments

The audited financial statements of all funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2024.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	GENERAL FUND			
	(Budget)			
	2024-25	2023-24	2022-23	2021-22
Revenues and Other Financial Sources	\$ 31,117,838	\$ 34,002,745	\$ 33,160,998	\$ 26,477,591
Expenditures	36,277,692	34,979,353	29,546,728	27,646,653
Other Uses and Transfers Out	0	0	0	177,688
Total Outgo	36,277,692	34,979,353	29,546,728	27,824,341
Change in Fund Balance	(5,159,854)	(976,608)	3,614,270	(1,346,750)
Ending Fund Balance	\$ 6,616,890	\$ 11,776,744	\$ 12,753,352	\$ 9,139,082
Available Reserves	\$ 4,309,350	\$ 8,129,705	\$ 7,040,288	\$ 6,814,311
Reserve for Economic Uncertainties <sup>(1)</sup>	\$ 1,088,331	\$ 1,049,381	\$ 886,402	\$ 829,400
Available Reserves as a Percentage of Total Outgo	11.9%	23.2%	23.8%	24.5%
Total Long-Term Liabilities	\$ 86,503,730	\$ 87,419,212	\$ 73,954,236	\$ 67,005,560
Average Daily Attendance at P-2	1,690	1,692	1,675	1,656

<sup>(1)</sup> Reported balances are a component of available reserves

The fund balance of the General Fund increased \$2,637,662 (29%) over the past two years. The fiscal year 2024-25 budget projects a decrease of \$5,159,854. 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 produced an operating surplus of \$3,614,270 during fiscal year 2022-23, and incurred operating deficits of \$976,608 and \$1,346,750 during the 2023-24 and 2021-22 fiscal years, respectively.

Average daily attendance (ADA) increased 36 ADA over the past two years. The fiscal year 2024-25 budget projects 1,690 ADA.

Total long-term liabilities increased \$20,413,652 over the past two years.

**OLD ADOBE UNION SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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<b><u>Charter School</u></b>	<b><u>Charter Number</u></b>	<b><u>District Audit</u></b>
Loma Vista Immersion Academy Charter School	1579	Included
Old Adobe Elementary Charter School	1423	Included
Miwok Valley Elementary Charter School	1424	Included
Sonoma Mountain Elementary Charter School	1450	Included
River Montessori Elementary Charter School	1086	Excluded

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Combining Statements**

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

**B. Schedule of Average Daily Attendance**

Average daily attendance 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 by grade level.

**C. Schedule of Average Daily Attendance - Charter Schools**

The average daily attendance is a measurement of the number of pupils attending classes in the District's charter schools. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of classroom-based and the attendance of all students at various grade levels at Loma Vista Immersion Academy Charter School, Old Adobe Elementary Charter School, Miwok Valley Elementary Charter School, and Sonoma Mountain Elementary Charter School.

**D. Schedule of Instructional Time**

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers, when applicable.

**E. Schedule of Instructional Time - Charter Schools**

This schedule presents information on the instructional days provided and the amount of instructional time offered by the District's charter schools, and whether these charter schools complied with the provisions of Education Code Sections 47612 and 47612.5. The schedule also presents the number of school days and instructional minutes that were credited towards instructional time based on J-13A waivers, when applicable.

**F. 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 District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**OLD ADOBE UNION SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

F. Schedule of Expenditures of Federal Awards (Concluded)

*Basis of Presentation (Concluded)*

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 of the District.

*Summary of Significant Accounting Policies*

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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.

*Indirect Cost Rates*

The District has not elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

G. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Annual Financial and Budget Report to the audited financial statements.

H. 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.

I. Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, the charter number, and identifies whether or not the charter schools were included or excluded from the audit of the District.



## OTHER INFORMATION



**OLD ADOBE UNION SCHOOL DISTRICT  
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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ORGANIZATION

The Old Adobe Union School District was established in July 1957. The District provides elementary education to pupils, kindergarten through sixth grade, who reside in or around Petaluma, California. There were no changes in the boundaries of the District during the current year. The District operates one elementary school and four charter schools.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Kimberly Shaver	President	December 2024
Adriana Smith	Vice President	December 2026
Anna Dietrich	Clerk	December 2026
Peter Walsh	Member	December 2024
Scott McKenna	Member	December 2026

ADMINISTRATION

Michele Gochberg  
Co-Superintendent

Cindy Friberg  
Co-Superintendent

Eric Alvarez  
Chief Business Official



OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



# **STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

## **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**

Board of Trustees  
Old Adobe Union School District  
Petaluma, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Old Adobe Union School 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 5, 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as **Finding 2024-001** that we consider to be a significant deficiency.

### **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*.

District's Response to Findings

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

Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2024

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Old Adobe Union School District  
Petaluma, California

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Old Adobe Union School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Old Adobe Union School 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, Old Adobe Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations 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 Old Adobe Union School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Old Adobe Union School District's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Old Adobe Union School 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 Old Adobe Union School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect 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 Old Adobe Union School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Old Adobe Union School 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 Old Adobe Union School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Old Adobe Union School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Concluded)

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

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

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2024



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL  
CONTROL OVER COMPLIANCE FOR STATE PROGRAMS**

Board of Trustees  
Old Adobe Union School District  
Petaluma, California

Report on State Compliance

*Opinion on State Compliance*

We have audited Old Adobe Union School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* applicable to the District's state programs identified below for the year ended June 30, 2024.

In our opinion, Old Adobe Union School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

*Basis for Opinion on State Compliance*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (2023-24 Audit Guide)*. Our responsibilities under those standards and the *Audit Guide* 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. 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 Old Adobe Union School 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 *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* 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 the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Educational 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 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 *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* 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; and;
- Select and test transactions and records to determine the District's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools (Concluded):	
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home To School Transportation Reimbursement	Yes
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	Not Applicable
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	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program and nonclassroom-based instruction/independent study because the average daily attendance claimed by the District does not exceed the thresholds that require testing.

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 instances of noncompliance which are required to be reported in accordance with the *Audit Guide* and which are described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Findings 2024-002** and **2024-003**.

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

### Report on Internal Control over Compliance

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 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2024

## FINDINGS AND QUESTIONED COSTS SECTION



**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered  
to be material weaknesses?   X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered  
to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Federal Program</u>
84.425	Education Stabilization Fund Programs
84.027	Special Education Cluster

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

**State Awards**

Type of auditor's report issued on compliance for  
state programs: Unmodified

Any audit findings required to be reported in accordance  
with the *2023-24 Guide for Annual Audits of K-12 Local  
Educational Agencies and State Compliance Reporting?*   X   Yes    \_\_\_\_\_ No

Internal control over state programs:

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered  
to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2024 - 001 / 30000**

**SIGNIFICANT DEFICIENCY**

**MEAL REIMBURSEMENT CLAIM REPORTING**

**Criteria:** Meal counts should be independently traced to the site summaries, on a monthly basis, to ensure that reported counts are accurate prior to submitting the meal reimbursement claims to the state.

**Condition:** Meal counts reported for the month of October 2023 were not independently verified to ensure that reported counts were accurate. As a result, the District transposed the number of free and paid lunch meals claimed for reimbursement by 636 meals at Miwok Valley Charter School.

**Questioned Costs:** None. The District underclaimed federal revenues by \$2,448.60 and overclaimed state revenues by \$2,448.60, a net of zero.

**Context:** An error was noted in one of the two claims audited. The District reviewed all other claims filed during the 2023-24 school year, and discovered errors in two more claims. The District has already filed corrected claims for the three months, including the October 2023 claim, and reported a corrected free lunch meals of 2,060 and paid lunch meals of 1,424 for Miwok Valley Charter School.

**Effect:** Claims for reimbursement that are not independently verified for accuracy and completeness prior to being submitted to the state are more likely to contain errors that may impact the amount of funding received by the District.

**Cause:** The District has not established appropriate procedures to ensure that the reported meal counts are independently verified prior to being submitted to the state.

**Recommendation:** The District should verify that the total number of meals to be claimed for reimbursement from the state agrees to the total number of meal counts accumulated on the cafeteria monthly sheets, prior to finalizing and submitting the claims to the state.

**District Response:** The District has implemented a check and balance procedure to ensure double verification by the CBO and Food Service Coordinator to ensure data entry accuracy.

**OLD ADOBE UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no matters to report for the fiscal year ended June 30, 2024.

**OLD ADOBE UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2024 - 002 / 40000**

**EXPANDED LEARNING OPPORTUNITIES PROGRAM (ELO Program)**

<b><u>Criteria:</u></b>	As a condition of receiving apportionments under Section 46120(b)(1)(B), a local educational agency shall offer at least 30 non-school days, no less than nine hours of in-person expanded learning opportunities per day.
<b><u>Condition:</u></b>	The District only offered 23 non-school days during 2023-24.
<b><u>Questioned Costs:</u></b>	\$41,066 (\$1,222,190 x 7 days x .0048)
<b><u>Context:</u></b>	The ELO Program offered during the 2023-24 fiscal year.
<b><u>Effect:</u></b>	The District did not comply with Education Code Section 46120(b)(1)(B).
<b><u>Cause:</u></b>	The District was not able to offer 30 non-school days in 2023-24 due to not being able to provide transportation during the 2023-24 spring break period, and the misunderstanding of what days count towards the non-school days.
<b><u>Recommendation:</u></b>	The District review all of the requirements of Education Code Section 46120 to ensure compliance in future years.
<b><u>District Response:</u></b>	The District will review all the requirements of Education Code Section 46120 to ensure compliance in future years. The District will ensure transportation is provided on all non-school days to ensure District meets the transportation requirements.

**OLD ADOBE UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)**

**2024 - 003 / 40000**

**PROPOSITION 28 ARTS AND MUSIC IN SCHOOLS**

**Criteria:** Proposition 28 Arts and Music in School (AMS) funds should be used to supplement and not supplant existing funds available for arts education programs, as required by Education Code Section 8820(g)(2).

**Condition:** The District did not meet the requirements of Education Code Section 8820(g)(2).

**Questioned Costs:** Unallowable AMS expenditures of \$105,537.71.

**Context:** AMS expenditures for the 2023-24 fiscal year.

**Effect:** The District did not comply with Education Code Section 8820(g)(2).

**Cause:** The District Spent local funds in the 2022-23 to implement an arts program and the funds were only intended to be spent in the 2022-23 fiscal year. The arts programs were going to be removed in 2023-24, however, with the support of proposition 28 Arts and Music in School (AMS) the District was able to enhance music programs and offer a more robust arts/music program district wide. The District used Proposition 28 AMS funds to support the music enhancement program in the 2023-24 school year, however, the amount intended to be only spent in the 2022-23 school year, to implement an arts program, caused the District to be out of compliance with the supplement and not supplant requirements, although the District planned to provide a revised program in 2023-24.

**Recommendation:** The District should review all of the requirements of Education Code Section 8820 to ensure compliance in future years.

**District Response:** The District will review all the requirements of Education Code Section 8820 to ensure compliance in future years. The District has restructured its music program to include music district wide. The District will continue to explore areas to comply with Education Code Section 8820(g)(2).

**OLD ADOBE UNION SCHOOL DISTRICT  
STATUS OF PRIOR YEAR RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS</u></b>		
<b>2023 - 001 / 30000</b>		
<u>CONFLICT OF INTEREST FORMS</u>		
The District should implement procedures to ensure that all Board members submit the required form by the required deadlines in future years.	Implemented	
<b><u>STATE AWARDS</u></b>		
<b>2023 - 002 / 40000</b>		
<u>UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS</u>		
The District should establish procedures to ensure that counts reported on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report are supported by appropriate documentation. In addition, the District should record the audit adjustments as presented in the questioned costs section into the principal apportionment software to ensure that the audit determined unduplicated pupil counts are properly reflected.	Implemented	

**OLD ADOBE UNION SCHOOL DISTRICT  
STATUS OF PRIOR YEAR RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b>2023 - 003 / 10000</b>		
<u>ATTENDANCE REPORTING</u>		
The District should establish procedures to ensure that attendance worksheets and the attendance reports are independently reviewed for accuracy and completeness prior to submitting the attendance reports to the state. In addition, the District should revise the P-2 attendance reports to reflect the audited ADA.	Implemented	
<b>2023 - 004 / 40000</b>		
<u>AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (ASES) - EARLY RELEASE CODE</u>		
The District should remind ASES staff of the proper procedures for recording and documenting attendance. In addition, the District should review, on a daily basis, all sign-in and sign-out sheets to ensure that the appropriate early release codes are noted for all students who leave before 6 pm.	Implemented	

