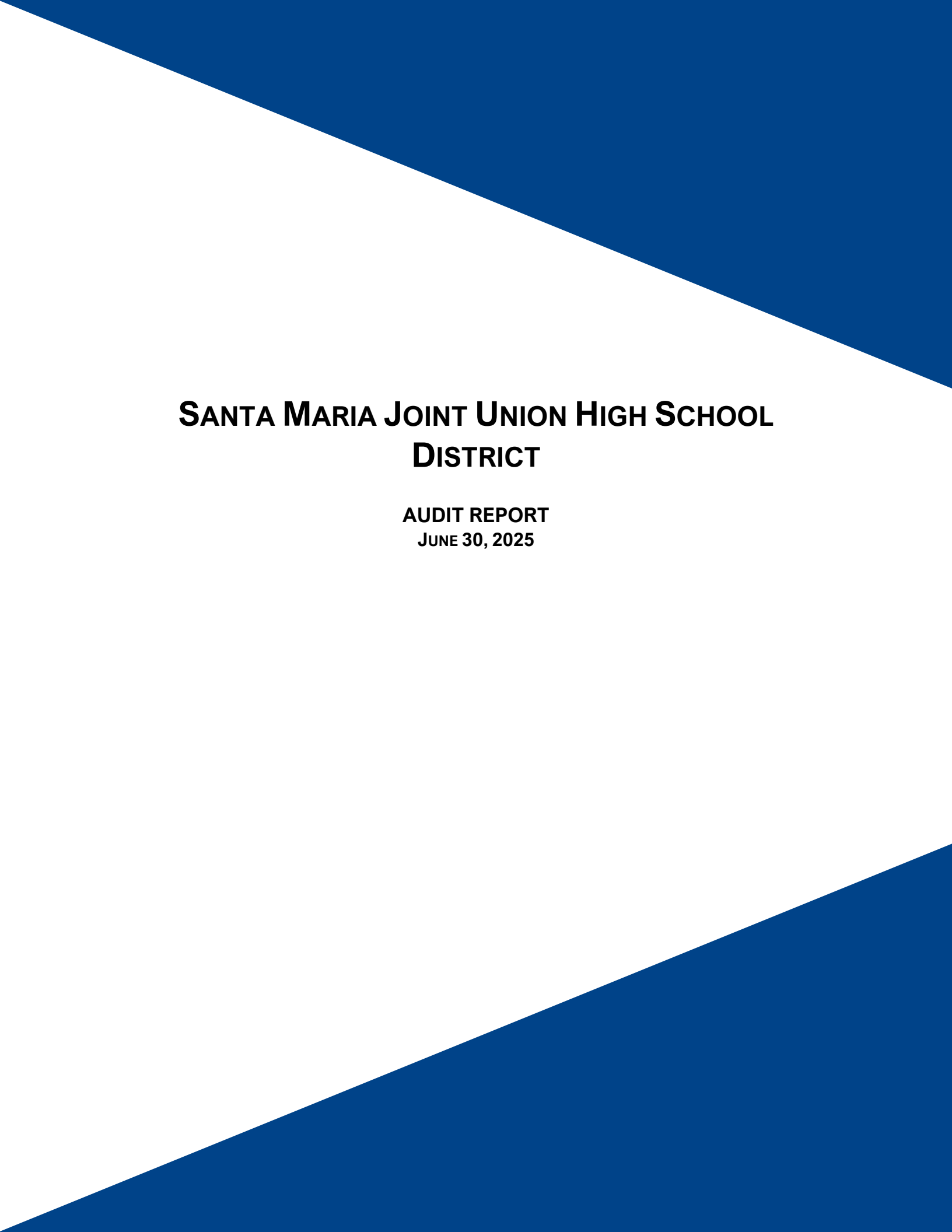


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SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2025**

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
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JUNE 30, 2025

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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, 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 Santa Maria Joint Union High School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Santa Maria Joint Union High School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Maria Joint Union High School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Santa Maria Joint Union High 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 Santa Maria Joint Union High 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 of the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Santa Maria Joint Union High 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 Santa Maria Joint Union High 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 Santa Maria Joint Union High School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 19, 2025

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

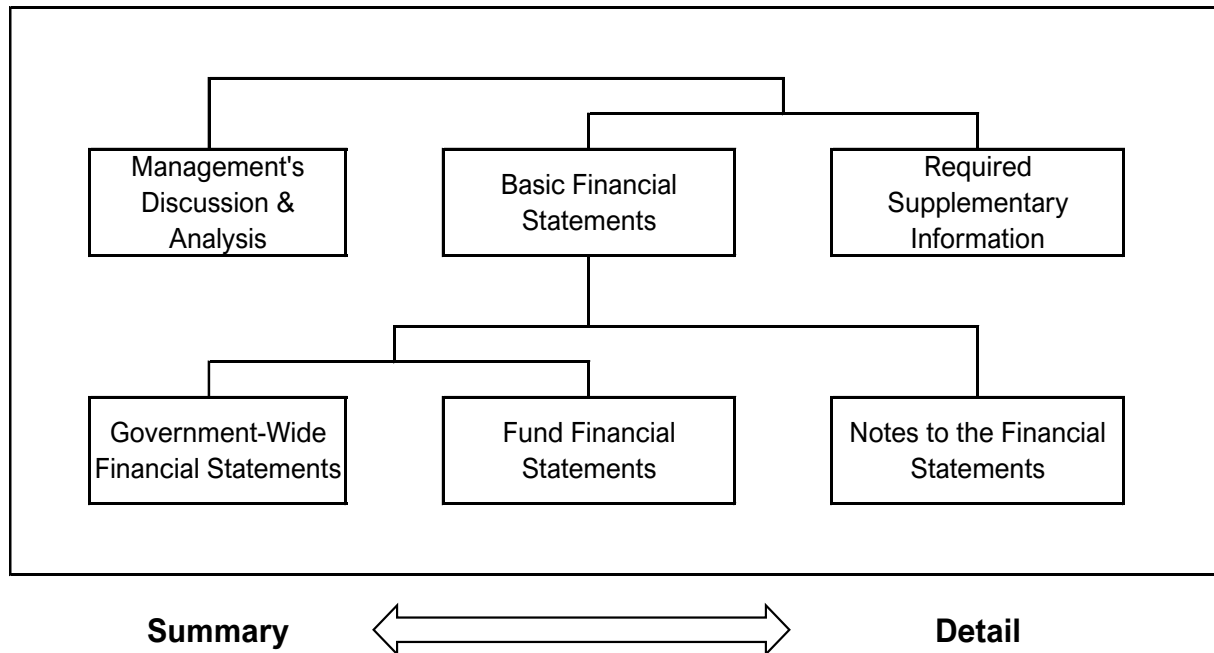
This discussion and analysis of Santa Maria Joint Union High School District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$187,238,454 at June 30, 2025. This was an increase of \$3,004,061 from the prior year, after restatement.
- Overall revenues were \$199,945,482, which exceeded expenses of \$196,941,421.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

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

Government-Wide Statements

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

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

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$187,238,454 at June 30, 2025, as reflected in the table below. Of this amount, \$(15,323,656) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2025	2024	Net Change
ASSETS			
Current and other assets	\$ 169,972,427	\$ 178,414,131	\$ (8,441,704)
Capital assets	301,451,103	293,042,397	8,408,706
Total Assets	471,423,530	471,456,528	(32,998)
DEFERRED OUTFLOWS OF RESOURCES	54,506,140	56,885,720	(2,379,580)
LIABILITIES			
Current liabilities	21,420,542	20,220,658	1,199,884
Long-term liabilities	305,057,298	314,930,780	(9,873,482)
Total Liabilities	326,477,840	335,151,438	(8,673,598)
DEFERRED INFLOWS OF RESOURCES	12,213,376	8,614,085	3,599,291
NET POSITION			
Net investment in capital assets	139,711,015	126,844,754	12,866,261
Restricted	62,851,095	85,322,696	(22,471,601)
Unrestricted	(15,323,656)	(27,590,725)	12,267,069
Total Net Position	\$ 187,238,454	\$ 184,576,725	\$ 2,661,729

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2025	2024	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 5,911,702	\$ 7,163,569	\$ (1,251,867)
Operating grants and contributions	27,685,495	35,274,707	(7,589,212)
General revenues			
Property taxes	63,753,871	61,486,772	2,267,099
Unrestricted federal and state aid	93,362,870	96,075,130	(2,712,260)
Other	9,231,544	5,935,424	3,296,120
Total Revenues	199,945,482	205,935,602	(5,990,120)
EXPENSES			
Instruction	81,106,373	84,371,162	(3,264,789)
Instruction-related services	27,318,301	22,612,088	4,706,213
Pupil services	26,582,692	27,972,986	(1,390,294)
General administration	10,285,750	9,456,403	829,347
Plant services	22,399,356	20,875,755	1,523,601
Ancillary services	8,191,038	7,797,842	393,196
Debt service	6,259,311	5,434,081	825,230
Other outgo	4,638,351	3,911,047	727,304
Depreciation	10,160,249	8,607,831	1,552,418
Total Expenses	196,941,421	191,039,195	5,902,226
Change in net position	3,004,061	14,896,407	(11,892,346)
Net Position - Beginning, as Restated*	184,234,393	169,680,318	14,554,075
Net Position - Ending	\$ 187,238,454	\$ 184,576,725	\$ 2,661,729

**Beginning net position was restated for the 2025 year only.*

The cost of all our governmental activities this year was \$196,941,421. The amount that our taxpayers ultimately financed for these activities through taxes was only \$63,753,871 because the remaining portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2025	2024
Instruction	\$ 71,007,242	\$ 66,764,494
Instruction-related services	25,648,255	19,498,109
Pupil services	16,601,717	16,503,470
General administration	9,371,362	8,447,640
Plant services	22,298,710	18,985,107
Ancillary services	3,266,595	3,419,400
Debt service	6,259,311	5,434,081
Transfers to other agencies	(1,269,217)	940,787
Depreciation	10,160,249	8,607,831
Total	\$ 163,344,224	\$ 148,600,919

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$153,278,667, which is less than last year's ending fund balance of \$162,893,828. The District's General Fund had \$5,624,267 less in operating revenues than expenditures, offset by \$218,392 in other financing sources, which led to a net decrease in fund balance of \$5,405,875 for the year ended June 30, 2025. The District's County School Facilities Fund had \$1,409,334 more in operating revenues than expenditures, offset by \$18,400,768 in other financing uses, resulting in a net decrease in fund balance of \$16,991,434 for the year ended June 30, 2025. The District's Special Reserve Fund for Capital Outlay Project Fund had \$9,798,786 less in operating revenues than expenditures, offset by \$18,182,376 in net financing sources, which led to a net increase in fund balance of \$8,383,590 for the year ended June 30, 2025. The District's Bond Interest and Redemption Fund experienced a net increase in fund balance of \$2,682,093 during the year ended June 30, 2025.

CURRENT YEAR BUDGET 2024-2025

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2024-2025, the District had invested \$301,451,103 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2025	2024, as Restated	Net Change
CAPITAL ASSETS			
Land	\$ 12,293,183	\$ 12,293,183	\$ -
Construction in progress	11,015,922	14,844,681	(3,828,759)
Land improvements	27,091,465	26,660,827	430,638
Buildings & improvements	312,338,322	296,946,942	15,391,380
Furniture & equipment	45,044,281	38,172,052	6,872,229
Less: accumulated depreciation	(106,332,070)	(96,217,620)	(10,114,450)
Total	\$ 301,451,103	\$ 292,700,065	\$ 8,751,038

Long-Term Liabilities

At year-end, the District had \$305,057,298 in long-term liabilities. This was a decrease of 3.14% from the prior year, as outlined in the schedule below. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

	Governmental Activities		
	2025	2024	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 176,927,041	\$ 179,567,681	\$ (2,640,640)
Compensated absences	731,301	680,593	50,708
Net OPEB liability	22,531,092	23,013,109	(482,017)
Net pension liability	109,314,625	115,849,397	(6,534,772)
Less: current portion of long-term liabilities	(4,446,761)	(4,180,000)	(266,761)
Total	\$ 305,057,298	\$ 314,930,780	\$ (9,873,482)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Several economic and fiscal factors could influence the District's financial condition in the coming year, including continued enrollment declines, uncertain federal and state revenues, high pension obligations, and a cooling California economy.

Long-Term Declining Enrollment

California's K–12 system continues to experience enrollment decline. Statewide enrollment fell another 0.5% in 2024–25 to about 5.8 million students, roughly 420,000 fewer than a decade ago. The Department of Finance projects an additional 586,000-student decline by 2033–34. Lower birth rates, high housing costs, and out-migration are key drivers, along with growing competition from charter and private schools. Because many costs—such as staffing and facilities—cannot easily adjust, revenue loss from declining Average Daily Attendance (ADA) creates structural fiscal challenges that require multi-year planning.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Revenue Uncertainties

- **Status of Proposition 98:** The 2025–26 State Budget sets the Proposition 98 guarantee at \$114.6 billion, slightly below earlier projections. To maintain K–12 funding commitments amid weaker tax receipts, the State relied on reserve drawdowns, internal borrowing, and limited deferrals. The outlook remains fragile since Proposition 98 revenues are highly sensitive to income-tax and capital-gains fluctuations. A market slowdown could trigger future adjustments. The Legislative Analyst's Office urges districts to budget cautiously and preserve flexibility given ongoing volatility.
- **Federal Funding Uncertainties:** Federal funding for K–12 education remains uncertain heading into 2025–26. Several large federal programs—including Title I, Title II, IDEA, and after-school and enrichment grants—face potential reductions or delays under current federal budget proposals and continuing appropriations negotiations. The U.S. Department of Education has also paused or delayed disbursement of certain previously approved formula and competitive grants, creating short-term cash-flow and planning challenges for districts. Analyses by nonpartisan agencies such as the Congressional Budget Office and the Learning Policy Institute note that up to \$5–6 billion in K-12 formula funds nationwide remain at risk of reduction or deferral if congressional appropriations are not finalized. While districts are expected to continue receiving baseline allocations during temporary funding resolutions, long-term federal support levels for education could decline modestly in real terms, requiring districts to plan for possible funding interruptions or reductions in future years.

Pension Liabilities and Employer Rates

The District participates in CalSTRS and CalPERS, both of which remain underfunded and continue to exert upward pressure on budgets. For 2025–26, the CalSTRS employer rate is 19.10%, and the CalPERS Schools Pool rate is 26.81%. These elevated rates—well above pre-2014 levels—will likely persist through the decade as both systems address unfunded liabilities. Districts must continue to account for escalating pension costs in long-range projections.

Economic and Market Conditions

California's economy has cooled following its post-pandemic rebound. High interest rates, weaker venture investment, and commercial-real-estate softness have slowed growth, especially in tech-dependent regions. The UCLA Anderson Forecast (Fall 2025) expects subdued growth into 2026, with unemployment near 5%. Inflation has eased, but interest-rate uncertainty continues to constrain housing and business investment.

Because the State's tax base depends heavily on capital-gains income, stock-market volatility remains a major risk to General Fund and Proposition 98 revenues. Fiscal advisors therefore recommend that districts maintain prudent reserves and avoid long-term commitments based on one-time revenue gains.

Summary

Declining enrollment, volatile revenues, persistent pension costs, and broader economic uncertainty all contribute to a challenging fiscal environment for California school districts. The District's 2025–26 budget reflects these conditions through conservative revenue assumptions, strong reserves, and continued monitoring of State fiscal trends.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Business Office at (805) 922-4573.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	\$ 155,991,139
Accounts receivable	12,057,328
Inventory	257,507
Prepaid expenses	1,666,453
Capital assets:	
Capital assets, not depreciated	23,309,105
Capital assets, net of accumulated depreciation	278,141,998
Total Assets	<u>471,423,530</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	48,274,140
Deferred outflows related to OPEB	4,263,866
Deferred amount on refunding	1,968,134
Total Deferred Outflows of Resources	<u>54,506,140</u>
LIABILITIES	
Accrued liabilities	16,243,162
Unearned revenue	730,619
Long-term liabilities, current portion	4,446,761
Long-term liabilities, non-current portion	305,057,298
Total Liabilities	<u>326,477,840</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	7,349,407
Deferred inflows related to OPEB	4,863,969
Total Deferred Inflows of Resources	<u>12,213,376</u>
NET POSITION	
Net investment in capital assets	139,711,015
Restricted:	
Capital projects	18,411,826
Debt service	21,244,222
Educational programs	12,580,332
Food service	8,165,442
Associated student body	2,449,273
Unrestricted	(15,323,656)
Total Net Position	<u>\$ 187,238,454</u>

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 81,106,373	\$ 1,019,952	\$ 9,079,179	\$ (71,007,242)
Instruction-related services				
Instructional supervision and administration	9,341,223	69,786	1,192,790	(8,078,647)
Instructional library, media, and technology	8,285,422	9	62,325	(8,223,088)
School site administration	9,691,656	8,682	336,454	(9,346,520)
Pupil services				
Home-to-school transportation	3,495,653	-	122,632	(3,373,021)
Food services	6,838,693	18,525	7,854,516	1,034,348
All other pupil services	16,248,346	49,322	1,935,980	(14,263,044)
General administration				
Centralized data processing	445,217	-	-	(445,217)
All other general administration	9,840,533	67,878	846,510	(8,926,145)
Plant services	22,399,356	9,337	91,309	(22,298,710)
Ancillary services	8,191,038	3,815,970	1,108,473	(3,266,595)
Interest on long-term debt	6,259,311	-	-	(6,259,311)
Other outgo	4,638,351	852,241	5,055,327	1,269,217
Depreciation (unallocated)	10,160,249	-	-	(10,160,249)
Total Governmental Activities	\$ 196,941,421	\$ 5,911,702	\$ 27,685,495	(163,344,224)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				53,270,880
Property taxes, levied for debt service				10,335,339
Property taxes, levied for other specific purposes				147,652
Federal and state aid not restricted for specific purposes				93,362,870
Interest and investment earnings				6,069,981
Interagency revenues				17,550
Miscellaneous				3,144,013
Subtotal, General Revenue				166,348,285
CHANGE IN NET POSITION				3,004,061
Net Position - Beginning, as Restated				184,234,393
Net Position - Ending				\$ 187,238,454

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 75,136,894	\$ 17,706,570	\$ 26,685,590	\$ 22,942,613	\$ 11,935,439	\$ 154,407,106
Accounts receivable	9,643,247	145,112	279,371	177,730	1,799,801	12,045,261
Due from other funds	293,036	-	-	-	-	293,036
Stores inventory	212,421	-	-	-	45,086	257,507
Prepaid expenditures	1,666,453	-	-	-	-	1,666,453
Total Assets	\$ 86,952,051	\$ 17,851,682	\$ 26,964,961	\$ 23,120,343	\$ 13,780,326	\$ 168,669,363
LIABILITIES						
Accrued liabilities	\$ 11,538,269	\$ -	\$ 2,672,982	\$ -	\$ 155,790	\$ 14,367,041
Due to other funds	-	-	218,392	-	74,644	293,036
Unearned revenue	730,619	-	-	-	-	730,619
Total Liabilities	12,268,888	-	2,891,374	-	230,434	15,390,696
FUND BALANCES						
Nonspendable	1,893,873	-	-	-	46,106	1,939,979
Restricted	12,580,332	17,851,682	-	23,120,343	13,503,786	67,056,143
Committed	21,032,691	-	-	-	-	21,032,691
Assigned	16,958,560	-	24,073,587	-	-	41,032,147
Unassigned	22,217,707	-	-	-	-	22,217,707
Total Fund Balances	74,683,163	17,851,682	24,073,587	23,120,343	13,549,892	153,278,667
Total Liabilities and Fund Balances	\$ 86,952,051	\$ 17,851,682	\$ 26,964,961	\$ 23,120,343	\$ 13,780,326	\$ 168,669,363

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2025

Total Fund Balance - Governmental Funds **\$ 153,278,667**

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

Capital assets	\$ 407,783,173	
Accumulated depreciation	<u>(106,332,070)</u>	301,451,103

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:

1,968,134

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 unmatrued interest owing at the end of the period was:

(1,876,121)

Long-term liabilities:

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

Total general obligation bonds	\$ 176,927,041	
Compensated absences	731,301	
Net OPEB liability	22,531,092	
Net pension liability	<u>109,314,625</u>	(309,504,059)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 48,274,140	
Deferred inflows of resources related to pensions	<u>(7,349,407)</u>	40,924,733

(continued on the following page)

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2025

Deferred outflows and inflows of resources relating to OPEB:

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

Deferred outflows of resources related to OPEB	\$	4,263,866	
Deferred inflows of resources related to OPEB		<u>(4,863,969)</u>	(600,103)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

1,596,100

Total Net Position - Governmental Activities

\$ 187,238,454

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 142,683,622	\$ -	\$ -	\$ -	\$ -	\$ 142,683,622
Federal sources	6,236,549	-	-	-	5,947,563	12,184,112
Other state sources	16,542,708	-	-	51,691	1,712,117	18,306,516
Other local sources	15,645,914	1,409,334	1,568,835	11,394,266	4,982,692	35,001,041
Total Revenues	181,108,793	1,409,334	1,568,835	11,445,957	12,642,372	208,175,291
EXPENDITURES						
Current						
Instruction	89,573,808	-	-	-	-	89,573,808
Instruction-related services						
Instructional supervision and administration	10,033,252	-	-	-	-	10,033,252
Instructional library, media, and technology	10,140,346	-	-	-	-	10,140,346
School site administration	10,266,904	-	-	-	-	10,266,904
Pupil services						
Home-to-school transportation	4,448,849	-	-	-	-	4,448,849
Food services	19,408	-	-	-	6,838,033	6,857,441
All other pupil services	17,107,421	-	-	-	-	17,107,421
General administration						
Centralized data processing	445,291	-	-	-	-	445,291
All other general administration	9,748,037	-	-	-	243,581	9,991,618
Plant services	23,014,741	-	27,217	-	167,550	23,209,508
Facilities acquisition and construction	1,389,990	-	11,340,404	-	18,081	12,748,475
Ancillary services	5,906,662	-	-	-	3,658,662	9,565,324
Transfers to other agencies	4,638,351	-	-	-	-	4,638,351
Debt service						
Principal	-	-	-	4,180,000	-	4,180,000
Interest and other	-	-	-	4,583,864	-	4,583,864
Total Expenditures	186,733,060	-	11,367,621	8,763,864	10,925,907	217,790,452
Excess (Deficiency) of Revenues Over Expenditures	(5,624,267)	1,409,334	(9,798,786)	2,682,093	1,716,465	(9,615,161)
Other Financing Sources (Uses)						
Transfers in	218,392	-	18,400,768	-	-	18,619,160
Transfers out	-	(18,400,768)	(218,392)	-	-	(18,619,160)
Net Financing Sources (Uses)	218,392	(18,400,768)	18,182,376	-	-	-
NET CHANGE IN FUND BALANCE	(5,405,875)	(16,991,434)	8,383,590	2,682,093	1,716,465	(9,615,161)
Fund Balance - Beginning	80,089,038	34,843,116	15,689,997	20,438,250	11,833,427	162,893,828
Fund Balance - Ending	\$ 74,683,163	\$ 17,851,682	\$ 24,073,587	\$ 23,120,343	\$ 13,549,892	\$ 153,278,667

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ (9,615,161)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

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

Expenditures for capital outlay:	\$	18,915,274	
Depreciation expense:		(10,160,249)	8,755,025

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:

4,180,000

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(239,741)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(3,987)

Unmatured interest on long-term debt:

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

103,654

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(1,876,121)

(continued on the following page)

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (50,708)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (863,055)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 2,140,714

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 336,761

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 136,680

Change in Net Position of Governmental Activities

\$ 3,004,061

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 1,584,033
Accounts receivable	12,067
Total current assets	<u>1,596,100</u>
Total Assets	<u>1,596,100</u>
NET POSITION	
Unrestricted	<u>1,596,100</u>
Total Net Position	<u>\$ 1,596,100</u>

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 1,100,777
Other local revenues	46,936
Total operating revenues	<u>1,147,713</u>
OPERATING EXPENSES	
Professional services	1,083,274
Total operating expenses	<u>1,083,274</u>
Operating income/(loss)	<u>64,439</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	72,241
Total non-operating revenues/(expenses)	<u>72,241</u>
CHANGE IN NET POSITION	136,680
Net Position - Beginning	1,459,420
Net Position - Ending	<u>\$ 1,596,100</u>

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025**

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 1,100,777
Cash received (paid) from assessments made to (from) other funds	44,440
Cash payments for payroll, insurance, and operating costs	(1,083,274)
Net cash provided by (used for) operating activities	61,943
Cash flows from investing activities	
Interest received	72,241
Net cash provided by (used for) investing activities	72,241
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	134,184
CASH AND CASH EQUIVALENTS	
Beginning of year	1,449,849
End of year	\$ 1,584,033
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 64,439
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(2,496)
Net cash provided by (used for) operating activities	\$ 61,943

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

C. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

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

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

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

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

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

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

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

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned revenue

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

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

Expenses/Expenditures

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Inventories

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20 – 50 years
Site Improvements	20 years
Equipment	5 – 15 years

Interfund Balances

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

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, accumulated unpaid employee vacation and sick leave benefits are accrued as a liability in the government-wide financial statements as the benefits are earned, provided they accumulate and are more likely than not to be used or paid. The measurement of this liability includes estimated salary amounts and the employer's share of related taxes and benefits, as applicable, that are directly related to these compensated absences.

For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. For accumulated sick leave benefits, a liability is recognized for the portion that employees have earned and that are more likely than not to be used or paid. The District's policy for sick leave recognition aligns with this criterion, accruing the liability based on historical usage patterns and other relevant factors.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pensions

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

Fund Balance

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

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

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

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

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

J. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has implemented this Statement as of June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024. The District has implemented this Statement as of June 30, 2025.

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

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement is effective for periods beginning after June 15, 2025. The District has not yet determined the impact on the financial statements.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 149,744,751	\$ 1,388,253	\$ 151,133,004
Fair value adjustment	1,844,334	17,098	1,861,432
Cash on hand and in banks	2,712,001	178,682	2,890,683
Cash with fiscal agent	90,000	-	90,000
Cash in revolving fund	16,020	-	16,020
Total	\$ 154,407,106	\$ 1,584,033	\$ 155,991,139

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Santa Barbara County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash with Fiscal Agent – The District has deposited amounts with escrow agents for the purpose of making payments to service providers under authorized agreements in the General Fund.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

<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
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$152,994,436. The average weighted maturity for this pool is 664 days.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Credit Risk

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

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2025, the District's bank balance was exposed to custodial credit risk amounting to \$2,271,054 because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

G. Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2025 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	<u>\$ 152,994,436</u>
Total	<u>\$ 152,994,436</u>

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of the following:

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government							
Categorical aid	\$ 1,124,131	\$ -	\$ -	\$ -	\$ 1,286,887	\$ -	\$ 2,411,018
State Government							
Apportionment	5,124,207	-	-	-	-	-	5,124,207
Categorical aid	1,429,845	-	-	-	423,398	-	1,853,243
Lottery	637,214	-	-	-	-	-	637,214
Local Government							
Other local sources	1,327,850	145,112	279,371	177,730	89,516	12,067	2,031,646
Total	\$ 9,643,247	\$ 145,112	\$ 279,371	\$ 177,730	\$ 1,799,801	\$ 12,067	\$ 12,057,328

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Restated Balance July 01, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,293,183	\$ -	\$ -	\$ 12,293,183
Construction in progress	14,844,681	10,789,444	14,618,203	11,015,922
Total capital assets not being depreciated	27,137,864	10,789,444	14,618,203	23,309,105
Capital assets being depreciated				
Land improvements	26,660,827	430,638	-	27,091,465
Buildings & improvements	296,946,942	15,391,380	-	312,338,322
Furniture & equipment	38,172,052	6,922,015	49,786	45,044,281
Total capital assets being depreciated	361,779,821	22,744,033	49,786	384,474,068
Less: Accumulated depreciation				
Land improvements	14,893,496	1,280,009	-	16,173,505
Buildings & improvements	56,736,292	6,242,385	-	62,978,677
Furniture & equipment	24,587,832	2,637,855	45,799	27,179,888
Total accumulated depreciation	96,217,620	10,160,249	45,799	106,332,070
Total capital assets being depreciated, net	265,562,201	12,583,784	3,987	278,141,998
Governmental Activities				
Capital Assets, net	\$ 292,700,065	\$ 23,373,228	\$ 14,622,190	\$ 301,451,103

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2025 were as follows:

	Due To Other Funds	Due From Other Funds	
		General Fund	Total
Special Reserve Fund for Capital Outlay Projects		\$ 218,392	\$ 218,392
Non-Major Governmental Funds		74,644	74,644
Total		\$ 293,036	\$ 293,036

Due from the Special Reserve Fund for Capital Outlay Projects to the General Fund to support capital projects.	\$ 218,392
Due from the Cafeteria Fund to the General Fund for OPEB and indirect costs.	74,644
Total	\$ 293,036

B. Operating Transfers

During the year ended June 30, 2025 the following interfund transfers occurred:

	Interfund Transfers Out	Interfund Transfers In		
		General Fund	Special Reserve Fund for Capital Outlay Projects	Total
County School Facilities Fund		\$ -	\$ 18,400,768	\$ 18,400,768
Special Reserve Fund for Capital Outlay Projects		218,392	-	218,392
Total		\$ 218,392	\$ 18,400,768	\$ 18,619,160

Transfer from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects to move SFP funding.	\$ 18,400,768
Transfer from the Special Reserve Fund for Capital Outlay Projects to the General Fund to support capital projects.	218,392
Total	\$ 18,619,160

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2025 consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll-related	\$ 4,130,991	\$ -	\$ 15,441	\$ -	\$ 4,146,432
Construction	-	2,672,982	82,874	-	2,755,856
Vendors payable	7,385,742	-	57,475	-	7,443,217
Due to grantor government	21,536	-	-	-	21,536
Unmatured interest	-	-	-	1,876,121	1,876,121
Total	\$ 11,538,269	\$ 2,672,982	\$ 155,790	\$ 1,876,121	\$ 16,243,162

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 7 – UNEARNED REVENUE

Unearned revenue in the General Fund at June 30, 2025 amounted to \$730,619, which consists of \$54,745 in federal sources and \$675,874 in state sources.

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025 consisted of the following:

	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 166,003,841	\$ -	\$ 4,180,000	\$ 161,823,841	\$ 4,110,000
Unamortized premium	4,550,069	-	336,761	4,213,308	336,761
Accreted interest	9,013,771	1,876,121	-	10,889,892	-
Total general obligation bonds	179,567,681	1,876,121	4,516,761	176,927,041	4,446,761
Compensated absences*	680,593	50,708	-	731,301	-
Net OPEB liability	23,013,109	-	482,017	22,531,092	-
Net pension liability	115,849,397	-	6,534,772	109,314,625	-
Total	\$ 319,110,780	\$ 1,926,829	\$ 11,533,550	\$ 309,504,059	\$ 4,446,761

* The change in the compensated absences liability is presented as a net change.

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for certificates of participation are made in the General Fund and Capital Facilities Fund.

A. Compensated Absences

The beginning compensated absences balance was \$680,593 and increased by a net amount of \$50,708 during the year ended June 30, 2025. The ending compensated absences at June 30, 2025 amounted to \$731,301. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Other Postemployment Benefits

The District's beginning net OPEB liability was \$23,013,109 and decreased by \$482,017 during the year ended June 30, 2025. The ending net OPEB liability at June 30, 2025 was \$22,531,092. See Note 10 for additional information regarding the net OPEB liability.

C. Net Pension Liability

The District's beginning net pension liability was \$115,849,397 and decreased by \$6,534,772 during the year ended June 30, 2025. The ending net pension liability at June 30, 2025 was \$109,314,625. See Note 11 for additional information regarding the net pension liability.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. General Obligation Bonds

The outstanding general obligation bonded debt of the District as of June 30, 2025 is as follows:

Series	Maturity Date	Interest Rate	Original Issue	Bonds		Additions	Deductions	Bonds Outstanding June 30, 2025
				Outstanding July 01, 2024				
Election 2000, Series B	2025	2.00% - 4.38%	\$ 12,000,000	\$ 810,000	\$	-	\$ 810,000	\$ -
Election 2004, Series 2005	2031	2.00% - 5.01%	34,998,222	3,678,221		-	-	3,678,221
Election 2004, Series 2014	2038	3.00% - 5.00%	28,996,159	340,000		-	340,000	-
Election 2016, Series 2017	2043	2.00% - 5.00%	47,000,000	37,080,000		-	-	37,080,000
Election 2016, Series 2021	2047	1.25% - 4.00%	67,000,000	67,000,000		-	-	67,000,000
2021 Refunding	2037	0.555% - 2.958%	58,135,620	57,095,620		-	3,030,000	54,065,620
Total				\$ 166,003,841	\$	-	\$ 4,180,000	\$ 161,823,841

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 4,110,000	\$ 4,506,169	\$ 8,616,169
2027	4,475,000	4,446,429	8,921,429
2028	2,199,038	4,385,554	6,584,592
2029	2,308,013	4,326,429	6,634,442
2030	2,444,402	4,260,429	6,704,831
2031 - 2035	35,637,388	19,134,324	54,771,712
2036 - 2040	45,610,000	12,652,999	58,262,999
2041 - 2045	43,890,000	5,870,727	49,760,727
2046 - 2047	21,150,000	539,374	21,689,374
Total	\$ 161,823,841	\$ 60,122,434	\$ 221,946,275

Accreted interest in the amount of \$10,889,892 is not included in the table above.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2025:

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 15,000	\$ -	\$ -	\$ -	\$ 1,020	\$ 16,020
Stores inventory	212,421	-	-	-	45,086	257,507
Prepaid expenditures	1,666,452	-	-	-	-	1,666,452
Total non-spendable	1,893,873	-	-	-	46,106	1,939,979
Restricted						
Educational programs	12,580,332	-	-	-	-	12,580,332
Food service	-	-	-	-	8,165,442	8,165,442
Associated student body	-	-	-	-	2,449,273	2,449,273
Capital projects	-	17,851,682	-	-	2,889,071	20,740,753
Debt service	-	-	-	23,120,343	-	23,120,343
Total restricted	12,580,332	17,851,682	-	23,120,343	13,503,786	67,056,143
Committed						
Other commitments	21,032,691	-	-	-	-	21,032,691
Total committed	21,032,691	-	-	-	-	21,032,691
Assigned						
Special reserve	8,797,142	-	-	-	-	8,797,142
Transportation HTS	2,736,368	-	-	-	-	2,736,368
Fair value adjustment	1,873,409	-	-	-	-	1,873,409
Site/department carryovers	1,105,257	-	-	-	-	1,105,257
Instructional materials	970,853	-	-	-	-	970,853
Vehicle acquisitions	665,616	-	-	-	-	665,616
MAA carryover	396,686	-	-	-	-	396,686
Other assignments	413,229	-	24,073,587	-	-	24,486,816
Total assigned	16,958,560	-	24,073,587	-	-	41,032,147
Unassigned	22,217,707	-	-	-	-	22,217,707
Total	\$ 74,683,163	\$ 17,851,682	\$ 24,073,587	\$ 23,120,343	\$ 13,549,892	\$ 153,278,667

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3% of General Fund expenditures and other financing uses.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The District administers a single-employer defined benefit other postemployment plan (OPEB) that provides medical, dental, and vision insurance benefits to eligible retirees. The details of the plan are outlined below.

Three-tiered rates (Single, Two-Party, and Family) are used for all benefits. The rates for early retirees are the same as those for active employees under the Certificated plan, meaning that the early retirees are being subsidized by premiums charged to the District for its active employees. The SISC retiree-only rates are designed to be non-subsidized, but the spouse portion of the second-tier rate is 28% subsidized.

District-paid benefits include medical/prescription drug (offered as a package) for all eligible retirees, and dental and vision insurance for Certificated retirees. For groups other than Certificated, the District's contribution towards medical/Rx benefits is limited to the amount of the premium (by tier) for SISC base plan. The District caps for Certificated retirees also vary by tier based on the High Desert Trust rate structure and are applied before adding on dental and vision premiums for retirees and any covered dependents.

B. OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

C. Benefits Provided

Upon attainment of a minimum age (55 for Certificated and Certificated Management, 50 for Classified, Classified Management, and Confidential) and completion of a minimum District service requirement (5 years for Management, 10 years for all other groups), an employee may retire and remain covered at the District's expense for a period depending on employment classification, and subject to making monthly retiree contributions.

District-paid coverage ends at age 65 for all eligible Certificated, Certificated Management, and Classified Management retirees. Classified and Confidential retirees' benefits continue until the earlier of 10 years of benefits or age 65. For Classified and Confidential employees hired prior to January 1, 2008, the 10-year benefit period is increased by one year for each year of active service in excess of 10 years, to a maximum of 15 years of benefits (or age 65, if earlier.) Board members do not earn retiree healthcare benefits by reason of their Board service but may retain rights to benefits earned while covered under one of the active employee classifications.

D. Contributions

The District has accumulated assets in the Futuris Public Entity Investment Trust that meets the criteria in paragraph 4 of GASB Statement 75. The District's contribution is currently based on a projected pay-as-you-go funding method, that is, benefits are payable when due. For the measurement period, the District contributed \$1,906,133 to the trust. Of these contributions, \$1,059,213 was used for current benefit payments. There is no actuarially determined contribution, nor any contribution requirement established by statute or contract. The District's contribution is currently based on a projected pay as-you-go funding method, that is, benefits are payable when due.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	43
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>962</u>
Total number of participants**	<u>1,005</u>

*Information not provided

**As of the June 30, 2024 valuation date

F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 30,574,471
Plan fiduciary net position	<u>(8,043,379)</u>
District's net OPEB liability	<u>\$ 22,531,092</u>

Plan fiduciary net position as a percentage of total OPEB liability	26.31%
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G. Investments

Investment Policy

The Retirement Board of Authority is responsible for the selection and ongoing evaluation of investments and/or investment managers and has delegated investment responsibilities to the Benefit Trust Company (BTC). The Retirement Board of Authority retains the responsibility to oversee the management of the Trust, including BTC's or any successor trustee's, requirement that investments and assets held within the trust continually adhere to the requirement of California Government Code.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Investments (continued)

Concentrations

The Plan held the following investments which represent 5 percent or more of the Plan's fiduciary net position:

Investment	Fair Value	Percentage of fiduciary net position
Mutual Fund - Fixed Income		
Community Capital Management Impact Bond Fund	599,160	7.45%
Target Portfolio Trust TR PIGM CORE BD R6	1,103,095	13.71%
Northern Funds Bond Index	1,203,420	14.96%
Allspring TR Core Bond R6	1,102,135	13.70%
Mutual Fund - Domestic Equity		
Columbia Contrarian Core	731,951	9.10%
SSGA S&P Index Fund CL K	813,150	10.11%
SSGA Instl Invt TR GBL ALCP EQ K	583,169	7.25%
Thornburg Investment Income Builder R6	546,261	6.79%
All others	1,361,038	16.92%
Total fiduciary net position	\$ 8,043,379	

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.36 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, and rolled forward to the measurement date:

Economic assumptions:

Salary increases	2.75%
Inflation rate	2.50%
Investment return rate	5.60%
Discount rate	5.51%
Healthcare cost trend rate	4.00%

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Actuarial Assumptions and Other Inputs (continued)

Non-economic assumptions:

Mortality:

Certificated participant mortality rates were based on the 2020 CalSTRS Mortality tables while the mortality rates for classified participants were based on the CalPERS 2021 Mortality for Miscellaneous and Schools Employees tables.

Retirement Rates:

For certificated and certificated management participants, the 2020 CalSTRS retirement rate tables were used. For classified and classified management participants, the 2021 CalPERS retirement rate tables for schools employees were used.

The actuarial assumptions used in the June 30, 2024 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2024.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed 24 years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	55%	4.25%
All Domestic Equities	22%	7.25%
All International Equities	19%	7.25%
Real Estate Investment Trusts	4%	7.25%

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. Changes in Net OPEB Liability

	<u>June 30, 2025</u>
Total OPEB Liability	
Service cost	\$ 2,012,865
Interest on total OPEB liability	1,503,612
Changes of assumptions	(1,358,393)
Benefits payments	(1,059,213)
Net change in total OPEB liability	1,098,871
Total OPEB liability - beginning	29,475,600
Total OPEB liability - ending (a)	<u>\$ 30,574,471</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,906,133
Net investment income	805,857
Benefit payments	(1,059,213)
Administrative expenses	(71,889)
Net change in plan fiduciary net position	1,580,888
Plan fiduciary net position - beginning	6,462,491
Plan fiduciary net position - ending (b)	<u>\$ 8,043,379</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 22,531,092</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 26.31%

J. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.51%)	(5.51%)	(6.51%)
Net OPEB liability	\$ 25,277,763	\$ 22,531,092	\$ 20,151,978

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(3.00%)	(4.00%)	(5.00%)
Net OPEB liability	\$ 18,624,906	\$ 22,531,092	\$ 27,070,069

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

For the fiscal year ended June 30, 2025, the District recognized net OPEB expense of \$2,769,188. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 330,963
Differences between expected and actual experience	3,416,031	1,622,678
Changes in assumptions	847,835	2,910,328
Total	\$ 4,263,866	\$ 4,863,969

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 496,823	\$ 603,233
2027	342,993	567,402
2028	342,993	551,603
2029	342,993	489,590
2030	342,993	405,141
Thereafter	2,395,071	2,247,000
Total	\$ 4,263,866	\$ 4,863,969

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
CalSTRS Pension	\$ 60,301,261	\$ 29,816,889	\$ 6,998,620	\$ 9,871,470
CalPERS Pension	49,013,364	18,457,251	350,787	7,789,424
Total	\$ 109,314,625	\$ 48,274,140	\$ 7,349,407	\$ 17,660,894

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2025, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2025 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$11,842,062 for the year ended June 30, 2025.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$5,586,416.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 60,301,261
State's proportionate share of the net pension liability associated with the District	27,666,851
Total	<u>\$ 87,968,112</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.090 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2023.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$9,871,470. In addition, the District recognized pension expense and revenue of \$(2,643,393) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 243,313
Differences between expected and actual experience	6,820,849	2,636,940
Changes in assumptions	263,963	4,118,367
Changes in proportion and differences between District contributions and proportionate share of contributions	10,890,015	-
District contributions subsequent to the measurement date	11,842,062	-
Total	\$ 29,816,889	\$ 6,998,620

The \$11,842,062 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 4,355,926	\$ 5,736,266
2027	3,971,238	(3,415,362)
2028	3,685,119	1,731,026
2029	3,118,165	1,572,108
2030	1,868,862	685,945
2031	975,517	688,637
Total	\$ 17,974,827	\$ 6,998,620

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2021 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 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, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	<u>100%</u>	

*Real return is net of assumed 2.75% inflation.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 107,256,211	\$ 60,301,261	\$ 21,091,929

Pension Plan Fiduciary Net Position

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Benefits Provided

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

Contributions

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2025 was 27.05% of annual payroll. Contributions to the plan from the District were \$7,959,546 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$49,013,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.137 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2023.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2025, the District recognized pension expense of \$7,789,424. At June 30, 2025, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 1,903,886	\$ -
Differences between expected and actual experience	4,109,054	350,787
Changes in assumptions	1,083,361	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,401,404	-
District contributions subsequent to the measurement date	7,959,546	-
Total	<u>\$ 18,457,251</u>	<u>\$ 350,787</u>

The \$7,959,546 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 4,756,554	\$ 350,787
2027	5,214,224	-
2028	1,129,345	-
2029	(602,418)	-
Total	<u>\$ 10,497,705</u>	<u>\$ 350,787</u>

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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

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

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

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 11 – PENSION PLANS (continued)

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 72,809,762	\$ 49,013,364	\$ 29,355,646

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

C. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$13,218,337.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in a joint venture under a joint powers agreement (JPA) with the Self Insurance Program for Employees (SIPE). SIPE was established to provide services necessary and appropriate for the development, operation and maintenance of a self-insurance system for workers' compensation claims against the public educational agencies who are members. The participants consist of the Santa Barbara County Office of Education and various school districts. Each participant may appoint one representative to the governing board. The governing board is responsible for establishing premium rates and making budget and operational decisions for SIPE independent of any influence by the District beyond their board member representation. Each participant shares surpluses and deficits proportionate to their participation in SIPE. In the event SIPE is terminated, the District would be liable for its proportionate share of all unpaid claims. The relationship between the District and SIPE is such that SIPE is not a component unit of the District for financial reporting purposes.

The District participates in a joint venture under a joint powers agreement (JPA) with the Self-Insured Schools of California Property and Liability Program (SISC II). The SISC II arranges for and provides property and liability insurance for its member school districts and other educational agencies. The District pays a premium commensurate with the level of coverage required. The JPA is independently accountable for its fiscal matters. SISC II maintains its own accounting records and its budgets are not subject to any approval than that of the governing board. Member districts share surpluses and deficits proportionate to their participation in the SISC II. The relationship between the District and SISC II is such that the SISC II is not a component unit of the District for financial reporting purposes.

The District participates in a joint venture under the joint powers agreement (JPA) with the Santa Barbara County Schools Financing Authority. The Authority's purpose is providing financing assistance for construction and acquisition of major capital facilities to its four members: The District, Goleta Union School District, Hope Elementary School District, Santa Barbara Unified School District. The Authority is governed by a board comprised of the chief business officer of each member. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2025, the deferred amount on refunding was \$1,968,134.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found in Note 11. At June 30, 2025, total deferred outflows related to pensions was \$48,274,140 and total deferred inflows related to pensions was \$7,349,407.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2025

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

C. Other Postemployment Benefits (OPEB)

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found in Note 10. At June 30, 2025, total deferred outflows related to other postemployment benefits was \$4,263,866 and total deferred inflows related to other postemployment benefits was \$4,863,969.

NOTE 15 – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities has been restated to accurately reflect the substance of the underlying transactions within the construction in progress balance that occurred in the prior year. The impact on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 184,576,725
Construction in progress	(342,332)
Net Position - Beginning, as Restated	<u>\$ 184,234,393</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 143,798,828	\$ 142,500,835	\$ 142,683,622	\$ 182,787
Federal sources	5,594,831	7,354,124	7,124,307	(229,817)
Other state sources	11,848,857	16,331,465	16,542,708	211,243
Other local sources	9,314,100	9,984,949	14,398,840	4,413,891
Total Revenues	170,556,616	176,171,373	180,749,477	4,578,104
EXPENDITURES				
Certificated salaries	65,400,980	66,671,539	67,966,615	(1,295,076)
Classified salaries	28,038,698	27,620,921	28,115,122	(494,201)
Employee benefits	44,895,077	44,635,632	43,989,160	646,472
Books and supplies	11,030,264	18,364,791	10,780,634	7,584,157
Services and other operating expenditures	25,675,094	30,077,176	23,893,243	6,183,933
Capital outlay	5,504,419	8,531,738	7,383,409	1,148,329
Other outgo				
Excluding transfers of indirect costs	4,812,517	4,492,154	4,638,351	(146,197)
Transfers of indirect costs	(156,144)	(176,566)	(168,453)	(8,113)
Total Expenditures	185,200,905	200,217,385	186,598,081	13,619,304
Excess (Deficiency) of Revenues Over Expenditures	(14,644,289)	(24,046,012)	(5,848,604)	18,197,408
Other Financing Sources (Uses)				
Transfers in	426,300	426,300	644,692	218,392
Transfers out	(375,000)	(7,003,806)	(7,003,806)	-
Net Financing Sources (Uses)	51,300	(6,577,506)	(6,359,114)	218,392
NET CHANGE IN FUND BALANCE	(14,592,989)	(30,623,518)	(12,207,718)	18,415,800
Fund Balance - Beginning	77,836,718	77,836,718	77,836,718	-
Fund Balance - Ending	\$ 63,243,729	\$ 47,213,200	\$ 65,629,000	\$ 18,415,800

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

- The amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances include the financial activity of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- In the Statement of Revenues, Expenditures, and Changes in Fund Balances, revenues for the Medi-Cal Billing Option and Medi-Cal Administrative Activities programs have been reclassified from federal revenues to local revenues.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability								
Service cost	\$ 2,012,865	\$ 1,386,719	\$ 1,373,051	\$ 1,212,656	\$ 1,130,504	\$ 1,087,699	\$ 1,056,018	\$ 1,078,418
Interest on total OPEB liability	1,503,612	1,300,337	1,193,719	1,233,328	1,172,706	982,066	1,067,283	806,275
Difference between expected and actual experience	-	3,951,658	16,854	(1,816,929)	-	(199,125)	(1,817,643)	-
Changes of assumptions	(1,358,393)	72,263	(201,385)	459,707	450,700	(2,351,157)	1,350,292	(2,182,624)
Benefits payments	(1,059,213)	(890,550)	(772,789)	(920,838)	(714,236)	(536,816)	(405,860)	(502,206)
Net change in total OPEB liability	1,098,871	5,820,427	1,609,450	167,924	2,039,674	(1,017,333)	1,250,090	(800,137)
Total OPEB liability - beginning	29,475,600	23,655,173	22,045,723	21,877,799	19,838,125	20,855,458	19,605,368	20,405,505
Total OPEB liability - ending (a)	\$ 30,574,471	\$ 29,475,600	\$ 23,655,173	\$ 22,045,723	\$ 21,877,799	\$ 19,838,125	\$ 20,855,458	\$ 19,605,368
Plan fiduciary net position								
Contributions - employer	\$ 1,906,133	\$ 1,628,292	\$ 1,474,984	\$ 1,583,030	\$ 1,297,413	\$ 1,078,091	\$ 951,129	\$ 1,028,751
Net investment income	805,857	618,306	331,376	(857,483)	750,490	245,497	153,889	80,600
Benefit payments	(1,059,213)	(890,550)	(772,789)	(920,838)	(714,236)	(536,816)	(405,860)	(502,206)
Administrative expenses	(71,889)	(58,515)	(48,344)	(48,101)	(39,319)	(28,648)	(23,220)	(18,112)
Net change in plan fiduciary net position	1,580,888	1,297,533	985,227	(243,392)	1,294,348	758,124	675,938	589,033
Plan fiduciary net position - beginning	6,462,491	5,164,958	4,179,731	4,423,123	3,128,775	2,370,651	1,694,713	1,105,680
Plan fiduciary net position - ending (b)	\$ 8,043,379	\$ 6,462,491	\$ 5,164,958	\$ 4,179,731	\$ 4,423,123	\$ 3,128,775	\$ 2,370,651	\$ 1,694,713
District's net OPEB liability - ending (a) - (b)	\$ 22,531,092	\$ 23,013,109	\$ 18,490,215	\$ 17,865,992	\$ 17,454,676	\$ 16,709,350	\$ 18,484,807	\$ 17,910,655
Plan fiduciary net position as a percentage of the total OPEB liability	26.31%	21.92%	21.83%	18.96%	20.22%	15.77%	11.37%	8.64%
Covered-employee payroll	\$ 91,432,222	\$ 89,202,168	\$ 78,963,242	\$ 64,942,334	\$ 57,960,081	\$ 56,408,838	\$ 57,191,063	\$ 54,629,260
District's net OPEB liability as a percentage of covered-employee payroll	24.64%	25.80%	23.42%	27.51%	30.11%	29.62%	32.32%	32.79%

See accompanying notes to required supplementary information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INVESTMENT RETURNS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	11.36%	11.23%	7.35%	-18.13%	22.07%	9.88%	7.77%	5.51%

See accompanying notes to required supplementary information.

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability	0.090%	0.085%	0.083%	0.081%	0.076%	0.072%	0.069%	0.069%	0.067%	0.078%
District's proportionate share of the net pension liability	\$ 60,301,261	\$ 65,024,665	\$ 57,333,203	\$ 36,753,731	\$ 73,326,881	\$ 65,254,013	\$ 63,548,595	\$ 63,567,718	\$ 54,378,051	\$ 52,565,572
State's proportionate share of the net pension liability associated with the District	27,666,851	31,155,709	26,712,637	18,493,437	37,799,709	35,600,708	36,384,721	37,606,431	30,961,012	27,801,318
Total	\$ 87,968,112	\$ 96,180,374	\$ 84,045,840	\$ 55,247,168	\$ 111,126,590	\$ 100,854,721	\$ 99,933,316	\$ 101,174,149	\$ 85,339,063	\$ 80,366,890
District's covered payroll	\$ 61,712,630	\$ 54,348,968	\$ 49,526,092	\$ 44,514,459	\$ 41,688,729	\$ 39,691,894	\$ 36,691,894	\$ 36,539,110	\$ 35,730,669	\$ 33,410,822
District's proportionate share of the net pension liability as a percentage of its covered payroll	97.71%	119.64%	115.76%	82.57%	175.89%	164.40%	173.20%	173.97%	152.19%	157.33%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.60%	81.20%	87.20%	71.80%	72.60%	71.00%	69.46%	70.04%	74.02%

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.137%	0.140%	0.140%	0.130%	0.127%	0.126%	0.128%	0.128%	0.124%	0.122%
District's proportionate share of the net pension liability	\$ 49,013,364	\$ 50,824,732	\$ 48,262,305	\$ 26,474,472	\$ 39,029,502	\$ 36,696,077	\$ 34,251,542	\$ 30,443,611	\$ 24,564,894	\$ 17,991,886
District's covered payroll	\$ 26,832,410	\$ 24,138,719	\$ 21,535,496	\$ 18,685,566	\$ 18,323,682	\$ 17,442,935	\$ 16,945,544	\$ 16,335,975	\$ 14,903,270	\$ 13,260,708
District's proportionate share of the net pension liability as a percentage of its covered payroll	182.66%	210.55%	224.11%	141.68%	213.00%	210.38%	202.13%	186.36%	164.83%	135.68%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	70.00%	69.80%	81.00%	70.00%	70.00%	70.80%	71.87%	73.90%	79.43%

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 11,842,062	\$ 11,751,001	\$ 10,328,517	\$ 8,378,703	\$ 7,160,908	\$ 7,127,959	\$ 6,461,580	\$ 5,418,828	\$ 4,597,264	\$ 3,779,720
Contributions in relation to the contractually required contribution*	(11,842,062)	(11,751,001)	(10,328,517)	(8,378,703)	(7,160,908)	(7,127,959)	(6,461,580)	(5,418,828)	(4,597,264)	(3,779,720)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 62,565,958	\$ 61,712,630	\$ 54,348,968	\$ 49,526,092	\$ 44,514,459	\$ 41,688,729	\$ 39,691,894	\$ 36,691,894	\$ 36,539,110	\$ 35,730,669
Contributions as a percentage of covered payroll	18.93%	19.04%	19.00%	16.92%	16.09%	17.10%	16.28%	14.77%	12.58%	10.58%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 7,959,546	\$ 7,208,844	\$ 6,161,717	\$ 4,934,620	\$ 3,868,412	\$ 3,614,119	\$ 3,150,790	\$ 2,632,366	\$ 2,267,700	\$ 1,766,873
Contributions in relation to the contractually required contribution*	(7,959,546)	(7,208,844)	(6,161,717)	(4,934,620)	(3,868,412)	(3,614,119)	(3,150,790)	(2,632,366)	(2,267,700)	(1,766,873)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,246,250	\$ 26,832,410	\$ 24,138,719	\$ 21,535,496	\$ 18,685,566	\$ 18,323,682	\$ 17,442,935	\$ 16,945,544	\$ 16,335,975	\$ 14,903,270
Contributions as a percentage of covered payroll	27.22%	26.87%	25.53%	22.91%	20.70%	19.72%	18.06%	15.53%	13.88%	11.86%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Changes in Net OPEB Liability and Related Ratios

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

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions

The discount rate changed from 5.02% to 5.51% since the previous measurement for OPEB. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems.

Schedule of the District Contributions for OPEB

This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

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

Changes in Assumptions

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

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2025, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	\$ 66,671,539	\$ 67,966,615	\$ 1,295,076
Classified salaries	\$ 27,620,921	\$ 28,115,122	\$ 494,201
Other outgo			
Excluding transfers of indirect costs	\$ 4,492,154	\$ 4,638,351	\$ 146,197

SUPPLEMENTARY INFORMATION

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected [1]	84.010	14329	\$ 3,214,745
Title I, Migrant Education	84.011	14326	222,201
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	301,984
Title III, English Learner Student Program	84.365	14346	57,389
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	183,829
Special Education Cluster [1]			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,729,333
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	1,561
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	176,299
Subtotal Special Education Cluster			1,907,193
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	348,472
Total U. S. Department of Education			6,235,813
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,925,956
National School Lunch Program	10.555	13391	3,609,825
USDA Commodities	10.555	*	396,989
Summer Food Service Program for Children	10.559	13004	14,792
Subtotal Child Nutrition Cluster			5,947,562
Forest Reserve Funds	10.665	10044	737
Total U. S. Department of Agriculture			5,948,299
Total Federal Expenditures			\$ 12,184,112

[1] - Major Program

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
Ninth through Twelfth		
Regular ADA	8,256.34	8,184.69
Extended Year Special Education	8.92	8.92
Special Education - Nonpublic Schools	1.99	2.10
Total Ninth through Twelfth	8,267.25	8,195.71
TOTAL SCHOOL DISTRICT	8,267.25	8,195.71

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	Actual Instructional Minutes	Number of Days	Status
Grade 9	64,800	69,840	180	Complied
Grade 10	64,800	69,840	180	Complied
Grade 11	64,800	69,840	180	Complied
Grade 12	64,800	69,840	180	Complied

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

	2026 (Budget)	2025	2024	2023
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 169,531,743	\$ 181,394,169	\$ 183,510,102	\$ 189,812,177
Expenditures And Other Financing Uses	177,967,036	193,601,887	183,481,131	156,778,344
Net change in Fund Balance	\$ (8,435,293)	\$ (12,207,718)	\$ 28,971	\$ 33,033,833
Ending Fund Balance	\$ 57,193,707	\$ 65,629,000	\$ 77,836,718	\$ 77,807,747
Available Reserves*	\$ 26,215,965	\$ 22,217,706	\$ 22,629,370	\$ 23,658,772
Available Reserves As A Percentage Of Outgo	14.73%	11.48%	12.33%	15.09%
Long-term Liabilities	\$ 305,057,298	\$ 309,504,059	\$ 319,110,780	\$ 307,977,771
Average Daily Attendance At P-2	8,199	8,267	8,349	8,553

The General Fund ending fund balance has decreased by \$12,178,747 over the past two years. The fiscal year 2025-26 budget projects a further decrease of \$8,435,293. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term obligations have increased by \$1,526,288 over the past two years.

Average daily attendance has decreased by 286 ADA over the past two years. A further decrease of 68 ADA is anticipated during the 2025-26 fiscal year.

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

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

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2025, annual financial and budget report fund balance	\$ 65,629,000	\$ 257,021	\$ 8,797,142
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	9,054,163	(257,021)	(8,797,142)
Net adjustments and reclassifications	9,054,163	(257,021)	(8,797,142)
June 30, 2025, audited financial statement fund balance	<u>\$ 74,683,163</u>	<u>\$ -</u>	<u>\$ -</u>

SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The District has not elected to use the de minimis indirect cost rate of up to 15 percent.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Schedule of Financial Trends and Analysis

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

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INFORMATION

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025**

The Santa Maria Joint Union High School District (the “District”) is located in Santa Barbara County, California. The District was established in 1891. There were no changes in the boundaries of the District during the current year. During the year ended June 30, 2025, the District maintained three high schools, one continuation high school and the Mark Richardson Career Technical Education Center and Agriculture Farm.

GOVERNING BOARD

Member	Office	Term Expires
Mr. Feliciano Aguilar	President	December 2026
Ms. Alma Hernandez	Clerk	December 2028
Ms. Magdalena Serrano	Member	December 2026
Dr. Tammie Castillo Shiffer	Member	December 2028
Mr. David Baskett	Member	December 2026

DISTRICT ADMINISTRATORS

Mr. Antonio Garcia
Superintendent

Ms. Krista Herrera
Assistant Superintendent Curriculum/Instruction

Mr. Kevin Platt
Assistant Superintendent of Human Resources

Ms. Yolanda Ortiz
Assistant Superintendent of Business

Ms. Michelle Coffin
Director of Fiscal Services

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
Santa Maria Joint Union High School District
Santa Maria, 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 Santa Maria Joint Union High School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Santa Maria Joint Union High School District's basic financial statements, and have issued our report thereon dated December 19, 2025

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 19, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

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

We have audited Santa Maria Joint Union High 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 Santa Maria Joint Union High School District's major federal programs for the year ended June 30, 2025. Santa Maria Joint Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santa Maria Joint Union High 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santa Maria Joint Union High School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santa Maria Joint Union High 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 Santa Maria Joint Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

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

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
December 19, 2025

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Santa Maria Joint Union High School District
Santa Maria, California

Report on State Compliance***Opinion on State Compliance***

We have audited Santa Maria Joint Union High School District's compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Santa Maria Joint Union High School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2025.

In our opinion, Santa Maria Joint Union High School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of the applicable state programs for the year ended June 30, 2025.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools or Programs	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2025-001. Our opinion on state compliance is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 19, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
<u>84.010</u>	<u>Title I, Part A</u>	
<u>84.027, 84.027A</u>	<u>Special Education Cluster</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies</i> ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2025.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2025.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2025-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in Education Code section 41372, a high school district must expend a minimum of 50% of the District's current expenses of education towards salaries and benefits of classroom teachers.

Condition: For the year ended June 30, 2025, the District did not meet the minimum percentage requirement of 50%. As shown in the SACS Form CEA, the District spent only 46.68% of current education expenses on classroom teacher salaries and benefits for the year ended June 30, 2025.

Effect: The District's current expense of education for the year ended June 30, 2025, was \$168,841,909 and the total salaries and benefits for classroom teachers was \$78,814,692. The District was below the minimum required percentage of 50% by 3.32%, which calculates to a deficiency of \$5,605,551.

Cause: Administrative oversight.

Questioned Costs: The questioned costs are the deficiency of \$5,605,551.

Repeat Finding: This is a repeat of Finding #2024-001.

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

Corrective Action Plan: Management concurs that the calculation for Classroom Teacher Salaries as a percentage of total current expense, indicates that the District was out of compliance for the year ended June 30, 2025. An Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries will be submitted in Jan. 2026 to the County Superintendent of Schools based on salary and benefits comparison of classroom teacher salaries paid in excess of those paid by other comparable school districts. The District will monitor one-time expenditures related to categorical grants more carefully to endeavor to maintain compliance with this requirement in future years.

**SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

FINDING #2024-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in Education Code section 41372, a high school district must expend a minimum of 50% of the District's current expenses of education towards salaries and benefits of classroom teachers.

Condition: For the year ended June 30, 2024, the District did not meet the minimum percentage requirement of 50%. As shown in the SACS Form CEA, the District spent only 48.45% of current education expenses on classroom teacher salaries and benefits for the year ended June 30, 2024.

Effect: The District's current expense of education for the year ended June 30, 2024, was \$159,150,336 and the total salaries and benefits for classroom teachers was \$77,100,876. The District was below the minimum required percentage of 50% by 1.55%, which calculates to a deficiency of \$2,466,830.

Cause: Administrative oversight.

Questioned Costs: The questioned costs are the deficiency of \$2,466,830.

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

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

Corrective Action Plan: Management concurs that the calculation for Classroom Teacher Salaries as a percentage of total current expense, indicates that the District was out of compliance for the year ended June 30, 2024. An Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries will be submitted in Jan. 2025 to the County Superintended of Schools based on salary and benefits comparison of classroom teacher salaries paid in excess of those paid by other comparable school districts. The District will monitor one-time expenditures related to categorical grants more carefully to endeavor to maintain compliance with this requirement in future years.

Current Status: Not implemented. See Finding #2025-001.