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SOLANA BEACH SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2025

SOLANA BEACH SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Governing Board
Solana Beach School District
Solana Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Solana Beach School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the 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 (GAAS) 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 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.

Change in Accounting Principle

As discussed in Note 1 to financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section as listed in the table of contents 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section as 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 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
December 8, 2025

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

INTRODUCTION

Our discussion and analysis of Solana Beach School District's (the "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

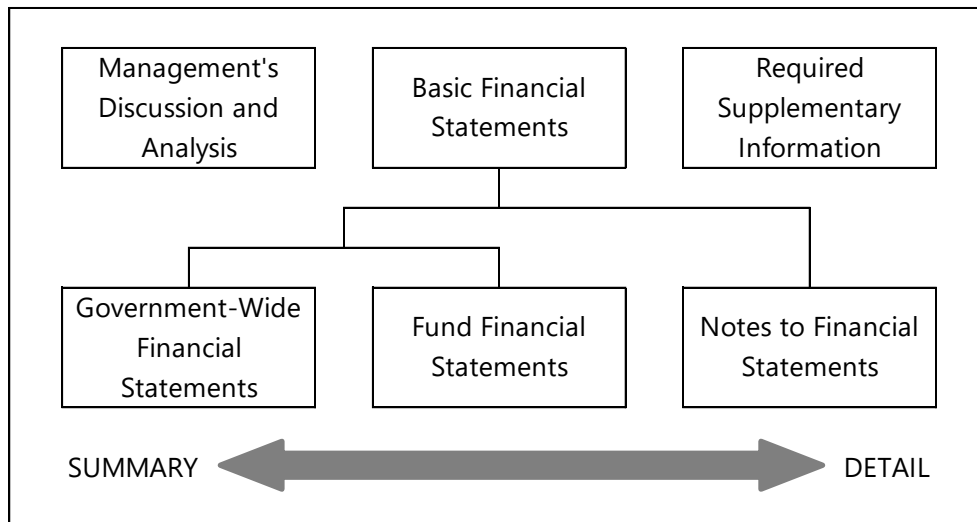
The District's combined net position was \$142,953,592 at June 30, 2025. This was an aggregate increase of \$9,568,170 from the prior year. The District's net position is comprised of \$144,943,204 related to governmental activities and \$(1,989,612) related to business-type activities.

Total revenues related to governmental activities were \$85,136,056 which exceeded expenses of \$74,324,659. This resulted in an increase of \$10,811,397 in net position related to governmental activities, excluding the effect of prior period adjustment.

Total revenues related to business-type activities were \$4,465,046 which exceeded expenses of \$3,646,616. This resulted in an increase of \$818,430 in net position related to business-type activities, excluding the effect of prior period adjustment.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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 District’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-term 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 Financial Statements

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

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

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$142,953,592 at June 30, 2025, as reflected in the table below. Of this amount, \$(348,263,070) 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			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current assets	\$ 70,961,660	\$ 79,265,868	\$ (8,304,208)	\$ 1,419,076	\$ 544,083	\$ 874,993
Non-current assets	249,277,693	240,995,370	8,282,323	43,859	49,798	(5,939)
Deferred outflows of resources	18,777,796	19,412,393	(634,597)	900,662	1,214,526	(313,864)
Total Assets and Deferred Outflows of Resources	339,017,149	339,673,631	(656,482)	2,363,597	1,808,407	555,190
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Current liabilities	10,679,080	14,852,068	(4,172,988)	307,983	146,928	161,055
Non-current liabilities	170,745,988	178,800,590	(8,054,602)	3,439,288	4,120,300	(681,012)
Deferred inflows of resources	12,648,877	9,844,722	2,804,155	605,938	332,008	273,930
Total Liabilities and Deferred Inflows of Resources	194,073,945	203,497,380	(9,423,435)	4,353,209	4,599,236	(246,027)
NET POSITION						
Net investment in capital assets	461,868,507	127,185,358	334,683,149	43,859	87,001	(43,142)
Restricted	29,304,296	27,859,553	1,444,743	-	-	-
Unrestricted	(346,229,599)	(18,868,660)	(327,360,939)	(2,033,471)	(2,877,830)	844,359
Total Net Position	\$ 144,943,204	\$ 136,176,251	\$ 8,766,953	\$ (1,989,612)	\$ (2,790,829)	\$ 801,217

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Changes in Net Position

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

	Governmental Activities			Business-Type Activities		
	2025	2024	Net Change	2025	2024	Net Change
REVENUES						
Program revenues						
Charges for services	\$ 343,476	\$ 148,960	\$ 194,516	\$ 3,325,553	\$ 4,523,986	\$ (1,198,433)
Operating grants and contributions	11,480,295	9,224,353	2,255,942	-	-	-
Capital grants and contributions	-	1,837	(1,837)	-	-	-
General revenues						
Property taxes	67,465,213	64,637,724	2,827,489	-	-	-
Federal and state aid not restricted for specific purposes	3,020,164	2,964,770	55,394	-	-	-
Other	2,826,908	3,708,761	(881,853)	1,139,493	34,133	1,105,360
Total Revenues	85,136,056	80,686,405	4,449,651	4,465,046	4,558,119	(93,073)
EXPENSES						
Instruction	40,424,986	37,062,017	3,362,969	-	-	-
Instruction-related services	6,411,410	7,411,796	(1,000,386)	-	-	-
Pupil services	7,941,784	7,449,662	492,122	-	-	-
General administration	6,427,119	5,387,649	1,039,470	-	-	-
Plant services	3,697,785	4,957,483	(1,259,698)	-	-	-
Ancillary services	1,628,253	528,644	1,099,609	-	-	-
Community services	1,539	-	1,539	-	-	-
Enterprise services/activities	44,919	160,221	(115,302)	3,646,616	4,549,354	(902,738)
Interest on long-term debt	1,927,027	3,272,276	(1,345,249)	-	-	-
Other outgo	166,934	607,496	(440,562)	-	-	-
Depreciation (unallocated)	5,578,831	3,023,384	2,555,447	-	-	-
Amortization (unallocated)	74,072	-	74,072	-	-	-
Total Expenses	74,324,659	69,860,628	4,464,031	3,646,616	4,549,354	(902,738)
CHANGE IN NET POSITION	10,811,397	10,825,777	(14,380)	818,430	8,765	809,665
NET POSITION - BEGINNING	136,176,251	125,350,474	10,825,777	(2,790,829)	(2,799,594)	8,765
PRIOR PERIOD ADJUSTMENT (NOTE 14)	(2,044,444)	-	(2,044,444)	(17,213)	-	(17,213)
NET POSITION - ENDING	\$ 144,943,204	\$ 136,176,251	\$ 8,766,953	\$ (1,989,612)	\$ (2,790,829)	\$ 801,217

The cost of all our governmental activities this year was \$74,324,659 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$67,465,213 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions. The District's business-type activities experienced an increase in net position of \$801,217 during the year ended June 30, 2025, including the effect of prior period adjustment.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT 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.

	Governmental Activities	
	Net Cost of Services	
	2025	2024
Instruction	\$ 35,776,273	\$ 33,651,998
Instruction-related services	5,849,822	7,217,644
Pupil services	4,652,641	4,487,407
General administration	6,201,627	5,249,941
Plant services	3,690,033	4,951,597
Ancillary services	714,627	(291,097)
Community services	1,539	-
Enterprise services	44,919	159,798
Interest on long-term debt	1,927,027	3,272,276
Other outgo	(2,010,523)	607,496
Depreciation (unallocated)	5,578,831	1,178,418
Amortization (unallocated)	74,072	-
Total	<u>\$ 62,500,888</u>	<u>\$ 60,485,478</u>

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 \$65,002,097 which is more than last year's ending fund balance of \$70,471,043. The District's General Fund had \$1,122,811 more in operating revenues than expenditures for the year ended June 30, 2025, in addition to net financing sources of \$1,807,849, for a total increase in fund balance amounting to \$2,930,660. The District's Building Fund had \$6,925,092 less in operating revenues than expenditures for the year ended June 30, 2025. The District's Capital Projects for Blended Component Units Fund had \$402,369 more in operating revenues than expenditures for the year ended June 30, 2025, in addition to net financing uses of \$2,336,092, for a total decrease in fund balance amounting to \$1,933,723.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CURRENT YEAR BUDGET 2024-25

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

CAPITAL ASSETS AND RIGHT-TO-USE ASSETS

By the end of fiscal year 2024-25, the District had invested \$249,321,552 in capital assets and right-to-use assets, net of accumulated depreciation and amortization.

	Governmental Activities			Business-Type Activities		
	2025	2024*	Net Change	2025	2024	Net Change
CAPITAL ASSETS AND RIGHT-TO-USE ASSETS						
Land	\$ 70,609,117	\$ 70,609,117	\$ -	\$ -	\$ -	\$ -
Construction in progress	15,476,489	3,143,436	12,333,053	-	-	-
Land improvements	673,884	673,884	-	-	-	-
Buildings and improvements	205,918,124	204,125,047	1,793,077	84,268	84,268	-
Furniture and equipment	6,442,757	6,406,629	36,128	276,858	276,858	-
Accumulated depreciation	(51,576,455)	(45,997,624)	(5,578,831)	(317,267)	(311,328)	(5,939)
Right-to-use assets	1,807,849	-	1,807,849	-	-	-
Accumulated amortization	(74,072)	-	(74,072)	-	-	-
Total Capital Assets and Right-to-Use Assets	\$ 249,277,693	\$ 238,960,489	\$ 10,317,204	\$ 43,859	\$ 49,798	\$ (5,939)

* 2024 balances as restated, see Note 14.

LONG-TERM LIABILITIES

At year-end, the District had \$178,545,771 in long-term liabilities, a decrease of 4.17% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in notes to financial statements.

	Governmental Activities			Business-Type Activities		
	2025	2024*	Net Change	2025	2024*	Net Change
LONG-TERM LIABILITIES						
General obligation bonds	\$ 85,645,000	\$ 87,455,000	\$ (1,810,000)	\$ -	\$ -	\$ -
Unamortized GO bond premium	5,698,585	6,051,964	(353,379)	-	-	-
Special tax bonds	21,730,000	22,540,000	(810,000)	-	-	-
Unamortized special tax bond premium	1,717,611	1,800,990	(83,379)	-	-	-
Certificates of participation	5,162,096	5,494,728	(332,632)	-	-	-
Lease liability	1,807,849	-	1,807,849	-	-	-
Compensated absences*	806,910	431,505	375,405	129,705	189,866	(60,161)
Net pension liability	10,397,851	9,624,296	773,555	-	-	-
Net OPEB liability	42,084,926	48,772,525	(6,687,599)	3,365,238	3,947,647	(582,409)
Total Long-term Liabilities	\$ 175,050,828	\$ 182,171,008	\$ (7,120,180)	\$ 3,494,943	\$ 4,137,513	\$ (642,570)

* 2024 balances as restated, see Note 14.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values.

Revenue Uncertainties: Due to California's deteriorated budget condition, the Proposition 98 minimum guarantee was reduced across 2023-24, 2024-25, and 2025-26 by a total of \$4.6 billion from the Governor's Budget estimates. Broad elevated tariffs, strict immigration policies, and cuts to the federal workforce are causing a high level of economic uncertainty in both California and national economies. Although cash receipts are estimated to have exceeded the Governor's Budget forecast for the "Big Three" sources of state revenue (personal income, corporation, and sales and use taxes) through April 2025 by \$7.9 billion, overall, revenues of the "Big Three" are projected to be lower by \$4.8 billion over the budget window (2023-24 to 2025-26).

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2025. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2025-26 is 19.10 percent. The CalPERS projected employer contribution rate for 2025-26 is 26.81 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

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

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. Overall, 2025 was a year of strong growth for the stock market, driven by resilient economic performance, the booming artificial intelligence (AI) sector, falling inflation, and eventual Federal Reserve interest rate cuts.

Property Tax Growth: The California Legislative Analyst's Office (LAO) is anticipating a pronounced deceleration in property tax growth based on flattening out of home prices since 2022 and the recent drop-off in new construction.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2025-26 fiscal year budget.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, at Solana Beach School District, 309 North Rios Ave., Solana Beach, California 92075.

FINANCIAL SECTION

SOLANA BEACH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 68,030,335	\$ 241,126	\$ 68,271,461
Accounts receivable	2,904,902	24,339	2,929,241
Due from other funds	-	1,153,611	1,153,611
Inventory	26,423	-	26,423
Total Current Assets	70,961,660	1,419,076	72,380,736
Non-Current Assets			
Capital assets, net	247,543,916	43,859	247,587,775
Right-to-use assets, net	1,733,777	-	1,733,777
Total Non-Current Assets	249,277,693	43,859	249,321,552
TOTAL ASSETS	320,239,353	1,462,935	321,702,288
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	133,098	-	133,098
Deferred outflows related to OPEB	1,756,812	-	1,756,812
Deferred outflows related to pensions	16,887,886	900,662	17,788,548
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,777,796	900,662	19,678,458
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 339,017,149	\$ 2,363,597	\$ 341,380,746
LIABILITIES			
Current Liabilities			
Accrued liabilities	\$ 3,221,716	\$ 168,563	\$ 3,390,279
Due to other funds	1,069,846	83,765	1,153,611
Interest payable	1,780,580	-	1,780,580
Unearned revenue	302,098	-	302,098
Long-term debt, current portion	4,304,840	55,655	4,360,495
Total Current Liabilities	10,679,080	307,983	10,987,063
Non-Current Liabilities			
Net pension liability	42,084,926	3,365,238	45,450,164
Net OPEB liability	10,397,851	-	10,397,851
Long-term debt, non-current portion	118,263,211	74,050	118,337,261
Total Non-Current Liabilities	170,745,988	3,439,288	174,185,276
TOTAL LIABILITIES	181,425,068	3,747,271	185,172,339
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	4,930,977	-	4,930,977
Deferred inflows related to pensions	7,717,900	605,938	8,323,838
TOTAL DEFERRED INFLOWS OF RESOURCES	12,648,877	605,938	13,254,815
NET POSITION			
Net investment in capital assets	461,868,507	43,859	461,912,366
Restricted			
Educational programs	2,262,865	-	2,262,865
Debt service	4,193,608	-	4,193,608
Capital projects	19,043,578	-	19,043,578
Child nutrition	1,247,985	-	1,247,985
Other restrictions	2,556,260	-	2,556,260
Total Restricted	29,304,296	-	29,304,296
Unrestricted	(346,229,599)	(2,033,471)	(348,263,070)
TOTAL NET POSITION	144,943,204	(1,989,612)	142,953,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 339,017,149	\$ 2,363,597	\$ 341,380,746

The notes to financial statements are an integral part of this statement.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Long-term Declining Enrollment: Lower birth rates and increased migration out of state have resulted in long-term declining enrollment across California schools. Enrollment can fluctuate due to factors such as population growth, competition from private and parochial schools, inter-district transfers in or out, economic conditions, and housing values.

Revenue Uncertainties: Due to California's deteriorated budget condition, the Proposition 98 minimum guarantee was reduced across 2023-24, 2024-25, and 2025-26 by a total of \$4.6 billion from the Governor's Budget estimates. Broad elevated tariffs, strict immigration policies, and cuts to the federal workforce are causing a high level of economic uncertainty in both California and national economies. Although cash receipts are estimated to have exceeded the Governor's Budget forecast for the "Big Three" sources of state revenue (personal income, corporation, and sales and use taxes) through April 2025 by \$7.9 billion, overall, revenues of the "Big Three" are projected to be lower by \$4.8 billion over the budget window (2023-24 to 2025-26).

Underfunded Pension Liabilities: The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2025. The amount of the liability is material to the District's financial position. The CalSTRS projected employer contribution rate for 2025-26 is 19.10 percent. The CalPERS projected employer contribution rate for 2025-26 is 26.81 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

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

Stock Market Performance: The steep decline in the stock market in prior years has negatively impacted income tax collections from high-income Californians and corporations. Overall, 2025 was a year of strong growth for the stock market, driven by resilient economic performance, the booming artificial intelligence (AI) sector, falling inflation, and eventual Federal Reserve interest rate cuts.

Property Tax Growth: The California Legislative Analyst's Office (LAO) is anticipating a pronounced deceleration in property tax growth based on flattening out of home prices since 2022 and the recent drop-off in new construction.

These factors contribute to a challenging fiscal environment, potentially affecting the state's ability to maintain or increase funding for school districts. All these factors were considered in preparing the District's 2025-26 fiscal year budget.

**SOLANA BEACH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, at Solana Beach School District, 309 North Rios Ave., Solana Beach, California 92075.

FINANCIAL SECTION

SOLANA BEACH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and equivalents	\$ 68,030,335	\$ 241,126	\$ 68,271,461
Accounts receivable	2,904,902	24,339	2,929,241
Due from other funds	-	1,153,611	1,153,611
Inventory	26,423	-	26,423
Total Current Assets	70,961,660	1,419,076	72,380,736
Non-Current Assets			
Capital assets, net	247,543,916	43,859	247,587,775
Right-to-use assets, net	1,733,777	-	1,733,777
Total Non-Current Assets	249,277,693	43,859	249,321,552
TOTAL ASSETS	320,239,353	1,462,935	321,702,288
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	133,098	-	133,098
Deferred outflows related to OPEB	1,756,812	-	1,756,812
Deferred outflows related to pensions	16,887,886	900,662	17,788,548
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,777,796	900,662	19,678,458
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 339,017,149	\$ 2,363,597	\$ 341,380,746
LIABILITIES			
Current Liabilities			
Accrued liabilities	\$ 3,221,716	\$ 168,563	\$ 3,390,279
Due to other funds	1,069,846	83,765	1,153,611
Interest payable	1,780,580	-	1,780,580
Unearned revenue	302,098	-	302,098
Long-term debt, current portion	4,304,840	55,655	4,360,495
Total Current Liabilities	10,679,080	307,983	10,987,063
Non-Current Liabilities			
Net pension liability	42,084,926	3,365,238	45,450,164
Net OPEB liability	10,397,851	-	10,397,851
Long-term debt, non-current portion	118,263,211	74,050	118,337,261
Total Non-Current Liabilities	170,745,988	3,439,288	174,185,276
TOTAL LIABILITIES	181,425,068	3,747,271	185,172,339
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	4,930,977	-	4,930,977
Deferred inflows related to pensions	7,717,900	605,938	8,323,838
TOTAL DEFERRED INFLOWS OF RESOURCES	12,648,877	605,938	13,254,815
NET POSITION			
Net investment in capital assets	461,868,507	43,859	461,912,366
Restricted			
Educational programs	2,262,865	-	2,262,865
Debt service	4,193,608	-	4,193,608
Capital projects	19,043,578	-	19,043,578
Child nutrition	1,247,985	-	1,247,985
Other restrictions	2,556,260	-	2,556,260
Total Restricted	29,304,296	-	29,304,296
Unrestricted	(346,229,599)	(2,033,471)	(348,263,070)
TOTAL NET POSITION	144,943,204	(1,989,612)	142,953,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 339,017,149	\$ 2,363,597	\$ 341,380,746

The notes to financial statements are an integral part of this statement.

**SOLANA BEACH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Function/Programs	Expenses	Program Revenues		Net (Expense)/ Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction	\$ 40,424,986	\$ 19,411	\$ 4,629,302	\$ (35,776,273)	\$ -	\$ (35,776,273)
Instruction-related services						
Instructional supervision and administration	2,601,116	1,715	392,115	(2,207,286)	-	(2,207,286)
Instructional library, media, and technology	426,836	-	-	(426,836)	-	(426,836)
School site administration	3,383,458	-	167,758	(3,215,700)	-	(3,215,700)
Pupil services						
Home-to-school transportation	569,837	949	89,779	(479,109)	-	(479,109)
Food services	2,365,249	129,186	2,128,853	(107,210)	-	(107,210)
All other pupil services	5,006,698	3,360	937,016	(4,066,322)	-	(4,066,322)
General administration						
Centralized data processing	2,141,348	-	-	(2,141,348)	-	(2,141,348)
All other general administration	4,285,771	3,821	221,671	(4,060,279)	-	(4,060,279)
Plant services						
Plant services	3,697,785	654	7,098	(3,690,033)	-	(3,690,033)
Ancillary services	1,628,253	-	913,626	(714,627)	-	(714,627)
Community services	1,539	-	-	(1,539)	-	(1,539)
Enterprise services	44,919	-	-	(44,919)	-	(44,919)
Interest on long-term debt	1,927,027	-	-	(1,927,027)	-	(1,927,027)
Other outgo	166,934	184,380	1,993,077	2,010,523	-	2,010,523
Depreciation (unallocated)	5,578,831	-	-	(5,578,831)	-	(5,578,831)
Amortization (unallocated)	74,072	-	-	(74,072)	-	(74,072)
Business-Type Activities						
Enterprise activities	3,646,616	3,325,553	-	-	(321,063)	(321,063)
Total	\$ 77,971,275	\$ 3,669,029	\$ 11,480,295	(62,500,888)	(321,063)	(62,821,951)
General Revenues						
Taxes and subventions						
Property taxes, levied for general purposes				55,921,677	-	55,921,677
Property taxes, levied for debt service				5,183,588	-	5,183,588
Property taxes, levied for other specific purposes				6,359,948	-	6,359,948
Federal and state aid not restricted for specific purposes				3,020,164	-	3,020,164
Interest and investment earnings				1,996,197	-	1,996,197
Miscellaneous				830,711	1,139,493	1,970,204
Total General Revenues				73,312,285	1,139,493	74,451,778
CHANGES IN NET POSITION						
NET POSITION - BEGINNING				10,811,397	818,430	11,629,827
NET POSITION - BEGINNING				136,176,251	(2,790,829)	133,385,422
PRIOR PERIOD ADJUSTMENT (NOTE 14)				(2,044,444)	(17,213)	(2,061,657)
NET POSITION - ENDING				\$ 144,943,204	\$ (1,989,612)	\$ 142,953,592

**SOLANA BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 40,398,222	\$ 3,775,988	\$ 8,461,069	\$ 14,086,360	\$ 66,721,639
Accounts receivable	2,192,637	31,958	100,847	522,253	2,847,695
Due from other funds	729,064	-	1,209,945	26,958	1,965,967
Inventory	-	-	-	26,423	26,423
Total Assets	\$ 43,319,923	\$ 3,807,946	\$ 9,771,861	\$ 14,661,994	\$ 71,561,724
LIABILITIES					
Accrued liabilities	\$ 1,721,661	\$ 123,521	\$ 1,223,308	\$ 153,226	\$ 3,221,716
Due to other funds	1,716,050	1,235,758	-	84,005	3,035,813
Unearned revenue	302,098	-	-	-	302,098
Total Liabilities	3,739,809	1,359,279	1,223,308	237,231	6,559,627
FUND BALANCES					
Nonspendable	110,000	-	-	26,423	136,423
Restricted	5,705,369	2,448,667	8,548,553	12,601,707	29,304,296
Assigned	17,619,267	-	-	1,796,633	19,415,900
Unassigned	16,145,478	-	-	-	16,145,478
Total Fund Balances	39,580,114	2,448,667	8,548,553	14,424,763	65,002,097
Total Liabilities and Fund Balances	\$ 43,319,923	\$ 3,807,946	\$ 9,771,861	\$ 14,661,994	\$ 71,561,724

**SOLANA BEACH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds \$ 65,002,097

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

Capital assets and right-to-use 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, and right-to-use assets and accumulated amortization:

Capital assets	\$ 299,120,371	
Accumulated depreciation	(51,576,455)	
Right-to-use assets	1,807,849	
Accumulated amortization	<u>(74,072)</u>	249,277,693

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 unmaturing interest owing at the end of the period was:

(1,780,580)

Long-term liabilities:

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

General obligation bonds	\$ 85,645,000	
Unamortized GO bond premium	5,698,585	
Special tax bonds	21,730,000	
Unamortized special tax bond premium	1,717,611	
Certificates of participation	5,162,096	
Lease liability	1,807,849	
Compensated absences	806,910	
Net OPEB liability	10,397,851	
Net pension liability	<u>42,084,926</u>	(175,050,828)

Deferred gain or loss on debt refunding:

In the government-wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:

133,098

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 government-wide the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

Deferred outflows related to pensions	\$ 16,887,886	
Deferred inflows related to pensions	<u>(7,717,900)</u>	9,169,986

Deferred outflows and inflows of resources relating to other postemployment benefits (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 government-wide statement of net position, deferred outflows and inflows of resources relating to OPEB are reported:

Deferred outflows related to OPEB	\$ 1,756,812	
Deferred inflows related to OPEB	<u>(4,930,977)</u>	(3,174,165)

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities:

1,365,903

Total Net Position - Governmental Activities \$ 144,943,204

**SOLANA BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 58,081,202	\$ -	\$ -	\$ -	\$ 58,081,202
Federal sources	585,435	-	-	425,657	1,011,092
Other state sources	4,446,222	-	-	1,718,536	6,164,758
Other local sources	5,162,083	367,595	6,499,873	6,740,852	18,770,403
Total Revenues	68,274,942	367,595	6,499,873	8,885,045	84,027,455
EXPENDITURES					
Current					
Instruction	40,382,412	-	-	577,689	40,960,101
Instruction-related services					
Instructional supervision and administration	2,558,075	-	-	84,000	2,642,075
Instructional library, media, and technology	431,424	-	-	-	431,424
School site administration	3,418,437	-	-	-	3,418,437
Pupil services					
Home-to-school transportation	569,837	-	-	-	569,837
Food services	112,869	-	-	2,292,647	2,405,516
All other pupil services	5,099,598	-	-	-	5,099,598
General administration					
Centralized data processing	2,204,008	-	-	-	2,204,008
All other general administration	4,270,995	-	-	77,377	4,348,372
Plant services	5,539,275	-	19,083	65,319	5,623,677
Facilities acquisition and maintenance	619,348	7,292,687	6,075,141	138,954	14,126,130
Ancillary services	1,663,553	-	-	-	1,663,553
Community services	1,541	-	-	-	1,541
Enterprise activities	117,105	-	-	-	117,105
Transfers to other agencies	163,654	-	-	-	163,654
Other outgo	-	-	3,280	-	3,280
Debt service					
Principal	-	-	-	1,142,632	1,142,632
Interest and other	-	-	-	4,573,310	4,573,310
Redemptions	-	-	-	1,810,000	1,810,000
Total Expenditures	67,152,131	7,292,687	6,097,504	10,761,928	91,304,250
Excess/(Deficiency) of Revenues					
Over Expenditures	1,122,811	(6,925,092)	402,369	(1,876,883)	(7,276,795)
OTHER FINANCING SOURCES/(USES)					
Transfers in	562,268	-	-	2,361,905	2,924,173
Other sources	1,807,849	-	-	-	1,807,849
Transfers out	(562,268)	(25,813)	(2,336,092)	-	(2,924,173)
Other Financing Sources/(Uses), Net	1,807,849	(25,813)	(2,336,092)	2,361,905	1,807,849
NET CHANGES IN FUND BALANCES					
FUND BALANCES - BEGINNING	36,649,454	9,399,572	10,482,276	13,939,741	70,471,043
FUND BALANCES - ENDING	\$ 39,580,114	\$ 2,448,667	\$ 8,548,553	\$ 14,424,763	\$ 65,002,097

**SOLANA BEACH 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 \$ (5,468,946)

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, lease assets and subscription-based IT arrangements are reported as expenditures in the period when the assets are acquired. In the government-wide statement of activities, costs of capital assets, lease assets and subscription-based IT arrangements are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	\$ 15,970,107	
Depreciation expense	(5,578,831)	
Amortization expense	(74,072)	10,317,204

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: 2,952,632

Debt proceeds:

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (1,807,849)

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: 2,209,525

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the government-wide statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (375,405)

Pensions:

In government 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 actual employer contributions was: 2,913,546

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer contributions are made. In the government-wide statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (438,254)

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: 436,758

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: 72,186

Change in Net Position of Governmental Activities \$ 10,811,397

**SOLANA BEACH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2025**

	Business-Type Activities Childcare Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
Current Assets		
Cash and equivalents	\$ 241,126	\$ 1,308,696
Accounts receivable	24,339	57,207
Due from other funds	1,153,611	-
Total Current Assets	<u>1,419,076</u>	<u>1,365,903</u>
Non-Current Assets		
Capital assets, net	43,859	-
Total Non-Current Assets	<u>43,859</u>	<u>-</u>
TOTAL ASSETS	<u>1,462,935</u>	<u>1,365,903</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	900,662	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>900,662</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,363,597</u>	<u>\$ 1,365,903</u>
LIABILITIES		
Current Liabilities		
Accrued liabilities	\$ 168,563	\$ -
Due to other funds	83,765	-
Long-term debt, current portion	55,655	-
Total Current Liabilities	<u>307,983</u>	<u>-</u>
Non-Current Liabilities		
Net pension liability	3,365,238	-
Long-term debt, non-current portion	74,050	-
Total Non-Current Liabilities	<u>3,439,288</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,747,271</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	605,938	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>605,938</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	43,859	-
Unrestricted	(2,033,471)	1,365,903
TOTAL NET POSITION	<u>(1,989,612)</u>	<u>1,365,903</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,363,597</u>	<u>\$ 1,365,903</u>

**SOLANA BEACH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025**

	Business-Type Activities	Governmental Activities
	Childcare Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Local sources	\$ 4,465,046	\$ 495,793
Total Operating Revenues	4,465,046	495,793
OPERATING EXPENSES		
Classified personnel salaries	1,692,790	-
Employee benefits	805,782	-
Books and supplies	239,900	-
Services and other operating expenses	902,205	423,607
Depreciation	5,939	-
Total Operating Expenses	3,646,616	423,607
Income/(Loss) before Contributions and Transfers	818,430	72,186
CHANGES IN NET POSITION	818,430	72,186
NET POSITION - BEGINNING	(2,790,829)	1,293,717
PRIOR PERIOD ADJUSTMENT (NOTE 14)	(17,213)	-
NET POSITION - ENDING	\$ (1,989,612)	\$ 1,365,903

**SOLANA BEACH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2025**

	Business-Type Activities	Governmental Activities
	Childcare Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from grants and customers	\$ 4,588,868	\$ 537,850
Cash receipts for operating activities with other funds	(773,929)	-
Cash payments to employees for services	(1,692,790)	-
Cash payments to employees for benefits	(860,558)	-
Cash payments for other goods and services	(1,120,470)	(423,607)
Net Cash Provided by/(Used in) Operating Activities	<u>141,121</u>	<u>114,243</u>
Net Increase/(Decrease) in Cash and Equivalents	141,121	114,243
Cash and Equivalents, Beginning of Year	100,005	1,194,453
Cash and Equivalents, End of Year	<u>\$ 241,126</u>	<u>\$ 1,308,696</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used in) Operating Activities		
Operating Income/(Loss)	\$ 818,430	\$ 72,186
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used in) Operating Activities		
Depreciation	5,939	-
Changes in Assets, Liabilities and Deferred Inflows/Outflows of Resources:		
Accounts receivable	123,822	42,057
Due from other funds	(798,013)	-
Deferred outflows related to pensions	313,864	-
Accrued liabilities	21,635	-
Due to other funds	24,084	-
Compensated absences	(60,161)	-
Net pension liability	(582,409)	-
Deferred inflows related to pensions	273,930	-
Total Adjustments	<u>(677,309)</u>	<u>42,057</u>
Net Cash Flows From Operating Activities	<u>\$ 141,121</u>	<u>\$ 114,243</u>

**SOLANA BEACH SCHOOL DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
SOLANA BEACH SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Cash and cash equivalents	\$ 474,742
Other current assets	3,076
Investments - endowment	138,994
TOTAL ASSETS	<u>\$ 616,812</u>

LIABILITIES AND NET ASSETS

Liabilities	
Grants payable	\$ 33,470
Total Liabilities	<u>33,470</u>
Net Assets	
Without donor restrictions	260,995
With donor restrictions	322,347
Total Net Assets	<u>583,342</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 616,812</u>

**SOLANA BEACH SCHOOL DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
SOLANA BEACH SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Special events income			
Special events income, gross	\$ 802,806	\$ 192,030	\$ 994,836
Donated items for special events	43,465	-	43,465
Less: Direct expenses	(94,043)	(157,763)	(251,806)
Special events income, net	752,228	34,267	786,495
Other support and revenues			
Other contributions	-	42,800	42,800
Net investment income	13,265	12,322	25,587
In-kind facility	4,500	-	4,500
Other income	43,779	-	43,779
Total other support and revenues	61,544	55,122	116,666
Donor restrictions satisfied	77,010	(77,010)	-
TOTAL SUPPORT AND REVENUES	890,782	12,379	903,161
EXPENSES			
Program services	712,916	-	712,916
Management and general	127,477	-	127,477
TOTAL EXPENSES	840,393	-	840,393
CHANGE IN NET ASSETS	50,389	12,379	62,768
NET ASSETS, BEGINNING OF YEAR	210,606	309,968	520,574
NET ASSETS, END OF YEAR	\$ 260,995	\$ 322,347	\$ 583,342

**SOLANA BEACH SCHOOL DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
SOLANA BEACH SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 62,768
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Unrealized gain/(loss) on investments	(7,850)
(Increase)/decrease in operating assets	
Other current assets	(276)
Increase/(decrease) in operating liabilities	
Grants payable	(20,159)
Net Cash Provided by/(Used in) Operating Activities	<u>34,483</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Realized gain/(loss) on investment sales	(1,840)
Reinvestment of interest and dividends	(3,947)
Administrative fees deducted from investment funds	1,316
Net Cash Provided by/(Used in) Investing Activities	<u>(4,471)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,012
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>444,730</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 474,742</u>

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Solana Beach 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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-6 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.

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 Solana Beach School District Public Financing Authority (PFA) and the Solana Beach Community Facilities Districts (CFDs) have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; GASB Statement No. 80, *Blending Requirements for Certain Component Units*; GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Plans*, and thus is included in the financial statements of the District. The component units, although a legally separate entity, are reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component units are essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Solana Beach Schools Foundation (the “Foundation”) is a California non-profit corporation. The Foundation is a legally separate, tax-exempt component unit of the District. The Foundation was organized with the purpose of providing benefits to the educational programs and services of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources or income thereon that the Foundation holds and invests is restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its proprietary funds. 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 governmental 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.

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).

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Major Governmental Funds, continued

Capital Projects for Blended Component Units Fund: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under GAAP.

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:

Cafeteria Special Revenue 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).

Foundation Special Revenue Fund: This fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

Capital Projects Funds: Capital projects 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).

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

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

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

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

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

Debt Service for Blended Component Units Fund: This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under GAAP.

Proprietary Funds

Enterprise Funds: Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Childcare Enterprise Fund: The childcare enterprise fund is used to account for activities of the District's childcare program. The District charges fees to parents in order to fund operations of the childcare program.

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).

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. The principal operating revenues of the childcare enterprise fund include fees charged to parents to fund operations of the childcare program.

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

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

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

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting – Measurement Focus, continued

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

Unearned Revenue: Unearned revenue arises when 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 Equivalents

The District's cash and equivalents consist of cash on hand and demand deposits. Equivalents also include cash with county treasury balances for purposes of the statement of cash flows. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, investment in the pool is also deemed to be an equivalent.

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.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable consists primarily of amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Inventory

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

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: buildings and improvements, 20 to 50 years; land improvements, 7 to 30 years; and furniture and equipment, 5 to 20 years.

Right-to-Use Assets and Lease Liability

Right-to-use assets have been recorded as a result of application of GASB Statement No. 87, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus, any ancillary charges necessary to place the lease into service. The lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives.)

The District will recognize amortization expense related to the lease asset, representing the decrease in the useful life of the right-to-use the underlying asset over the lease term. Consistent with the foundation principle that a lease is a financing, the District will recognize interest expense related to the amortization of the discount on the lease liability.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: The District has elected to measure this liability using the last-in, first-out (LIFO) method, under which the most recently earned leave is assumed to be used first. The LIFO approach reflects that the most current balances are expected to be consumed before older accruals.

Under applicable California law, credit for unused sick leave is available at retirement. Classified employees retiring after January 1, 1999, receive 0.004 year of CalPERS service credit for each day of unused sick leave. Certificated employees receive CalSTRS service credit for unused sick leave, calculated by dividing unused sick days by the number of base service days required to complete the last school year, if employed full-time. This conversion to service credit is administered by the pension systems and does not create a direct financial liability of the District.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/(benefit), 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Postemployment Benefits (OPEB)

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

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense/(benefit) systematically over time. The first amortized amounts are recognized in OPEB expense/(benefit) 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/(benefit). 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.

Accrued Liabilities, Interest Payable and Long-Term Liabilities

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

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/Inflows of Resources

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

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

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted: This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

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.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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 expenses/expenditures 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.

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.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 GAAP.

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.

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

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 financial impact of this Statement is reflected in Notes 8 and 14.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards, continued

GASB Statement No. 102: In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a 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.

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

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. This statement is effective for periods beginning after June 15, 2025.

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. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – CASH AND EQUIVALENTS

Summary of Cash and Equivalents

	Governmental Funds	Internal Service Fund	Governmental Activities	Business-Type Activities
Cash in county treasury	\$ 66,522,109	\$ 1,308,072	\$ 67,830,181	\$ 241,011
Cash with fiscal agent	57,801	-	57,801	-
Cash in revolving fund	110,000	-	110,000	-
Fair market value adjustment	31,729	624	32,353	115
Total	\$ 66,721,639	\$ 1,308,696	\$ 68,030,335	\$ 241,126

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.

Cash in County Treasury: The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code* Section 41001. The San Diego 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 County 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: Cash with fiscal agent represents cash held by the Bank of New York Mellon Trust Company for the Capital Projects Fund for Blended Component Units as reserve amounts associated with special tax bonds. The cash with fiscal agent is held in highly liquid cash accounts with original maturities less than ninety days.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – CASH AND EQUIVALENTS, continued

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$68,103,660. The average weighted maturity for this pool is 562 days.

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.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – CASH AND EQUIVALENTS, continued

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 not exposed to custodial credit risk.

Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

The District's fair value measurement of \$68,103,660 in the county treasury at June 30, 2025 is classified as uncategorized.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Governmental Activities	Business-Type Activities
Federal Government								
Categorical aid	\$ 529,152	\$ -	\$ -	\$ 264,576	\$ 793,728	\$ -	\$ 793,728	\$ -
State Government								
Categorical aid	695,297	-	-	-	695,297	-	695,297	-
Lottery	204,142	-	-	-	204,142	-	204,142	-
LCFF	113,151	-	-	-	113,151	-	113,151	-
Local Government								
Interest	451,109	31,958	100,847	104,753	688,667	12,903	701,570	5,097
Other local sources	199,786	-	-	152,924	352,710	44,304	397,014	19,242
Total	\$ 2,192,637	\$ 31,958	\$ 100,847	\$ 522,253	\$ 2,847,695	\$ 57,207	\$ 2,904,902	\$ 24,339

NOTE 4 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS

Capital asset and right-to-use asset activities for the year ended June 30, 2025 were as follows:

	Balance July 01, 2024	Adjustments	Adjusted Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities						
Capital Assets Not Being Depreciated						
Land	\$ 70,609,117	\$ -	\$ 70,609,117	\$ -	\$ -	\$ 70,609,117
Construction in progress	37,285,767	(34,142,331)	3,143,436	12,333,053	-	15,476,489
Total Capital Assets Not Being Depreciated	107,894,884	(34,142,331)	73,752,553	12,333,053	-	86,085,606
Capital Assets Being Depreciated						
Land improvements	673,884	-	673,884	-	-	673,884
Buildings and improvements	169,982,716	34,142,331	204,125,047	1,793,077	-	205,918,124
Furniture and equipment	6,406,629	-	6,406,629	36,128	-	6,442,757
Total Capital Assets Being Depreciated	177,063,229	34,142,331	211,205,560	1,829,205	-	213,034,765
Total Capital Assets	284,958,113	-	284,958,113	14,162,258	-	299,120,371
Less: Accumulated Depreciation						
Land improvements	661,216	-	661,216	844	-	662,060
Buildings and improvements	37,649,174	2,038,392	39,687,566	5,487,781	-	45,175,347
Furniture and equipment	5,652,353	(3,511)	5,648,842	90,206	-	5,739,048
Total Accumulated Depreciation	43,962,743	2,034,881	45,997,624	5,578,831	-	51,576,455
Capital Assets, Net	240,995,370	(2,034,881)	238,960,489	8,583,427	-	247,543,916
Right-to-Use Assets						
Leased assets - furniture and equipment	-	-	-	1,807,849	-	1,807,849
Total Right-to-Use Assets	-	-	-	1,807,849	-	1,807,849
Less: Accumulated Amortization						
Leased assets - furniture and equipment	-	-	-	74,072	-	74,072
Total Accumulated Amortization	-	-	-	74,072	-	74,072
Right-to-Use Assets, Net	-	-	-	1,733,777	-	1,733,777
Capital Assets and Right-to-Use Assets, Net	\$ 240,995,370	\$ (2,034,881)	\$ 238,960,489	\$ 10,317,204	\$ -	\$ 249,277,693

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – CAPITAL ASSETS AND RIGHT-TO-USE ASSETS, continued

	Balance		Balance	
	July 01, 2024	Additions	Deductions	June 30, 2025
Business-Type Activities				
Capital Assets Being Depreciated				
Buildings and improvements	\$ 84,268	\$ -	\$ -	\$ 84,268
Furniture and equipment	276,858	-	-	276,858
Total Capital Assets Being Depreciated	361,126	-	-	361,126
Less: Accumulated Depreciation				
Buildings and improvements	37,920	4,214	-	42,134
Furniture and equipment	273,408	1,725	-	275,133
Total Accumulated Depreciation	311,328	5,939	-	317,267
Capital Assets, Net	\$ 49,798	\$ (5,939)	\$ -	\$ 43,859

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable (due from) and payable (due to) balances at June 30, 2025 were as follows:

Payable Fund	Receivable Fund					Total
	General Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Childcare Enterprise Fund		
General Fund	\$ 562,268	\$ -	\$ 171	\$ 1,153,611		\$ 1,716,050
Building Fund	-	1,209,945	25,813	-		1,235,758
Non-Major Governmental Funds	84,005	-	-	-		84,005
Childcare Enterprise Fund	82,791	-	974	-		83,765
Total	\$ 729,064	\$ 1,209,945	\$ 26,958	\$ 1,153,611		\$ 3,119,578

Due from General Fund to the Childcare Enterprise Fund for reclassification of Expanded Learning Opportunity Grant and CDC preschool related expenditures.	\$ 1,153,611
Due from General Fund to the General Fund for community development fund transfer.	362,268
Due from General Fund to the General Fund for technology transfer.	200,000
Due from General Fund to the Cafeteria Special Revenue Fund for clearing of payroll suspense.	171
Due from Other Enterprise Fund to the Cafeteria Special Revenue Fund for CDC scholarship food expenditures.	974
Due from Childcare Enterprise Fund to the General Fund for summer enrichment, OPEB, miscellaneous expenditures, and cash flow.	82,791
Due from Building Fund to the Special Reserve for Capital Outlay Projects Fund for prior year expenditures related to Solana Vista Elementary modernization projects.	25,813
Due from Building Fund to the Capital Projects for Blended Component Units Fund for Solana Pacific Elementary HVAC and roofing projects.	1,209,945
Due from Foundation Special Revenue Fund to the General Fund for reclassification of employee health and welfare benefits.	373
Due from Cafeteria Special Revenue Fund to the General Fund for indirect costs, OPEB, and reclassification of miscellaneous expenditures.	83,632
Total	\$ 3,119,578

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – INTERFUND TRANSACTIONS, continued

Operating Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Interfund Transfers Out	Interfund Transfers In		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ 562,268	\$ -	\$ 562,268
Building Fund	-	25,813	25,813
Capital Projects for Blended Component Units Fund	-	2,336,092	2,336,092
Total	\$ 562,268	\$ 2,361,905	\$ 2,924,173

Transfer from General Fund to the General Fund for community development fund transfer.	\$	362,268
Transfer from General Fund to the General Fund for technology transfer.		200,000
Transfer from Building Fund to the Special Reserve for Capital Outlay Projects Fund for prior year expenditures related to Solana Vista Elementary modernization projects.		25,813
Transfer from Capital Projects for Blended Component Units Fund to the Debt Service for Blended Component Units Fund for debt service payments.		2,336,092
Total	\$	2,924,173

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Total Governmental Funds	Business-Type Activities
Payroll and related	\$ 942,387	\$ -	\$ -	\$ -	\$ 942,387	\$ 106,973
Vendors payable	97,685	123,521	1,223,308	153,226	1,597,740	61,590
Due to grantor government	681,589	-	-	-	681,589	-
Total	\$ 1,721,661	\$ 123,521	\$ 1,223,308	\$ 153,226	\$ 3,221,716	\$ 168,563

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2025 consisted of the following:

	General Fund	Total Governmental Funds
Federal Government		
Categorical aid	\$ 18,762	\$ 18,762
State Government		
Other state sources	283,336	283,336
Total	<u>\$ 302,098</u>	<u>\$ 302,098</u>

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	Adjustments	Adjusted Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
Governmental Activities							
General obligation bonds	\$ 87,455,000	\$ -	\$ 87,455,000	\$ -	\$ 1,810,000	\$ 85,645,000	\$ 2,020,000
Unamortized GO bond premium	6,051,964	-	6,051,964	-	353,379	5,698,585	312,109
Special tax bonds	22,540,000	-	22,540,000	-	810,000	21,730,000	795,000
Unamortized special tax bond premium	1,800,990	-	1,800,990	-	83,379	1,717,611	100,055
Certificates of participation	5,494,728	-	5,494,728	-	332,632	5,162,096	340,948
Lease liability	-	-	-	1,807,849	-	1,807,849	460,139
Compensated absences	421,942	9,563	431,505	440,597	65,192	806,910	276,589
Net OPEB liability	9,624,296	-	9,624,296	773,555	-	10,397,851	-
Net pension liability	48,772,525	-	48,772,525	-	6,687,599	42,084,926	-
Total	<u>\$ 182,161,445</u>	<u>\$ 9,563</u>	<u>\$ 182,171,008</u>	<u>\$ 3,022,001</u>	<u>\$ 10,142,181</u>	<u>\$ 175,050,828</u>	<u>\$ 4,304,840</u>
Business-Type Activities							
Compensated absences	\$ 172,653	\$ 17,213	\$ 189,866	\$ 31,730	\$ 91,891	\$ 129,705	\$ 55,655
Net pension liability	3,947,647	-	3,947,647	-	582,409	3,365,238	-
Total	<u>\$ 4,120,300</u>	<u>\$ 17,213</u>	<u>\$ 4,137,513</u>	<u>\$ 31,730</u>	<u>\$ 674,300</u>	<u>\$ 3,494,943</u>	<u>\$ 55,655</u>

Payments for general obligation bonds are made in the Bond Interest and Redemption Fund. Payments for special tax bonds and certificates of participation are made in the Debt Service for Blended Component Units Fund. Payments for lease liability are made from General Fund. Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds

The general obligations bonds outstanding at June 30, 2025 are summarized as follows:

Description	Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
2016 Election, Series A	5/3/2017	8/1/2046	2.00-5.00%	\$ 50,000,000	\$ 37,575,000	\$ -	\$ 960,000	\$ 36,615,000	\$ 1,010,000
2016 Election, Series B	3/26/2019	8/1/2041	3.00-5.00%	55,000,000	49,880,000	-	850,000	49,030,000	1,010,000
Total				\$105,000,000	\$ 87,455,000	\$ -	\$ 1,810,000	\$ 85,645,000	\$ 2,020,000

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,020,000	\$ 3,292,700	\$ 5,312,700
2027	2,245,000	3,197,050	5,442,050
2028	2,475,000	3,091,800	5,566,800
2029	2,725,000	2,976,400	5,701,400
2030	2,990,000	2,850,125	5,840,125
2031-2035	19,370,000	12,002,725	31,372,725
2036-2040	28,040,000	7,318,900	35,358,900
2041-2045	20,960,000	2,367,025	23,327,025
2046-2047	4,820,000	194,600	5,014,600
Total	\$ 85,645,000	\$ 37,291,325	\$ 122,936,325

Special Tax Bonds

The District has three community facilities districts within it's boundaries, the CFDs 99- 1, 2000-1 and 2004-1 as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mello-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property with in the CFDs according to a methodology approved by voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amount held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. As discussed in Note A, the CFDs and PFA are blended component units of the District and as such the debt issued is included in the government-wide financial statements.

On November 15, 2012, special tax bonds were issued through the District PFA to finance the acquisition and construction of certain school facilities serving the property within the CFDs, to fund a portion of the reserve fund for the bonds, and to fund a portion of the costs of issuing the bonds and special tax assessments. The bonds were issued for \$34,450,000 bearing interest ranging from 2.0% to 5.0% and maturing on September 1, 2042. These special tax bonds were fully refunded as of June 30, 2024.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES, continued

Special Tax Bonds, continued

On September 21, 2023, \$22,540,000 in Special Tax Revenue Refunding Bonds, Series 2023 were issued through the District PFA to purchase the outstanding special tax bonds of CFDs No. 99-1 and No. 2004-1, and to pay the costs of issuance for the Series 2023 bonds. The net proceeds received for the Special Tax Revenue Refunding Bonds, Series 2023 were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the CFDs No. 99-1 and No. 2004-1 special tax bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. This refunding reduced total debt service payments by \$6,598,003 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,316,586.

The annual requirements to amortize the special tax bonds outstanding at June 30, 2025 were as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 795,000	\$ 1,020,125	\$ 1,815,125
2027	830,000	979,500	1,809,500
2028	875,000	936,875	1,811,875
2029	915,000	892,125	1,807,125
2030	960,000	845,250	1,805,250
2031-2035	5,575,000	3,436,375	9,011,375
2036-2040	7,130,000	1,856,250	8,986,250
2041-2043	4,650,000	274,800	4,924,800
Total	\$ 21,730,000	\$ 10,241,300	\$ 31,971,300

Certificates of Participation

In June of 2020, the District issued \$6,635,641 in Certificates of Participation to finance and provide for the construction, installation, and completion of certain public improvements. Lease payments are required to be made by the District under the agreement each September through 2037 with an interest rate of 2.5%. The agreement is between the District and the Public Property Financing Corporation with The Bank of New York Mellon as trustee.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES, continued

Certificates of Participation

The annual requirements to amortize all certificates of participation outstanding at June 30, 2025 were as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 340,948	\$ 124,791	\$ 465,739
2027	349,471	116,160	465,631
2028	358,208	107,314	465,522
2029	367,163	98,247	465,410
2030	376,342	88,953	465,295
2031-2035	2,027,633	297,021	2,324,654
2036-2038	1,342,331	50,890	1,393,221
Total	<u>\$ 5,162,096</u>	<u>\$ 883,376</u>	<u>\$ 6,045,472</u>

Lease Liability

The District entered an agreement to lease computer equipment for a period of 48 months, beginning May 2025. The lease will be terminated in May 2029, based on the term date. Under the terms of the lease, the District pays monthly payment of approximately \$38,794, which amount to total principal and interest costs of \$465,524 annually. The annual interest rate charged on the lease was 1.79%. At June 30, 2025, the District recognized a right-to-use asset of \$1,733,777, net of accumulated amortization, and a lease liability of \$1,807,849 related to the agreement. During the fiscal year, the District recorded \$74,072 in amortization expense and \$5,205 in interest expense for the lease.

The remaining principal and interest payment requirements for the lease liability as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 460,139	\$ 5,385	\$ 465,524
2027	441,438	24,086	465,524
2028	449,327	16,197	465,524
2029	456,945	8,166	465,111
Total	<u>\$ 1,807,849</u>	<u>\$ 53,834</u>	<u>\$ 1,861,683</u>

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – LONG-TERM LIABILITIES, continued

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences for governmental activities and business-type activities was \$936,615.

Other Postemployment Benefits

The District's beginning net OPEB liability was \$9,624,296 and increased by \$773,555 during the year ended June 30, 2025. The ending net OPEB liability at June 30, 2025 was \$10,397,851. See Note 10 for additional information regarding the other post employment benefits.

Net Pension Liability

The District's beginning net pension liability in the governmental activities was \$48,772,525 and decreased by \$6,687,599 during the year ended June 30, 2025. The ending net pension liability in governmental activities at June 30, 2025, was \$42,084,926. The District's beginning net pension liability related to business-type activities was \$3,947,647 and decreased by \$582,409 during the year ended June 30, 2025. The ending net pension liability in the business-type activities at June 30, 2025 was \$3,365,238. See Note 11 for additional information regarding the net pension liability.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – FUND BALANCES

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

	General Fund	Building Fund	Capital Projects for Blended Component Units Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Revolving cash	\$ 110,000	\$ -	\$ -	\$ -	\$ 110,000
Stores inventory	-	-	-	26,423	26,423
Total nonspendable	110,000	-	-	26,423	136,423
Restricted					
Educational programs	2,262,865	-	-	-	2,262,865
Debt service	-	-	-	4,193,608	4,193,608
Capital projects	2,160,474	2,448,667	8,548,553	5,885,884	19,043,578
Child nutrition	-	-	-	1,247,985	1,247,985
Other restrictions	1,282,030	-	-	1,274,230	2,556,260
Total restricted	5,705,369	2,448,667	8,548,553	12,601,707	29,304,296
Assigned					
Deferred maintenance	3,554,544	-	-	-	3,554,544
Special reserve for other than capital outlay	9,076,043	-	-	-	9,076,043
Special reserve for post-employment benefits	3,555,440	-	-	-	3,555,440
Capital projects	-	-	-	1,796,633	1,796,633
Other assignments	1,433,240	-	-	-	1,433,240
Total assigned	17,619,267	-	-	1,796,633	19,415,900
Unassigned					
Reserve for economic uncertainties	1,977,196	-	-	-	1,977,196
Remaining unassigned	14,168,282	-	-	-	14,168,282
Total unassigned	16,145,478	-	-	-	16,145,478
Total Fund Balances	\$ 39,580,114	\$ 2,448,667	\$ 8,548,553	\$ 14,424,763	\$ 65,002,097

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2025, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 10,397,851	\$ 1,756,812	\$ 4,930,977	\$ 495,968

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Plan Description

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

Benefits Provided

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

Certificated Employees

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees to age 65 or Medicare eligibility, if earlier. Eligibility for retiree benefits requires retirement under STRS/PERS on or after age 55 with at least 12 years of District eligible service.

The District's contribution is 75% of the employee-only benefit cap (current UHC Network 1 retiree only HMO premium) plus 5% of the employee only benefit cap for each additional year of District eligible service in excess of 12 years to a maximum of 100% (currently \$17,634.80 annually as of June 30, 2025). In addition, the District will pay the cost of the District's HMO retiree only dental insurance. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental and vision coverage on a self-paid basis. Any spouse coverage elected by the retiree ceases upon death of the retiree except for COBRA continuation coverage.

Classified Employees

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents to age 65 or Medicare eligibility, if earlier. Eligibility for retiree benefits requires retirement under STRS/PERS on or after age 52 with at least 13 years of District eligible service.

The District's contribution is 75% of the benefit cap (current UHC Network 1 HMO retiree only premium) plus 5% of the benefit cap for each additional year of age in excess of 13 years to a maximum of 100%. Unit member who choose a plan more expensive than the UHC HMO A Network 1 are responsible for the out-of-pocket difference through mandatory payroll deduction. For each year that follows, the District's annual contribution for the Single and Two-Party benefits shall increase to meet that year's costs for UHC HMO A Network 1, not to exceed the maximum contribution cap of \$17,134.80 as of June 30, 2025. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental and vision coverage on a self-paid basis. Any spouse coverage elected by the retiree ceases upon death of the retiree except for COBRA continuation coverage.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefits Provided, continued

Management Employees

The District provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents to age 65 or Medicare eligibility, if earlier. Eligibility for retiree benefits requires retirement under STRS/PERS on or after age 55 with at least 12 years of District eligible service.

The District’s contribution is 75% of the benefit cap (current UHC Network 1 HMO retiree only premium) plus 5% of the employee only benefit cap for each additional year of District eligible service in excess of 12 years to a maximum of 100% (currently \$17,634.80 annually as of June 30, 2025). In addition, the District will pay the cost of the District’s HMO retiree only dental insurance. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental and vision coverage on a self-paid basis. Any spouse coverage elected by the retiree ceases upon death of the retiree except for COBRA continuation coverage.

Board Members

A board member, whose first term of office began on or after January 1, 1995 and who retires after at least one term, may continue health and welfare benefits at his/her own expense if covered at the time of retirement.

Contributions

For the measurement period, the District contributed \$340,248 to the Plan, all of which was used for current premiums.

Plan Membership

Membership of the Plan consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	20
Active Employees	368
Total	388

Total OPEB Liability

The District’s total OPEB liability of \$10,397,851 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2025 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry Age Normal Level Percent of Pay
Discount rate*	4.21%
Salary increase	2.80%
Healthcare cost trend rate	8.00% decreasing to 4.50%

*Fidelity GO AA, 20 year Municipal index was used for the discount rate.

Under GASB Statement No. 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Changes in Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2023 (Measurement Date)	\$ 9,624,296	\$ -	\$ 9,624,296
Changes for the year:			
Service cost	672,566	-	672,566
Interest	418,305	-	418,305
Employer contributions as benefit payments	-	340,248	(340,248)
Change in benefit terms	3,825	-	3,825
Difference between expected and actual experience	(158,204)	-	(158,204)
Changes of assumptions	177,311	-	177,311
Expected benefit payments	(340,248)	(340,248)	-
Net change	773,555	-	773,555
Balance June 30, 2024 (Measurement Date)	\$ 10,397,851	\$ -	\$ 10,397,851

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District’s net OPEB liability/(asset) 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 (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Net OPEB liability/(asset)	\$ 11,185,281	\$ 10,397,851	\$ 9,645,701

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District’s net OPEB liability/(asset) 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 (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Net OPEB liability/(asset)	\$ 9,140,249	\$ 10,397,851	\$ 11,878,135

OPEB Expense/(Benefit) and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense/(benefit) of \$495,968. At June 30, 2025, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,010,557
Change of assumptions	1,403,291	1,920,420
District contributions subsequent to the measurement date	353,521	-
Total	<u>\$ 1,756,812</u>	<u>\$ 4,930,977</u>

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense/(Benefit) and Deferred Outflows and Deferred Inflows of Resources Related to OPEB, continued

The \$353,521 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/(asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (410,824)
2027	(410,824)
2028	(410,824)
2029	(410,824)
2030	(403,661)
Thereafter	(1,480,729)
Total	<u>\$ (3,527,686)</u>

NOTE 11 – PENSIONS

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

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 26,475,445	\$ 11,855,139	\$ 5,987,336	\$ 2,861,283
CalPERS	18,974,719	5,933,409	2,336,502	2,522,055
Total	<u>\$ 45,450,164</u>	<u>\$ 17,788,548</u>	<u>\$ 8,323,838</u>	<u>\$ 5,383,338</u>

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were \$5,105,305.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, 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	\$ 26,475,445
State's proportionate share of the net pension liability associated with the District	12,147,212
Total	<u>\$ 38,622,657</u>

The net pension liability was measured as of 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 and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.039 percent and 0.043 percent, resulting in a decrease of 0.004 percent in the proportionate share.

For the year ended June 30, 2025, the District recognized pension expense of \$2,861,283. In addition, the District recognized pension expense and revenue of \$1,108,601 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 108,169
Differences between expected and actual experience	2,995,051	1,158,488
Changes in assumptions	115,894	1,808,010
Net changes in proportionate share of net pension liability	3,638,889	2,912,669
District contributions subsequent to the measurement date	5,105,305	-
Total	<u>\$ 11,855,139</u>	<u>\$ 5,987,336</u>

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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 Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (1,453,157)
2027	2,563,888
2028	248,444
2029	(730,198)
2030	263,380
Thereafter	(129,859)
Total	<u>\$ 762,498</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP– 2021 Ultimate Projection Scale.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	100%		

*20- to 30-year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

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 the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 47,091,154	\$ 26,475,445	\$ 9,260,473

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California Public Employees Retirement System (CalPERS), continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 55 (or 62 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions were \$3,186,194.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California Public Employees Retirement System (CalPERS), continued

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

As of June 30, 2025, the District reported net pension liability for its proportionate share of the CalPERS net pension liability totaling \$18,974,719. The net pension liability was measured as of 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. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.053 percent and 0.055 percent, resulting in a decrease in the proportionate share of 0.002 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$2,522,055. 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
Difference between projected and actual earnings on plan investments	\$ 737,057	\$ -
Differences between expected and actual experience	1,590,753	135,802
Changes in assumptions	419,405	-
Net changes in proportionate share of net pension liability	-	2,200,700
District contributions subsequent to the measurement date	3,186,194	-
Total	\$ 5,933,409	\$ 2,336,502

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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 Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 255,367
2027	1,074,398
2028	(479,040)
2029	(440,012)
Total	\$ 410,713

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return / discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – PENSIONS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 28,187,104	\$ 18,974,719	\$ 11,364,557

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$2,452,758. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

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

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 – COMMITMENTS AND CONTINGENCIES, continued

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.

Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of \$5,346,242.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES (JPA)

The District is a member of the San Diego County Schools Risk Management JPA (SDCSRМ) public entity risk pool and the North City West School Facilities Financing Authority (NCWJPA). The District pays an annual premium to SDCSRМ for its health, worker’s compensation, and property liability insurance coverage. The District pays an annual fee to NCWJPA to facilitate developer fees. The relationship between the District, the pools, and the JPA’s are such that they are not component units of the District.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Beginning net position was restated as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position - previously reported at June 30, 2024	\$ 136,176,251	(2,790,829)
Prior Period Adjustments:		
Change in accounting principle (GASB 101)	(9,563)	(17,213)
Correction to construction in progress	(34,142,331)	-
Correction to capital assets being depreciated	32,107,450	-
Total Prior Period Adjustments	(2,044,444)	(17,213)
Beginning Net Position - as restated at June 30, 2024	\$ 134,131,807	\$ (2,808,042)

NOTE 15 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through December 8, 2025, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SOLANA BEACH 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	\$ 57,158,800	\$ 58,065,078	\$ 58,081,202	\$ 16,124
Federal sources	694,838	688,596	585,435	(103,161)
Other state sources	5,283,599	5,292,459	4,446,222	(846,237)
Other local sources	3,113,169	3,386,489	4,449,644	1,063,155
Total Revenues	66,250,406	67,432,622	67,562,503	129,881
EXPENDITURES				
Certificated salaries	27,720,420	27,749,497	27,566,244	183,253
Classified salaries	9,561,075	9,029,612	9,356,783	(327,171)
Employee benefits	17,860,812	17,391,285	17,066,410	324,875
Books and supplies	3,474,190	3,596,068	1,760,507	1,835,561
Services and other operating expenditures	8,864,293	10,068,140	8,836,991	1,231,149
Capital outlay	617,533	595,220	655,477	(60,257)
Other outgo				
Excluding transfers of indirect costs	31,000	31,000	163,654	(132,654)
Transfers of indirect costs	(100,000)	(80,000)	(61,784)	(18,216)
Total Expenditures	68,029,323	68,380,822	65,344,282	3,036,540
Excess/(Deficiency) of Revenues Over Expenditures	(1,778,917)	(948,200)	2,218,221	3,166,421
OTHER FINANCING SOURCES/(USES)				
Transfers out	(500,000)	(500,000)	(562,268)	(62,268)
Other Financing Sources/(Uses), Net	(500,000)	(500,000)	(562,268)	(62,268)
NET CHANGE IN FUND BALANCES	(2,278,917)	(1,448,200)	1,655,953	3,104,153
FUND BALANCES - BEGINNING	20,478,966	20,478,966	20,478,966	-
FUND BALANCES - ENDING	\$ 18,200,049	\$ 19,030,766	\$ 22,134,919	\$ 3,104,153

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

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, Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 672,566	\$ 813,433	\$ 1,171,600	\$ 1,059,693
Interest	418,305	480,238	302,540	320,178
Changes of benefit terms	3,825	201,803	(575,422)	-
Difference between expected and actual experience	(158,204)	(1,894,789)	(539,159)	1,552,958
Changes of assumptions	177,311	(742,115)	(1,766,342)	(1,019,914)
Benefit payments	(340,248)	(321,977)	(295,461)	(198,786)
Net change in total OPEB liability	773,555	(1,463,407)	(1,702,244)	1,714,129
Total OPEB liability, beginning of year	9,624,296	11,087,703	12,789,947	11,075,818
Total OPEB liability, end of year (a)	\$ 10,397,851	\$ 9,624,296	\$ 11,087,703	\$ 12,789,947
Plan fiduciary net position				
Employer contributions	\$ 340,248	\$ 321,977	\$ 295,461	\$ 198,786
Expected benefit payments	(340,248)	(321,977)	(295,461)	(198,786)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 10,397,851	\$ 9,624,296	\$ 11,087,703	\$ 12,789,947
Covered payroll	\$ 37,942,217	\$ 32,197,227	\$ 35,513,294	\$ 31,460,954
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	27.40%	29.89%	31.22%	40.65%
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 982,361	\$ 583,530	\$ 673,195	\$ 651,059
Interest	339,534	303,106	308,980	283,363
Changes of benefit terms	-	1,098,297	(1,019,657)	-
Difference between expected and actual experience	(419,484)	(105,444)	-	-
Changes of assumptions	445,465	27,461	(78,716)	-
Benefit payments	(136,056)	(239,199)	(204,023)	(202,200)
Net change in total OPEB liability	1,211,820	1,667,751	(320,221)	732,222
Total OPEB liability, beginning of year	9,863,998	8,196,247	8,516,468	7,784,246
Total OPEB liability, end of year (a)	\$ 11,075,818	\$ 9,863,998	\$ 8,196,247	\$ 8,516,468
Plan fiduciary net position				
Employer contributions	\$ 136,056	\$ 239,199	\$ 204,023	\$ 202,200
Expected benefit payments	(136,056)	(239,199)	(204,023)	(202,200)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 11,075,818	\$ 9,863,998	\$ 8,196,247	\$ 8,516,468
Covered payroll	\$ 33,918,300	\$ 32,930,388	\$ 18,860,000	\$ 23,581,000
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Net OPEB liability/(asset) as a percentage of covered payroll	32.65%	29.95%	43.46%	36.12%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.039%	0.043%	0.043%	0.044%	0.038%
District's proportionate share of the net pension liability	\$ 26,475,445	\$ 32,832,308	\$ 29,653,884	\$ 20,136,234	\$ 35,332,238
State's proportionate share of the net pension liability associated with the District	12,147,212	15,731,166	14,850,752	10,131,983	24,041,359
Total	\$ 38,622,657	\$ 48,563,474	\$ 44,504,636	\$ 30,268,217	\$ 59,373,597
District's covered-employee payroll	\$ 26,105,959	\$ 26,093,295	\$ 25,289,343	\$ 24,449,028	\$ 23,194,971
District's proportionate share of the net pension liability as percentage of covered-employee payroll	101%	126%	117%	82%	152%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.053%	0.055%	0.059%	0.061%	0.064%
District's proportionate share of the net pension liability	\$ 18,974,719	\$ 19,887,864	\$ 20,388,777	\$ 12,415,885	\$ 19,748,241
District's covered-employee payroll	\$ 10,598,060	\$ 9,840,971	\$ 9,398,873	\$ 8,976,007	\$ 9,354,039
District's proportionate share of the net pension liability as percentage of covered-employee payroll	179%	202%	217%	138%	211%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.039%	0.038%	0.043%	0.040%	0.041%
District's proportionate share of the net pension liability	\$ 35,112,149	\$ 39,112,149	\$ 39,965,339	\$ 32,309,341	\$ 27,564,208
State's proportionate share of the net pension liability associated with the District	20,751,368	20,177,262	23,733,206	18,482,164	14,676,613
Total	\$ 55,863,517	\$ 59,289,411	\$ 63,698,545	\$ 50,791,505	\$ 42,240,821
District's covered-employee payroll	\$ 21,029,533	\$ 20,289,134	\$ 22,778,553	\$ 19,775,312	\$ 18,716,295
District's proportionate share of the net pension liability as percentage of covered-employee payroll	167%	193%	175%	163%	147%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.065%	0.063%	0.063%	0.059%	0.052%
District's proportionate share of the net pension liability	\$ 18,984,565	\$ 16,770,853	\$ 15,016,367	\$ 11,587,365	\$ 9,075,909
District's covered-employee payroll	\$ 9,116,178	\$ 8,386,691	\$ 8,127,362	\$ 7,104,743	\$ 6,847,311
District's proportionate share of the net pension liability as percentage of covered-employee payroll	208%	200%	185%	163%	133%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CaSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 5,105,305	\$ 4,917,045	\$ 4,826,820	\$ 4,170,617	\$ 3,948,518
District's contributions in relation to the statutorily required contribution	5,105,305	4,917,045	4,826,820	4,170,617	3,948,518
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 26,729,346	\$ 26,105,959	\$ 26,093,295	\$ 25,289,343	\$ 24,449,028
District's contributions as a percentage of covered-employee payroll	19.10%	18.83%	18.50%	16.49%	16.15%

CaPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 3,186,194	\$ 2,312,405	\$ 2,045,488	\$ 1,772,784	\$ 1,858,048
District's contributions in relation to the statutorily required contribution	3,186,194	2,312,405	2,045,488	1,772,784	1,858,048
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,778,906	\$ 10,598,060	\$ 9,840,971	\$ 9,398,873	\$ 8,976,007
District's contributions as a percentage of covered-employee payroll	27.05%	21.82%	20.79%	18.86%	20.70%

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CaSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 3,966,340	\$ 3,423,608	\$ 2,927,722	\$ 2,874,486	\$ 2,129,575
District's contributions in relation to the statutorily required contribution	3,966,340	3,423,608	2,927,722	2,874,486	2,129,575
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 23,194,971	\$ 21,029,533	\$ 20,289,134	\$ 22,778,553	\$ 19,775,312
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.62%	10.77%

CaLPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,844,710	\$ 1,646,564	\$ 1,302,537	\$ 1,128,728	\$ 841,699
District's contributions in relation to the statutorily required contribution	1,844,710	1,646,564	1,302,537	1,128,728	841,699
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,354,039	\$ 9,116,178	\$ 8,386,691	\$ 8,127,362	\$ 7,104,743
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

**SOLANA BEACH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

General Fund – Budgetary Comparison Schedule

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

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

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

Changes in Benefit Terms: There were no changes in benefit terms since the previous valuation.

Changes of Assumptions: The discount rate changed from 4.13% to 4.21% since the previous valuation.

Schedule of the Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Changes in Benefit Terms: There were no changes in benefit terms since the previous valuation for CalSTRS. The required employer contribution rate changed from 26.68% to 27.05% since previous valuation for CalPERS.

Changes of Assumptions: Additional factors were considered in the actuarial valuation for CalSTRS namely the payroll growth rate and long-term expected rate of return based on 20- to 30-year geometric average. There were no changes in economic assumptions since previous valuation for CalPERS.

**SOLANA BEACH SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of Contributions – Pensions

This schedule presents information on the District’s required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

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			
Classified salaries	\$ 9,029,612	\$ 9,356,783	\$ 327,171
Capital outlay	\$ 595,220	\$ 655,477	\$ 60,257
Other outgo	\$ (49,000)	\$ 101,870	\$ 150,870
Transfers out	\$ 500,000	\$ 562,268	\$ 62,268

SUPPLEMENTARY INFORMATION

**SOLANA BEACH SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 FOR THE YEAR ENDED JUNE 30, 2025**

The Solana Beach School District was established in 1925. The District boundaries include the City of Solana Beach, a portion of the City of Rancho Santa Fe, and portions of the unincorporated area of San Diego County. There were no changes to the District’s boundaries during the year. The District operates one preschool and seven elementary schools.

GOVERNING BOARD		
Name	Office	Term Expires
Dana King	President	November 2028
Debra H. Schade, Ph.D.	Vice President	November 2026
Gaylin Allbaugh	Clerk	November 2026
Katie Suel, Ph.D.	Member	November 2026
Jomi Richard	Member	November 2026

ADMINISTRATION
Jennifer Burks, Ed.D. <i>Superintendent</i>
Antonio Gurrola Jr. <i>Assistant Superintendent Business Services</i>
Sabrina Lee <i>Associate Superintendent Instructional Services</i>
Michael Reed <i>Assistant Superintendent Personnel Services</i>
John Leland <i>Assistant Superintendent Administrative Operations</i>

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<i>Passed Through California Department of Education</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	13523	\$ 223,621
School Breakfast Program	10.553	13525	77,875
National School Lunch Program Noncash Commodities	10.555	13391	124,161
Total Child Nutrition Cluster			425,657
Total U.S. Department of Agriculture			425,657
 U.S. Department of Education			
<i>Passed Through North Coastal Consortium Special Education Local Plan Area</i>			
Special Education IDEA Cluster			
IDEA Local Assistance - Private Schools	84.027	10115	44,187
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	375,370
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	21,711
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	161
Total Special Education IDEA Cluster			441,429
 <i>Passed Through California Department of Education</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	111,958
Title II, Part A, Supporting Effective Instruction	84.367	14341	31,948
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	10,400
Total U.S. Department of Education			595,735
Total Federal Financial Assistance			\$ 1,021,392

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

	Second Period Report <hr/> Certification No. 7C5EA13E	Annual Report <hr/> Certification No. D6B8F6D
Regular ADA		
Transitional Kindergarten through Third	1,382.85	1,387.25
Fourth through Sixth	1,125.51	1,129.87
Seventh and Eighth	-	-
Ninth through Twelfth	-	-
Total Regular ADA	<hr/> 2,508.36	<hr/> 2,517.12
Extended Year Special Education		
Transitional Kindergarten through Third	1.07	1.07
Fourth through Sixth	0.70	0.70
Seventh and Eighth	-	-
Ninth through Twelfth	-	-
Total Extended Year Special Education	<hr/> 1.77	<hr/> 1.77
Special Education, Nonpublic, Nonsectarian Schools		
Transitional Kindergarten through Third	-	-
Fourth through Sixth	0.95	0.95
Seventh and Eighth	-	-
Ninth through Twelfth	-	-
Total Special Education, Nonpublic, Nonsectarian Schools	<hr/> 0.95	<hr/> 0.95
Extended Year Special Education - Nonpublic		
Transitional Kindergarten through Third	-	-
Fourth through Sixth	0.25	0.25
Seventh and Eighth	-	-
Ninth through Twelfth	-	-
Total Extended Year Special Education - Nonpublic	<hr/> 0.25	<hr/> 0.25
ADA Totals	<hr/> 2,511.33	<hr/> 2,520.09

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025**

Grade Level	Minutes Requirement	Actual Minutes	Number of Days		Status
			Actual Day Offered	Multitrack Calendar	
Kindergarten	36,000	54,024	180	N/A	Complied
Grade 1	50,400	54,024	180	N/A	Complied
Grade 2	50,400	54,024	180	N/A	Complied
Grade 3	50,400	54,024	180	N/A	Complied
Grade 4	54,000	54,024	180	N/A	Complied
Grade 5	54,000	54,024	180	N/A	Complied
Grade 6	54,000	54,024	180	N/A	Complied

**SOLANA BEACH 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	\$ 68,926,859	\$ 67,562,503	\$ 64,986,573	\$ 64,723,126
Expenditures and Other Financing Uses	72,471,970	65,906,550	64,643,577	59,169,239
Net Change in Fund Balances	(3,545,111)	1,655,953	342,996	5,553,887
Ending Fund Balances	\$ 18,589,808	\$ 22,134,919	\$ 20,478,966	\$ 20,135,970
Available Reserves**	\$ 14,071,907	\$ 16,145,478	\$ 12,603,302	\$ 10,048,062
Available Reserves as a Percentage of Outgo	19.4%	24.5%	19.5%	17.0%
Long-term Debt	\$ 170,745,988	\$ 175,050,828	\$ 182,161,445	\$ 187,858,611
Average Daily District Attendance at P-2	2,443	2,511	2,620	2,593

The General Fund balance has increased by \$1,998,949 over the past two years. The fiscal year 2025-26 budget projects a decrease of \$3,545,111, or 16.02%. For a district this size, the State recommends available reserves of at least 3% percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2025-26 fiscal year. Total long-term liabilities have decreased by \$12,807,783 over the past two years.

Average daily attendance has decreased by 82 over the past two years. Additional decline of 68 ADA is anticipated during fiscal year 2025-26.

* 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, Special Reserve Fund for Other Than Capital Outlay Projects, and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

** Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the General Fund.

**SOLANA BEACH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2025**

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits	ChildCare Enterprise Fund
June 30, 2025 annual financial and budget report fund balance	\$ 22,134,919	\$ 4,813,712	\$ 9,076,043	\$ 3,555,440	\$ (2,021,236)
Adjustments and reclassifications					
Increase/(decrease) in total fund balances					
Fund balance transfer (GASB 54)	17,445,195	(4,813,712)	(9,076,043)	(3,555,440)	-
Net pension liability	-	-	-	-	582,409
Deferred outflows related to pensions	-	-	-	-	(313,864)
Deferred inflows related to pensions	-	-	-	-	(273,930)
Accumulated depreciation	-	-	-	-	(5,939)
Compensated absences	-	-	-	-	42,948
Net adjustments and reclassifications	17,445,195	(4,813,712)	(9,076,043)	(3,555,440)	31,624
June 30, 2025 audited financial statements fund balance	\$ 39,580,114	\$ -	\$ -	\$ -	\$ (1,989,612)

**SOLANA BEACH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2025**

There were no charter schools in the District during fiscal year 2024-25.

**SOLANA BEACH SCHOOL DISTRICT
COMBINING STATEMENTS – NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds	Total Non-Major Governmental Funds
	Cafeteria Special Revenue Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	
ASSETS						
Cash and equivalents	\$ 1,058,276	\$ 1,118,215	\$ 1,470,173	\$ 6,246,088	\$ 4,193,608	\$ 14,086,360
Accounts receivable	279,240	159,298	14,162	69,553	-	522,253
Due from other funds	1,145	-	-	25,813	-	26,958
Inventory	26,423	-	-	-	-	26,423
Total Assets	<u>\$ 1,365,084</u>	<u>\$ 1,277,513</u>	<u>\$ 1,484,335</u>	<u>\$ 6,341,454</u>	<u>\$ 4,193,608</u>	<u>\$ 14,661,994</u>
LIABILITIES						
Accrued liabilities	\$ 7,044	\$ 2,910	\$ 143,272	\$ -	\$ -	\$ 153,226
Due to other funds	83,632	373	-	-	-	84,005
Total Liabilities	<u>90,676</u>	<u>3,283</u>	<u>143,272</u>	<u>-</u>	<u>-</u>	<u>237,231</u>
FUND BALANCES						
Nonspendable	26,423	-	-	-	-	26,423
Restricted	1,247,985	1,274,230	1,341,063	4,544,821	4,193,608	12,601,707
Assigned	-	-	-	1,796,633	-	1,796,633
Total Fund Balances	<u>1,274,408</u>	<u>1,274,230</u>	<u>1,341,063</u>	<u>6,341,454</u>	<u>4,193,608</u>	<u>14,424,763</u>
Total Liabilities and Fund Balances	<u>\$ 1,365,084</u>	<u>\$ 1,277,513</u>	<u>\$ 1,484,335</u>	<u>\$ 6,341,454</u>	<u>\$ 4,193,608</u>	<u>\$ 14,661,994</u>

**SOLANA BEACH SCHOOL DISTRICT
COMBINING STATEMENTS – NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Total Non-Major Governmental Funds
	Cafeteria Revenue Fund	Foundation Special Revenue Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Debt Service for Blended Component Units Fund	
REVENUES							
Federal sources	\$ 425,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,657
Other state sources	1,706,267	-	-	-	12,269	-	1,718,536
Other local sources	187,226	719,783	255,983	315,265	5,262,595	-	6,740,852
Total Revenues	2,319,150	719,783	255,983	315,265	5,274,864	-	8,885,045
EXPENDITURES							
Current							
Instruction	-	577,689	-	-	-	-	577,689
Instruction-related services							
Instructional supervision and administration	-	84,000	-	-	-	-	84,000
Pupil services							
Food services	2,292,647	-	-	-	-	-	2,292,647
General administration							
All other general administration	61,784	-	15,593	-	-	-	77,377
Plant services	-	-	65,319	-	-	-	65,319
Facilities acquisition and maintenance	-	-	138,954	-	-	-	138,954
Debt service							
Principal	-	-	-	-	-	1,142,632	1,142,632
Interest and other	-	-	-	-	3,379,850	1,193,460	4,573,310
Redemptions	-	-	-	-	1,810,000	-	1,810,000
Total Expenditures	2,354,431	661,689	219,866	-	5,189,850	2,336,092	10,761,928
Excess/(Deficiency) of Revenues							
Over Expenditures	(35,281)	58,094	36,117	315,265	85,014	(2,336,092)	(1,876,883)
OTHER FINANCING SOURCES/(USES)							
Transfers in	-	-	-	25,813	-	2,336,092	2,361,905
Other Financing Sources/(Uses), Net	-	-	-	25,813	-	2,336,092	2,361,905
NET CHANGE IN FUND BALANCES	(35,281)	58,094	36,117	341,078	85,014	-	485,022
FUND BALANCES - BEGINNING	1,309,689	1,216,136	1,304,946	6,000,376	4,108,594	-	13,939,741
FUND BALANCES - ENDING	\$ 1,274,408	\$ 1,274,230	\$ 1,341,063	\$ 6,341,454	\$ 4,193,608	\$ -	\$ 14,424,763

**SOLANA BEACH SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

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.

Schedule of Expenditures of Federal Awards

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance of the District.

Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate: The District has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance

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 number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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.

**SOLANA BEACH SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the unaudited actual financial report to the audited financial statements.

Schedule of Charter Schools

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

Combining Statements – Non-Major Governmental Funds

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

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' 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

Governing Board
Solana Beach School District
Solana Beach, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Solana Beach School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies, as defined above. 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



San Diego, California

December 8, 2025



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

Governing Board
Solana Beach School District
Solana Beach, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Solana Beach School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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 Auditors' 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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CWDL, Certified Public Accountants

San Diego, California
December 8, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Governing Board
Solana Beach School District
Solana Beach, California

Report on Compliance

Opinion on State Compliance

We have audited Solana Beach School District's (the "District") compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. RESERVED	Not Applicable
D. Independent Study	Not Applicable
E. Continuation Education	Not Applicable
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratios of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable
K. Gann Limit Calculation	Yes

PROGRAM NAME	PROCEDURES PERFORMED
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	Not Applicable
N. Middle or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Yes
P. RESERVED	Not Applicable
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
TT. Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Not Applicable
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable
Z. Immunizations	Not Applicable
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
CZ. Career Technical Education Incentive Grant	Not Applicable
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Not Applicable
FZ. Kindergarten Continuance	Yes
Charter Schools:	
AA. Attendance	Not Applicable
BB. Mode of Instruction	Not Applicable
CC. Nonclassroom-Based Instruction/Independent Study	Not Applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE. Annual Instructional Minutes - Classroom Based	Not Applicable
FF. 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 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 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 8, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SOLANA BEACH 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>
Noncompliance 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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.173A	Special Education IDEA Cluster

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 weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SOLANA BEACH SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

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

**SOLANA BEACH SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section presents significant deficiencies, material weaknesses, and instances of noncompliance identified during the audit of the financial statements. These matters are reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>FIVE DIGIT CODE</u>	<u>AB3627 FINDING TYPES</u>
50000	Federal Compliance

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

**SOLANA BEACH SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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

**SOLANA BEACH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section presents findings and questioned costs identified in prior year audit related to financial statements, federal awards and state awards.

FINDING #2024-001: EXPANDED LEARNING OPPORTUNITIES PROGRAM REGISTRATION FORMS (40000)

Criteria: Pursuant to *California Education Code* Section 46120(g)(6), LEAs must demonstrate that students have been provided access to the Expanded Learning Opportunity Program (ELOP) by maintaining registration forms on file that have been signed by a parent or guardian.

Condition: Based on our review of ELOP registration procedures and related documentation, the District's template registration form does not include a space for the pupil's parent or guardian to sign and date.

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

Cause: Administrative oversight.

Questioned Costs: There are no questioned costs associated with this finding as we found no evidence to indicate that the District failed to meet ELOP offering or access requirements.

Repeat Finding: This is not a repeat finding.

Recommendation: The District should revise the ELOP registration form template to include a space for the pupil's parent or guardian to sign and date.

Corrective Action Plan: The District acknowledges the noncompliance identified in Finding #2024-001. The District will implement the following corrective action:

- Update Registration Forms - To include a designated area for the parent/guardian's signature and date
- Staff Training - To inform staff of registration form requirements
- Regular Audits of Registration Forms - To ensure compliance of future registration forms

Current Status

Implemented.