

Financial Statements
June 30, 2025

Santa Barbara Unified School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities.....	16
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds.....	26
Notes to Financial Statements.....	27
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	67
Budgetary Comparison Schedule – Child Development Fund	68
Schedule of Changes in the District’s Net OPEB Liability (Asset) and Related Ratios.....	69
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	71
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalSTRS	72
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalPERS	73
Schedule of the District’s Contributions – CalSTRS.....	74
Schedule of the District’s Contributions – CalPERS	75
Notes to Required Supplementary Information	76
Supplementary Information	
Schedule of Expenditures of Federal Awards	78
Schedule of Average Daily Attendance	80
Schedule of Instructional Time	81
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	83
Schedule of Financial Trends and Analysis	84
Schedule of Charter Schools	85
Combining Balance Sheet – Non-Major Governmental Funds	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds.....	87
Notes to Supplementary Information.....	88
Other Information	
Local Education Agency Organization Structure (Unaudited)	90

Independent Auditor’s Reports

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 91

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance 93

Independent Auditor’s Report on State Compliance and on Internal Control Over Compliance 96

Schedule of Findings and Questioned Costs

 Summary of Auditor’s Results..... 100

 Financial Statement Findings 101

 Federal Awards Findings and Questioned Costs..... 102

 State Compliance Findings and Questioned Costs..... 103

 Summary Schedule of Prior Audit Findings..... 105

Management Letter 107



Independent Auditor's Report

To the Governing Board
Santa Barbara Unified School District
Santa Barbara, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Barbara Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Barbara Unified School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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, 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.

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

Rancho Cucamonga, California
December 15, 2025



DR. HILDA MALDONADO
Superintendent

MEMBERS OF THE BOARD

GABE ESCOBEDO, PRESIDENT

WILLIAM BANNING, VICE PRESIDENT

ROSE MUÑOZ, CLERK

SUNITA BEALL

CELESTE KAFRI

This section of Santa Barbara Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ending June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the Santa Barbara Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in net position. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

Santa Barbara Unified School District completed its 2024-2025 fiscal year with an operating deficit of \$17,699,246 for the year. \$15,473,175 was allocated to the Special Reserve Fund for Other Than Capital Outlay Projects - Fund 17 bringing the total available reserves for 2024-2025 to \$34,965,277. The District will continue to monitor the reserve level to prepare for another possible financial crisis and to be able to fund the increase in employees' pension cost. The 2025-2026 interim projects a fund balance in the General Fund that meets the District's minimum recommended reserve requirement of three percent for the current and two subsequent years. The District is projected to be Community Funded/Basic Aid from 2019-2020 and beyond.

The District has a Public Agency Retirement Trust established to manage its Other Postemployment Benefits obligation. Currently, the fund has enough to pay 113.84% of the potential liability.

THE DISTRICT AS A WHOLE

Net Position

Santa Barbara Unified School District's net position was \$1,017,860 for the fiscal year ended June 30, 2025. Of this amount, \$(170,303,579) was unrestricted deficit. 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. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2025	2024*
Assets		
Current assets	\$ 206,070,784	\$ 215,491,436
Net OPEB asset	721,492	285,615
Capital assets	<u>332,779,703</u>	<u>336,548,361</u>
Total assets	<u>539,571,979</u>	<u>552,325,412</u>
Deferred Outflows of Resources	<u>61,641,205</u>	<u>65,035,163</u>
Liabilities		
Current liabilities	27,569,113	33,079,613
Long-term liabilities other than OPEB and pension	381,428,974	371,910,094
Net OPEB liability	527,984	642,435
Aggregate net pension liability	<u>166,897,551</u>	<u>189,903,195</u>
Total liabilities	<u>576,423,622</u>	<u>595,535,337</u>
Deferred Inflows of Resources	<u>23,771,702</u>	<u>15,086,538</u>
Net Position		
Net investment in capital assets	64,932,315	66,321,014
Restricted	106,389,124	96,425,310
Unrestricted (deficit)	<u>(170,303,579)</u>	<u>(156,007,624)</u>
Total net position	<u>\$ 1,017,860</u>	<u>\$ 6,738,700</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

The \$(170,303,579) in unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted deficit net position increased by \$(14,295,955) or 9.2% from the previous year.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	\$ 4,712,512	\$ 4,266,598
Operating grants and contributions	59,661,092	69,525,662
Capital grants and contributions	2,203,132	-
General revenues		
Federal and State aid not restricted	6,180,795	6,535,079
Property taxes	206,031,075	197,900,221
Other general revenues	8,532,864	10,256,009
Special item		
Gain on sale of land	15,419,462	-
Total revenues	302,740,932	288,483,569
Expenses		
Instruction-related	178,269,519	167,447,302
Pupil services	38,701,970	36,893,241
Administration	15,935,172	14,614,787
Plant services	25,931,979	24,874,663
All other services	32,620,391	30,621,863
Total expenses	291,459,031	274,451,856
Change in net position	\$ 11,281,901	\$ 14,031,713

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$291,459,031. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$206,031,075 because the cost was paid by those who benefited from the programs (\$4,712,512) or by other governments and organizations who subsidized certain programs with grants and contributions (\$61,864,224). \$15,419,462 gain from the sale of land was also recognized in the current year. The remaining "public benefit" portion of our governmental activities was paid for with \$14,713,659 in Federal and State funds, and with other revenues, like interest and general entitlements.

Table 3 presents the cost and net cost of each of the District's largest governmental activity functions: instruction, instruction-related activities, home-to-school transportation, food services, other pupil services, administration, plant services, ancillary services, community services, interest on long-term liabilities, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction	\$ 143,135,272	\$ 133,863,378	\$ (120,882,488)	\$ (106,817,216)
Instruction-related activities	35,134,247	33,583,924	(30,881,329)	(28,407,703)
Home-to-school transportation	4,918,165	3,388,390	(4,783,320)	(3,388,390)
Food services	9,650,001	9,496,420	(1,601,699)	(1,487,433)
Other pupil services	24,133,804	24,008,431	(18,253,946)	(17,248,734)
Administration	15,935,172	14,614,787	(14,495,518)	(12,193,460)
Plant services	25,931,979	24,874,663	(22,110,147)	(17,085,048)
Ancillary services	6,743,091	6,413,346	(1,455,120)	(1,825,433)
Community services	7,610,682	6,905,097	(812,657)	(508,682)
Interest on long-term liabilities	15,433,969	15,603,893	(15,433,969)	(15,603,893)
All other services	2,832,649	1,699,527	5,827,898	3,906,396
Total	\$ 291,459,031	\$ 274,451,856	\$ (224,882,295)	\$ (200,659,596)

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$182,356,906, which is a decrease of \$4,164,340, or 2.2% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General Fund	\$ 75,778,360	\$ 237,198,870	\$ 254,055,168	\$ 58,922,062
Child Development Fund	2,523,374	3,720,300	3,020,900	3,222,774
Building Fund	40,016,307	2,482,759	7,771,357	34,727,709
Special Reserve Fund For Capital Outlay Projects	2,746,803	18,307,910	1,732,274	19,322,439
Bond Interest and Redemption Fund	42,032,551	27,472,521	22,358,896	47,146,176
Student Activity Fund	1,986,868	5,153,512	4,956,598	2,183,782
Charter School Fund	757,201	3,620,892	3,754,428	623,665
Cafeteria Fund	1,451,636	8,348,864	8,903,499	897,001
Capital Facilities Fund	3,650,076	1,637,282	452,679	4,834,679
County School Facilities Fund	15,578,070	2,203,132	7,304,583	10,476,619
Total	\$ 186,521,246	\$ 310,146,042	\$ 314,310,382	\$ 182,356,906

The primary reasons for these increases/decreases are:

- The decrease is due to the spending of one-time funds, negotiated increases to salaries and benefits and capital and bond funds projects that either are in process or are being completed. This decrease is offset by proceeds from the sale of land.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to reflect changes in revenues and expenditures. The 2024-2025 budget was adopted on June 25, 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 67.) Some of the significant changes in the budget include:

- Revenue increased due to additional: local property tax funds, federal grant funds (Titles & one-time funds), State lottery funds, Arts and Music in Schools (Prop 28), interest, Medi-Cal reimbursements, and local restricted donations.
- Salaries and benefits did not originally include the negotiated 10 percent increase, which were settled after the start of the year.

- Special Education costs came in lower than projected due to reduced legal costs and contracted services expenditures.
- Materials and supplies came in lower than expected for school sites and departments.
- Utilities and insurance were higher than anticipated. Repairs, legal, catering and contracts were lower than expected.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$332,779,703 in a broad range of capital assets (net of depreciation and amortization), including land and construction in process, land improvements, buildings and improvements, furniture and equipment, and right-to-use leased assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of \$3,768,658, or 1.1%, from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in process	\$ 44,850,956	\$ 72,698,898
Land improvements	17,133,115	18,254,868
Buildings and improvements	255,551,194	231,083,198
Furniture and equipment	14,688,888	13,715,802
Right-to-use leased assets	555,550	795,595
Total	\$ 332,779,703	\$ 336,548,361

Several capital projects occurred in the 2024-2025 year including Goleta Valley Sewer Line Replacement, new classrooms at Adams Elementary, the VADA project at Santa Barbara High School, Santa Barbara Community Academy Makerspace, Santa Barbara High School Baseball Field and Site Improvements, Adams Elementary Sewer Line Replacement, and the Goleta Valley Junior High School Portable Replacement. Multiple portable replacement projects were completed during 2024-2025, which led to a significant reduction in construction in process.

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

Long-Term Liabilities Other Than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had \$381,428,974 in long-term liabilities other than OPEB and Pension outstanding versus \$371,910,094 last year, an increase of \$9,518,880, or 2.6%. Those consisted of:

Table 6

	Governmental Activities	
	2025	2024*
General obligation bonds - net of unamortized premiums	\$ 353,851,508	\$ 361,794,948
Purchase agreements	4,281,920	4,763,410
Leases	567,117	805,137
Compensated absences	21,908,129	3,572,031
Revolving Loan Fund	820,300	974,568
Total	\$ 381,428,974	\$ 371,910,094

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

The District's general obligation bond rating is "(Aa2 issuer & Aa1 GOULT)". The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. In November of 2016, the Santa Barbara voters passed General Obligation Bonds in the amounts of \$135 million for the unified district and \$58 million for the SFID #1 for a total of \$193 million. On September 28, 2022, the District sold the final \$35 million in the unified district and \$18 million in the SFID. In November of 2017, the District refunded \$32 million dollars; \$7 million were capital appreciation bonds that converted to capital interest bonds saving taxpayers \$9.8 million over the life of the bonds.

The obligation for compensated absences increased significantly due to the adoption of Governmental Standards Board (GASB) Statement No 101. Accrued sick leave is now being included in the compensated absences total along with unused vacation balances.

Other obligations include purchase agreements, leases, and a revolving loan fund. We present more detailed information regarding our long-term liabilities in the Notes to the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a net OPEB liability of \$527,984 versus \$642,435 last year, a decrease of \$114,451, or 17.8%.

In addition, at year-end, the District has an aggregate net pension liability of \$166,897,551 versus \$189,903,195 last year, a decrease of \$23,005,644, or 12.1%.

We present more detailed information regarding our OPEB and Pension liabilities in the Notes to the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW:

The District has been working on new construction and modernization projects which include the following: Adams Elementary School New Classrooms, the VADA project at Santa Barbara High School, Santa Barbara Community Academy Makerspace, and the Goleta Valley Junior High School Portable Replacement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2025-2026 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. The District's property tax revenue is based on the estimates provided from Santa Barbara County. The District continues to decline in enrollment as does the State of California as a whole.
2. The ending of one-time COVID-19 funds.
3. Food Service has a balance this year but may require a contribution from the General Fund even with increases to State and Federal funding. All students may have a free breakfast and lunch no matter their family's economic status.
4. The District's funding priorities are designed to provide an equitable education for all students. LCAP funding is allocated to provide additional support to our students who are homeless, in poverty, English language learners, and disabled.
5. Developer fee collections are based on approximate new housing units to be constructed.
6. Special Education costs continue to increase. The special education and the fiscal departments continue to look for ways to control costs. A contribution from the General Fund is expected.

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 Conrad Tedeschi, CPA, Assistant Superintendent, Business Services, at Santa Barbara Unified School District, 720 Santa Barbara Street, Santa Barbara, California, or e-mail at ctedeschi@sbunified.org.

Santa Barbara Unified School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 189,205,684
Receivables	16,623,644
Prepaid expenses	194,738
Stores inventories	46,718
Net OPEB asset	721,492
Capital assets not depreciated or amortized	44,850,956
Capital assets, net of accumulated depreciation and amortization	287,928,747
Total assets	539,571,979
Deferred Outflows of Resources	
Deferred charge on refunding	5,763,517
Deferred outflows of resources related to OPEB	64,834
Deferred outflows of resources related to pensions	55,812,854
Total deferred outflows of resources	61,641,205
Liabilities	
Overdrafts	419,848
Accounts payable	19,821,990
Accrued interest payable	4,038,471
Unearned revenue	3,288,804
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,231,978
Long-term liabilities other than OPEB and pensions due in more than one year	363,196,996
Net other postemployment benefits (OPEB) liability due in more than one year	527,984
Aggregate net pension liability	166,897,551
Total liabilities	576,423,622
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,604,453
Deferred inflows of resources related to pensions	21,167,249
Total deferred inflows of resources	23,771,702
Net Position	
Net investment in capital assets	64,932,315
Restricted for	
Debt service	43,107,705
Capital projects	33,147,912
Educational programs	23,767,948
Other activities	6,365,559
Unrestricted (deficit)	(170,303,579)
Total net position	\$ 1,017,860

Santa Barbara Unified School District
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 143,135,272	\$ 1,415,045	\$ 18,634,607	\$ 2,203,132	\$ (120,882,488)
Instruction-related activities					
Supervision of instruction	16,580,918	521,078	3,213,007	-	(12,846,833)
Instructional library, media, and technology	2,310,002	3,637	122,033	-	(2,184,332)
School site administration	16,243,327	13,851	379,312	-	(15,850,164)
Pupil services					
Home-to-school transportation	4,918,165	-	134,845	-	(4,783,320)
Food services	9,650,001	377,047	7,671,255	-	(1,601,699)
All other pupil services	24,133,804	720,008	5,159,850	-	(18,253,946)
Administration					
Data processing	4,148,194	-	180,944	-	(3,967,250)
All other administration	11,786,978	16,181	1,242,529	-	(10,528,268)
Plant services	25,931,979	441,411	3,380,421	-	(22,110,147)
Ancillary services	6,743,091	14,527	5,273,444	-	(1,455,120)
Community services	7,610,682	7,545	6,790,480	-	(812,657)
Interest on long-term liabilities	15,433,969	-	-	-	(15,433,969)
Other outgo	2,832,649	1,182,182	7,478,365	-	5,827,898
Total governmental activities	\$ 291,459,031	\$ 4,712,512	\$ 59,661,092	\$ 2,203,132	(224,882,295)
General Revenues and Subventions					
Property taxes, levied for general purposes					179,990,517
Property taxes, levied for debt service					25,221,605
Taxes levied for other specific purposes					818,953
Federal and State aid not restricted to specific purposes					6,180,795
Interest, investment earnings and change in fair market valuations					4,286,927
Miscellaneous					4,245,937
Subtotal, general revenues and subventions					220,744,734
Special Item					
Gain on the sale of land (Note 4)					15,419,462
Change in Net Position					11,281,901
Net Position - Beginning, as previously reported					6,738,700
Adjustments (Note 15)					(17,002,741)
Net Position (deficit) - Beginning, as restated					(10,264,041)
Net Position - Ending					\$ 1,017,860

Santa Barbara Unified School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Child Development Fund	Building Fund	Special Reserve Fund For Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets							
Deposits and investments	\$ 65,877,090	\$ 4,319,058	\$ 34,638,479	\$ 19,178,809	\$ 46,785,168	\$ 18,066,824	\$ 188,865,428
Receivables	14,218,856	41,299	286,008	159,568	361,008	1,554,133	16,620,872
Due from other funds	175,717	-	-	-	-	174,266	349,983
Prepaid expenditures	164,738	-	30,000	-	-	-	194,738
Stores inventories	6,058	-	-	-	-	40,660	46,718
Total assets	\$ 80,442,459	\$ 4,360,357	\$ 34,954,487	\$ 19,338,377	\$ 47,146,176	\$ 19,835,883	\$ 206,077,739
Liabilities and Fund Balances							
Liabilities							
Overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 419,848	\$ 419,848
Accounts payable	19,070,543	124,395	226,778	15,938	-	224,544	19,662,198
Due to other funds	174,266	-	-	-	-	175,717	349,983
Unearned revenue	2,275,588	1,013,188	-	-	-	28	3,288,804
Total liabilities	21,520,397	1,137,583	226,778	15,938	-	820,137	23,720,833
Fund Balances							
Nonspendable	170,796	-	30,000	-	-	51,210	252,006
Restricted	23,767,948	2,909,717	34,697,709	17,836,614	47,146,176	18,583,904	144,942,068
Assigned	18,041	313,057	-	1,485,825	-	380,632	2,197,555
Unassigned	34,965,277	-	-	-	-	-	34,965,277
Total fund balances	58,922,062	3,222,774	34,727,709	19,322,439	47,146,176	19,015,746	182,356,906
Total liabilities and fund balances	\$ 80,442,459	\$ 4,360,357	\$ 34,954,487	\$ 19,338,377	\$ 47,146,176	\$ 19,835,883	\$ 206,077,739

Santa Barbara Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balance - Governmental Funds \$ 182,356,906

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 566,816,495
Accumulated depreciation and amortization is	<u>(234,036,792)</u>

Net capital assets	332,779,703
--------------------	-------------

In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. on the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred. (4,038,471)

An Internal Service Fund is used by the District's management to charge the costs of the dental and vision insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position. 183,236

Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to

Deferred charge on refunding	5,763,517
Net OPEB asset	64,834
Aggregate net pension liability	<u>55,812,854</u>

61,641,205

The District's net OPEB asset is not available in the current period, and is not reported as an asset in the funds. 721,492

Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amounted to and related to

Net OPEB asset	(2,604,453)
Aggregate net pension liability	<u>(21,167,249)</u>

(23,771,702)

Santa Barbara Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (166,897,551)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(527,984)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	\$ (289,842,934)	
Unamortized premium on issuance	(13,616,643)	
Purchase agreements	(4,281,920)	
Leases	(567,117)	
Compensated absences	(21,908,129)	
Revolving loan fund	(820,300)	
In addition, the District has issued "capital appreciation" general obligation bonds. The accretion of interest on the general obligation bonds to date is	<u>(50,391,931)</u>	
Total long-term liabilities		<u>(381,428,974)</u>
Total net position - governmental activities		<u><u>\$ 1,017,860</u></u>

Santa Barbara Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Child Development Fund	Building Fund	Special Reserve Fund For Capital Outlay Projects
Revenues				
Local Control Funding Formula (LCFF)	\$ 179,078,965	\$ -	\$ -	\$ -
Federal sources	7,838,417	186,929	-	-
Other State sources	25,351,236	3,132,623	-	-
Other local sources	<u>23,509,385</u>	<u>400,748</u>	<u>2,482,759</u>	<u>1,649,987</u>
Total revenues	<u>235,778,003</u>	<u>3,720,300</u>	<u>2,482,759</u>	<u>1,649,987</u>
Expenditures				
Current				
Instruction	137,073,636	-	-	-
Instruction-related activities				
Supervision of instruction	16,852,332	-	-	-
Instructional library, media, and technology	2,377,463	-	-	-
School site administration	16,156,390	-	-	-
Pupil services				
Home-to-school transportation	4,860,647	-	-	-
Food services	410,414	17,091	-	-
All other pupil services	23,630,061	-	-	-
General administration				
Data processing	3,906,579	-	-	-
All other general administration	10,746,498	145,825	-	-
Plant services	25,091,896	66,228	-	-
Ancillary services	1,806,619	-	-	-
Community services	4,935,059	2,791,756	-	-
Other outgo	2,832,649	-	-	-
Facility acquisition and construction	304,593	-	7,771,357	1,732,274
Debt service				
Principal	2,140,377	-	-	-
Interest and other	<u>826,068</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>253,951,281</u>	<u>3,020,900</u>	<u>7,771,357</u>	<u>1,732,274</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(18,173,278)</u>	<u>699,400</u>	<u>(5,288,598)</u>	<u>(82,287)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	1,198,000
Other sources - purchase agreements	1,420,867	-	-	-
Other sources - revolving loan fund	-	-	-	-
Transfers out	<u>(103,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Financing Sources (Uses)	<u>1,316,980</u>	<u>-</u>	<u>-</u>	<u>1,198,000</u>
Special Item				
Proceeds from the sale of land (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,459,923</u>
Net Change in Fund Balances	(16,856,298)	699,400	(5,288,598)	16,575,636
Fund Balance - Beginning, as previously reported	75,778,360	-	40,016,307	-
Adjustments (Note 15)	-	2,523,374	-	2,746,803
Fund Balance - Beginning, as restated	<u>75,778,360</u>	<u>2,523,374</u>	<u>40,016,307</u>	<u>2,746,803</u>
Fund Balances - Ending	<u>\$ 58,922,062</u>	<u>\$ 3,222,774</u>	<u>\$ 34,727,709</u>	<u>\$ 19,322,439</u>

Santa Barbara Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula (LCFF)	\$ -	\$ 3,015,811	\$ 182,094,776
Federal sources	-	4,541,275	12,566,621
Other State sources	56,353	5,140,809	33,681,021
Other local sources	27,416,168	8,140,900	63,599,947
Total revenues	<u>27,472,521</u>	<u>20,838,795</u>	<u>291,942,365</u>
Expenditures			
Current			
Instruction	-	2,554,959	139,628,595
Instruction-related activities			
Supervision of instruction	-	-	16,852,332
Instructional library, media, and technology	-	-	2,377,463
School site administration	-	538,774	16,695,164
Pupil services			
Home-to-school transportation	-	57,518	4,918,165
Food services	-	8,565,397	8,992,902
All other pupil services	-	130,521	23,760,582
General administration			
Data processing	-	-	3,906,579
All other general administration	-	595,557	11,487,880
Plant services	-	228,013	25,386,137
Ancillary services	-	4,956,598	6,763,217
Community services	-	56,083	7,782,898
Other outgo	-	-	2,832,649
Facility acquisition and construction	-	6,315,099	16,123,323
Debt service			
Principal	11,005,000	175,268	13,320,645
Interest and other	11,353,896	-	12,179,964
Total expenditures	<u>22,358,896</u>	<u>24,173,787</u>	<u>313,008,495</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,113,625</u>	<u>(3,334,992)</u>	<u>(21,066,130)</u>
Other Financing Sources (Uses)			
Transfers in	-	103,887	1,301,887
Other sources - purchase agreements	-	-	1,420,867
Other sources - revolving loan fund	-	21,000	21,000
Transfers out	-	(1,198,000)	(1,301,887)
Net Financing Sources (Uses)	<u>-</u>	<u>(1,073,113)</u>	<u>1,441,867</u>
Special Item			
Proceeds from the sale of land (Note 4)	-	-	15,459,923
Net Change in Fund Balances	5,113,625	(4,408,105)	(4,164,340)
Fund Balance - Beginning, as previously reported	42,032,551	28,694,028	186,521,246
Adjustments (Note 15)	-	(5,270,177)	-
Fund Balance - Beginning, as restated	<u>42,032,551</u>	<u>23,423,851</u>	<u>186,521,246</u>
Fund Balances - Ending	<u>\$ 47,146,176</u>	<u>\$ 19,015,746</u>	<u>\$ 182,356,906</u>

Santa Barbara Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (4,164,340)

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

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

Depreciation and amortization expense	\$ (20,159,049)
Capital outlay	<u>16,430,852</u>

Net expense adjustment (3,728,197)

Equipment and copiers acquired this year were financed with purchase agreements. The amount financed by the agreements is reported in the governmental funds as a source of financing. On the other hand, the agreements are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (1,420,867)

In the Statement of Activities, certain operating expenses, such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used. (1,333,357)

In the statement of activities, only the gain on the sale of the unimproved land is reported, whereas in the in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land sold. (40,461)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and aggregate net pension liability during the year. 10,913,358

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and net OPEB liability (asset) during the year. 991,545

Santa Barbara Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2025

Proceeds received from a loan is a revenue in the governmental funds, but increases long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

Revolving loan fund		\$ (21,000)
---------------------	--	-------------

Repayment of bond principal is an expenditure in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities

General obligation bonds	\$ 11,005,000	
Purchase agreements	1,902,357	
Leases	238,020	
Other long-term liabilities	<u>175,268</u>	

Combined adjustment		13,320,645
---------------------	--	------------

Governmental funds report the effect of premiums, discounts, issuance costs, and the deferred charge on a refunding when debt is first issued, whereas these amounts are deferred and amortized on the Statement of Activities. This amount is the net effect of these related items

Amortization of premium	1,165,510	
Amortization of deferred charge on refunding	<u>(428,053)</u>	

Combined adjustment		737,457
---------------------	--	---------

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds decreased by \$235,608, and second, \$4,227,070 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(3,991,462)

An Internal Service Fund is used by the District's management to charge the costs of the dental and vision insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

18,580

Change in net position of governmental activities		<u><u>\$ 11,281,901</u></u>
---	--	-----------------------------

Santa Barbara Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2025

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current Assets	
Deposits and investments	\$ 340,256
Receivables	<u>2,772</u>
Total current assets	<u>343,028</u>
Liabilities	
Current Liabilities	
Accounts payable	<u>159,792</u>
Net Position	
Restricted	<u><u>\$ 183,236</u></u>

Santa Barbara Unified School District
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
Year Ended June 30, 2025

	<u>Governmental Activities - Internal Service Fund</u>
Nonoperating Revenues	
Interest income and change in fair market valuation	\$ 18,580
Change in Net Position	18,580
Total Net Position - Beginning	<u>164,656</u>
Total Net Position - Ending	<u><u>\$ 183,236</u></u>

Santa Barbara Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	<u>Governmental Activities - Internal Service Fund</u>
Investing Activities	
Interest and change in fair market valuation	<u>\$ 18,118</u>
Net increase in Cash and Cash Equivalents	18,118
Cash and Cash Equivalents - Beginning	<u>322,138</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 340,256</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Santa Barbara Unified School District (the District) was unified July 1, 2011, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates ten elementary schools, four junior high schools, three high schools, one continuation high school, one charter school, and two alternative schools.

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

Other Related Entities

Charter Schools The District has approved Charters for Santa Barbara Charter School, Adelante Charter School, and Peabody Charter School pursuant to *Education Code* Section 47605. The Santa Barbara Charter School is operated by the District, and its financial activities are presented in the Charter Schools Non-Major Governmental Fund. Adelante Charter School and Peabody Charter School are operated independently and are not considered component units of the District. The District receives revenue on behalf of the Charter Schools which it passes on to the Charters.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the *California State Accounting Manual* (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$15,473,175.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Building Fund The Building 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.

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

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued by the District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

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

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

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

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

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operated a self-insurance program for workers' compensation in previous reporting periods. Ongoing activity (tail claims) for the program is accounted for in the Internal Service Fund.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each governmental function and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation and amortization of capital assets. 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years. Land is not depreciated.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to five years.

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

Debt premiums, discounts, and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Revolving Loan Fund

Other long-term debt consists of amounts outstanding at year end for a Revolving Loan Fund. The loan was entered into to facilitate the funding of energy efficiency projects, as declared by public policy of the County of Los Angeles.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$106,389,124 of net position restricted by enabling legislation.

Interfund Activity

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

Operating Revenues and Expenses - Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds as needed for administration of the run-off claims for the previously self-insured dental and vision program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 15.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 188,865,428
Proprietary funds	<u>340,256</u>
Total deposits and investments	<u><u>\$ 189,205,684</u></u>

Deposits and investments as of June 30, 2025, consisted of the following:

Cash on hand and in banks	\$ 2,202,278
Cash in revolving	12,536
Investments	<u>186,990,870</u>
Total deposits and investments	<u><u>\$ 189,205,684</u></u>

Policies and Practices

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

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

General Authorizations

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

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

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 Santa Barbara County Investment Pool. The District maintains an investment of \$186,990,870, with the Santa Barbara County Treasurer Investment Pool, with an average weighted maturity of 664 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 District's investment in the Santa Barbara County Treasurer Investment Pool is not required to be rated, nor has been rated as of June 30, 2025.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110%

of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, \$2,165,805 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Child Development Fund</u>	<u>Building Fund</u>	<u>Special Reserve Fund For Capital Outlay Projects</u>
Federal Government				
Categorical aid	\$ 4,324,037	\$ -	\$ -	\$ -
State Government				
LCFF apportionment	1,039,830	-	-	-
Categorical aid	2,129,308	-	-	-
Lottery	775,264	-	-	-
Special education	742,016	-	-	-
Local Government				
Interest	671,101	41,299	286,008	105,087
Other Local Sources	<u>4,537,300</u>	<u>-</u>	<u>-</u>	<u>54,481</u>
Total	<u><u>\$ 14,218,856</u></u>	<u><u>\$ 41,299</u></u>	<u><u>\$ 286,008</u></u>	<u><u>\$ 159,568</u></u>
	<u>Bond Interest and Redemption Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Federal Government				
Categorical aid	\$ -	\$ 704,129	\$ -	\$ 5,028,166
State Government				
LCFF apportionment	-	-	-	1,039,830
Categorical aid	-	602,345	-	2,731,653
Lottery	-	11,335	-	786,599
Special education	-	11,483	-	753,499
Local Government				
Interest	361,008	130,784	2,772	1,598,059
Other Local Sources	<u>-</u>	<u>94,057</u>	<u>-</u>	<u>4,685,838</u>
Total	<u><u>\$ 361,008</u></u>	<u><u>\$ 1,554,133</u></u>	<u><u>\$ 2,772</u></u>	<u><u>\$ 16,623,644</u></u>

Note 4 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 13,504,843	\$ -	\$ (40,461)	\$ 13,464,382
Construction in process	59,194,055	16,731,699	(44,539,180)	31,386,574
Total capital assets not being depreciated or amortized	72,698,898	16,731,699	(44,579,641)	44,850,956
Capital assets being depreciated and amortized				
Land improvements	32,989,150	488,075	-	33,477,225
Buildings and improvements	408,943,491	40,815,865	-	449,759,356
Furniture and equipment	35,122,030	2,934,393	(644,975)	37,411,448
Right-to-use leased furniture and equipment	1,317,510	-	-	1,317,510
Total capital assets being depreciated	478,372,181	44,238,333	(644,975)	521,965,539
Total capital assets	551,071,079	60,970,032	(45,224,616)	566,816,495
Less accumulated depreciation				
Land improvements	(14,734,282)	(1,609,828)		(16,344,110)
Buildings and improvements	(177,860,293)	(16,347,869)		(194,208,162)
Furniture and equipment	(21,406,228)	(1,961,307)	644,975	(22,722,560)
Right-to-use leased furniture and equipment	(521,915)	(240,045)	-	(761,960)
Total accumulated depreciation	(214,522,718)	(20,159,049)	644,975	(234,036,792)
Net depreciable and amortizable capital assets	263,849,463	24,079,284	-	287,928,747
Governmental activities capital assets, net	\$ 336,548,361	\$ 40,810,983	\$ (44,579,641)	\$ 332,779,703

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 15,833,602
School site administration	17,354
Food services	989,600
All other pupil services	989,600
All other general administration	609,149
Data processing	395,839
Plant services	1,323,905
Total depreciation and amortization expense governmental activities	\$ 20,159,049

Special Item – Sale of Land

In the current fiscal year, the District sold land for \$15,459,923 and recognized a gain on the sale of \$15,419,462. The Governing Board authorized this one-time transaction, a decision fully within the control of management. The sale is considered a special item because the sale is infrequent and unusual in nature for the government’s operations. The net proceeds were deposited in the Special Reserve Fund for Capital Outlay projects and restricted for future capital outlay needs.

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2025, between major funds and non-major governmental funds are as follows:

Due To	Due From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 175,717	\$ 175,717
Non-Major Governmental Funds	174,266	-	174,266
Total	\$ 174,266	\$ 175,717	\$ 349,983

A balance of \$175,717 is due to the General Fund from the Charter Schools Non-Major Governmental Fund for facilities and administrative fees.

A balance of \$174,266 is due to the Charter School Non-Major Governmental Fund from the General Fund for the class size contribution.

Operating Transfers

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

The General Fund transferred to the Charter Schools Non-Major Governmental Fund for class size reduction.	\$ 103,887
The County Schools Facility Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for Prop 51 funding received.	1,198,000
Total	\$ 1,301,887

Note 6 - Accounts Payable

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

	<u>General Fund</u>	<u>Child Development Fund</u>	<u>Building Fund</u>	<u>Special Reserve Fund For Capital Outlay Projects</u>
Salaries and benefits	\$ 14,793,846	\$ 17,355	\$ -	\$ -
Due to CDE	-	13,219	-	-
Due to other LEAs	811,768	-	-	-
Other vendor payables	<u>3,464,929</u>	<u>93,821</u>	<u>226,778</u>	<u>15,938</u>
Total	<u>\$ 19,070,543</u>	<u>\$ 124,395</u>	<u>\$ 226,778</u>	<u>\$ 15,938</u>
		<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Salaries and benefits		\$ 13,425	\$ -	\$ 14,824,626
Due to CDE		2,250	-	15,469
Due to other LEAs		-	-	811,768
Other vendor payables		<u>208,869</u>	<u>159,792</u>	<u>4,170,127</u>
Total		<u>\$ 224,544</u>	<u>\$ 159,792</u>	<u>\$ 19,821,990</u>

Note 7 - Unearned Revenue

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

	<u>General Fund</u>	<u>Child Development Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal financial assistance	\$ 193,377	\$ 229,123	\$ -	\$ 422,500
State categorical aid	<u>2,082,211</u>	<u>784,065</u>	<u>28</u>	<u>2,866,304</u>
Total	<u>\$ 2,275,588</u>	<u>\$ 1,013,188</u>	<u>\$ 28</u>	<u>\$ 3,288,804</u>

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities during the year consisted of the following:

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
General obligation bonds	\$ 347,012,795	\$ 4,227,070	\$ (11,005,000)	\$ 340,234,865	\$ 11,430,000
Premium on issuance	14,782,153	-	(1,165,510)	13,616,643	-
Purchase agreements	4,763,410	1,420,867	(1,902,357)	4,281,920	1,775,287
Leases	805,137	-	(238,020)	567,117	250,440
Compensated absences	20,574,772	-	1,333,357	21,908,129	4,528,253
Revolving loan fund	974,568	21,000	(175,268)	820,300	247,998
Total	\$ 388,912,835	\$ 5,668,937	\$ (13,152,798)	\$ 381,428,974	\$ 18,231,978

The change in compensated absences is presented as a net change.

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the purchase agreements and leases are made by the General Fund. The revolving loan fund will be paid by the Capital Facilities Fund.

General Obligations Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2025
5/4/11	8/1/41	5.81-7.39%	\$ 14,998,229	\$ 27,880,132	\$ -	\$ 701,106	\$ -	\$ 28,581,238
5/4/11	8/1/41	6.77-10.20%	15,798,211	30,168,991	-	2,306,386	-	32,475,377
5/4/11	8/1/25	5.17-5.72%	9,200,000	3,930,000	-	-	(1,815,000)	2,115,000
6/5/12	8/1/45	2.54-12.00%	14,997,218	26,058,672	-	1,219,578	-	27,278,250
6/5/12	8/1/45	2.00-5.00%	16,160,000	7,015,000	-	-	(1,055,000)	5,960,000
6/14/12	8/1/29	2.00-5.00%	11,745,000	4,305,000	-	-	(860,000)	3,445,000
12/9/14	8/1/30	2.00-3.00%	14,235,000	7,665,000	-	-	(950,000)	6,715,000
3/21/17	8/1/41	3.75-5.00%	50,000,000	38,680,000	-	-	(585,000)	38,095,000
3/21/17	8/1/41	3.00-5.00%	20,000,000	17,045,000	-	-	(340,000)	16,705,000
11/2/17	8/1/31	2.00-5.00%	20,680,000	15,985,000	-	-	(835,000)	15,150,000
11/2/17	8/1/31	2.00-5.00%	12,190,000	7,520,000	-	-	-	7,520,000
2/27/19	8/1/44	4.00-5.00%	50,000,000	44,900,000	-	-	-	44,900,000
2/27/19	8/1/44	3.25-5.00%	20,000,000	16,650,000	-	-	-	16,650,000
6/30/20	8/1/38	0.410-2.652%	34,380,000	32,610,000	-	-	(1,245,000)	31,365,000
6/30/20	8/1/38	0.410-2.652%	17,375,000	16,440,000	-	-	(1,185,000)	15,255,000
10/19/22	8/1/41	4.00-5.00%	35,000,000	33,065,000	-	-	(1,505,000)	31,560,000
10/19/22	8/1/41	4.00-5.00%	18,000,000	17,095,000	-	-	(630,000)	16,465,000
				<u>\$ 347,012,795</u>	<u>\$ -</u>	<u>\$ 4,227,070</u>	<u>\$ (11,005,000)</u>	<u>\$ 340,234,865</u>

The bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest to Maturity</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2026	\$ 11,430,000	\$ -	\$ 9,770,557	\$ 21,200,557
2027	12,313,696	66,304	9,341,231	21,721,231
2028	13,158,024	116,976	9,453,518	22,728,518
2029	13,290,000	-	9,528,807	22,818,807
2030	13,135,000	-	7,740,349	20,875,349
2031-2035	82,745,470	5,831,677	40,990,671	129,567,818
2036-2040	99,434,687	32,663,094	25,914,359	158,012,140
2041-2045	82,334,066	34,579,317	12,036,821	128,950,204
2046-2050	12,393,922	1,766,083	783,540	14,943,545
Total	\$ 340,234,865	\$ 75,023,451	\$ 125,559,853	\$ 540,818,169

Purchase Agreements

The District has entered into several agreements to purchase certain types of noncapitalized equipment, such as copiers, computers, and iPads. The District's liability on the purchase agreements is summarized below:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,775,287	\$ 186,108	\$ 1,961,395
2027	1,368,963	116,812	1,485,775
2028	752,493	62,752	815,245
2029	385,177	19,974	405,151
Total	\$ 4,281,920	\$ 385,646	\$ 4,667,566

Leases

The District has entered into agreements to lease equipment and vehicles. As of June 30, 2025, the District recognized a right-to-use asset of \$555,550 and a lease liability of \$567,117 related to these agreements. The District is required to make principal and interest payments through 2028. The interest rates on the lease range from 5.00 to 6.00%.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 250,440	\$ 24,258	\$ 274,698
2027	188,904	12,475	201,379
2028	127,773	4,037	131,810
Total	<u>\$ 567,117</u>	<u>\$ 40,770</u>	<u>\$ 607,887</u>

Revolving Loan Fund

The District has entered into a revolving loan fund with the County of Los Angeles to facilitate the funding of energy efficiency projects. The District's liability on the revolving loan fund is summarized below:

Year Ending June 30,	Total
2026	\$ 247,998
2027	175,268
2028	175,268
2029	221,766
Total	<u>\$ 820,300</u>

Note 9 - Net Other Postemployment Benefit (OPEB) Liability (Asset)

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 for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ (721,492)	\$ 64,834	\$ 2,604,453	\$ (646,156)
Medicare Premium Payment (MPP) Program	527,984	-	-	(114,451)
Total	<u>\$ (193,508)</u>	<u>\$ 64,834</u>	<u>\$ 2,604,453</u>	<u>\$ (760,607)</u>

The details of each plan are as follows:

District Plan

Plan Administration

The Public Agency Retirement Services (PARS) administers the District's Postemployment Benefits Plan (the Plan). The Plan is a multi-agent employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Financial information for PARS can be found on the PARS website at: <https://www.pars.org>.

Plan Membership

At July 1, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Active employees	<u>1,067</u>
	<u>1,289</u>

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Santa Barbara Teacher’s Association (SBTA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, SBTA, CSEA, and the unrepresented groups, are based on availability of funds. For the measurement period of June 30, 2024, the District contributed \$230,938 to the Plan, which was used for current premiums. For the current fiscal year, the District determined a contribution was not required.

Net OPEB Asset of the District

The District's net OPEB asset of \$721,492 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2023. The components of the net OPEB asset of the District at June 30, 2024, were as follows:

Total OPEB liability	\$ 5,211,528
Plan fiduciary net position	<u>(5,933,020)</u>
District's net OPEB asset	<u>\$ (721,492)</u>
Plan fiduciary net position as a percentage of the total OPEB asset	<u>113.84%</u>

Actuarial Assumptions

The net OPEB asset as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2023 and rolling forward the net OPEB asset to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.21%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.10%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Dental/vision	5.00%
Medical, Pre Medicare	7.47%
Medical, Post Medicare	7.89%

The investment rate of return was based on assumed long-term return on plan assets assuming 100% funding through PARS.

Mortality rates were based on the Pub-2010 headcount-weighted tables with generational future improvement scale MP-201.

The long-term expected rate of return on the OPEB plan investment was determined using rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. The average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Bank Income Multi Manager	100%	4.97%

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

Changes in the Net OPEB Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (Asset) (a) - (b)</u>
Balance at June 30, 2023 (measurement date)	\$ 5,121,818	\$ 5,407,433	\$ (285,615)
Service cost	14,285	-	14,285
Interest	306,363	-	306,363
Contributions-employer	-	230,938	(230,938)
Net investment income	-	555,698	(555,698)
Benefit payments	(230,938)	(230,938)	-
Administrative expense	-	(30,111)	30,111
Net change in total OPEB liability (asset)	<u>89,710</u>	<u>525,587</u>	<u>(435,877)</u>
Balance at June 30, 2024 (measurement date)	<u>\$ 5,211,528</u>	<u>\$ 5,933,020</u>	<u>\$ (721,492)</u>

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

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Investment Rate of Return

The following presents the net OPEB asset of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using an investment rate of return that is one percent lower or higher than the current rate:

<u>Investment Rate of Return</u>	<u>Net OPEB Liability (Asset)</u>
1% decrease (5.10%)	\$ (256,081)
Current investment rate of return (6.10%)	(721,492)
1% increase (7.10%)	(1,120,914)

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability (Asset)</u>
1% decrease (4.00-6.89%)	\$ (1,139,643)
Current healthcare cost trend rates (5.00-7.89%)	(721,492)
1% increase (6.00-8.89%)	(236,941)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$(646,156). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,173,374
Difference between projected and actual earnings on OPEB plan investments	64,834	-
Changes of assumptions	-	431,079
	<u>64,834</u>	<u>431,079</u>
Total	<u>\$ 64,834</u>	<u>\$ 2,604,453</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2026	\$ (669,241)
2027	(522,719)
2028	(635,138)
2029	(352,819)
2030	(233,530)
Thereafter	(126,172)
	<u>(2,539,619)</u>
	<u>\$ (2,539,619)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$527,984 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1981%, and 0.2117%, resulting in a net decrease in the proportionate share of 0.0136%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(114,451).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, 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 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 569,681
Current discount rate (3.93%)	527,984
1% increase (4.93%)	491,318

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 489,121
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	527,984
1% increase (6.00% Part A and 7.50% Part B)	571,373

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Building Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable							
Revolving cash	\$ 6,058	\$ -	\$ -	\$ -	\$ -	\$ 10,550	\$ 16,608
Stores inventories	-	-	-	-	-	40,660	40,660
Prepaid expenditures	164,738	-	30,000	-	-	-	194,738
Total nonspendable	<u>170,796</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>51,210</u>	<u>252,006</u>
Restricted							
Legally restricted programs	23,767,948	2,909,717	-	-	-	3,272,606	29,950,271
Capital projects	-	-	34,697,709	17,836,614	-	15,311,298	67,845,621
Debt service	-	-	-	-	47,146,176	-	47,146,176
Total restricted	<u>23,767,948</u>	<u>2,909,717</u>	<u>34,697,709</u>	<u>17,836,614</u>	<u>47,146,176</u>	<u>18,583,904</u>	<u>144,942,068</u>
Assigned							
Program balances	18,041	-	-	-	-	-	18,041
Capital projects	-	-	-	1,485,825	-	-	1,485,825
Cafeteria program	-	-	-	-	-	61,568	61,568
Charter schools program	-	-	-	-	-	319,064	319,064
Child development program	-	313,057	-	-	-	-	313,057
Total assigned	<u>18,041</u>	<u>313,057</u>	<u>-</u>	<u>1,485,825</u>	<u>-</u>	<u>380,632</u>	<u>2,197,555</u>
Unassigned							
Reserve for economic uncertainties	34,965,277	-	-	-	-	-	34,965,277
Total	<u>\$ 58,922,062</u>	<u>\$ 3,222,774</u>	<u>\$ 34,727,709</u>	<u>\$ 19,322,439</u>	<u>\$ 47,146,176</u>	<u>\$ 19,015,746</u>	<u>\$ 182,356,906</u>

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters. During the fiscal year ending June 30, 2025, the District participated in the Self-Insured Schools of California II (SISC II) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District participated in the Self-Insured Schools of California I (SISC I) public entity risk pool. The intent of SISC I is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SISC I. The workers' compensation experience of the participating districts is calculated and applied to a common premium rate. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California III (SISC III) to provide employee medical benefits. SISC III is a shared risk pool comprised of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

Note 12 - Employee Retirement Systems

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

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

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 91,196,551	\$ 32,085,732	\$ 16,772,202	\$ 8,648,782
CalPERS	75,701,000	23,727,122	4,395,047	12,127,989
Total	<u>\$ 166,897,551</u>	<u>\$ 55,812,854</u>	<u>\$ 21,167,249</u>	<u>\$ 20,776,771</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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:

<https://www.calstrs.com/forms-publications>

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$19,084,792.

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:

Total Net Pension Liability, Including State Share

District's proportionate share of net pension liability	\$ 91,196,551
State's proportionate share of the net pension liability associated with the District	<u>41,841,291</u>
Total	<u><u>\$ 133,037,842</u></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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1358% and 0.1431%, resulting in a net decrease in the proportionate share of 0.0073%.

For the year ended June 30, 2025, the District recognized pension expense of \$8,648,782. In addition, the District recognized pension expense and revenue of \$3,809,160 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 19,084,792	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,286,231	6,187,845
Differences between projected and actual earnings on pension plan investments	-	367,975
Differences between expected and actual experience in the measurement of the total pension liability	10,315,504	3,987,974
Changes of assumptions	<u>399,205</u>	<u>6,228,408</u>
Total	<u><u>\$ 32,085,732</u></u>	<u><u>\$ 16,772,202</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (6,113,558)
2027	7,362,995
2028	(600,730)
2029	<u>(1,016,682)</u>
Total	<u>\$ (367,975)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2026	\$ (987,154)
2027	(267,988)
2028	(597,156)
2029	(291,470)
2030	(119,794)
Thereafter	<u>(1,139,725)</u>
Total	<u>\$ (3,403,287)</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
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which 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 expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 162,208,823
Current discount rate (7.10%)	91,196,551
1% increase (8.10%)	31,898,357

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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>.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	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 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 \$12,605,337.

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 liabilities for its proportionate share of the CalPERS net pension liability totaling \$75,701,000. 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 0.2118% and 0.2235%, resulting in a net decrease in the proportionate share of 0.0117%.

For the year ended June 30, 2025, the District recognized pension expense of \$12,127,989. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 12,605,337	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	161,569	3,853,258
Differences between projected and actual earnings on pension plan investments	2,940,546	-
Differences between expected and actual experience in the measurement of the total pension liability	6,346,422	541,789
Changes of assumptions	<u>1,673,248</u>	<u>-</u>
Total	<u>\$ 23,727,122</u>	<u>\$ 4,395,047</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (25,349)
2027	4,571,881
2028	(675,553)
2029	<u>(930,433)</u>
Total	<u>\$ 2,940,546</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2026	\$ 2,263,495
2027	912,069
2028	<u>610,628</u>
Total	<u><u>\$ 3,786,192</u></u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 112,454,467
Current discount rate (6.90%)	75,701,000
1% increase (7.90%)	45,339,710

Social Security

As established by Federal Law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

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 \$8,448,635 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - 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.

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 the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Adams Portable Classroom 23	\$ 1,115	June 2025
Adams New LED Marquee	22,752	Summer 2025
Adams Sewer Project Phase I	95,980	August 2025
Cleveland Cleveland Drainage	11,457	Fall 2025
District Wide CalSHAPE HVAC Controls	275,666	Summer 2025
DPHS Roof Upgrades	318,378	TBD
DPHS Walk-in Freezer Replacement	596,547	December 2025
DPHS CTE Pavilion	228,182	August 2025
GVJHS PA System Replacement	74,988	October 2025
Harding Roof Upgrades	55,772	Summer 2026
La Colina Damaged Switchboard Replacement	191,190	December 2025
La Colina Activity Roofing	56,120	Summer 2026
La Cumbre Roof Upgrades	70,990	Summer 2026
McKinley Outdoor Classroom Project	16,214	Spring 2027
Peabody Emergency Roofing Replacement	362,133	August 2025
Peabody Portable Certification	1,500	November 2025
Peabody MPR Termite Repairs	15,848	Summer 2025
DW HVAC Upgrade	424,370	October 2025
SBHS Infant Center Shade Project	32,200	TBD
SBHS Parking Lot	2,025	Summer 2026
SBHS Kiln Room Project	24,273	September 2025
SBHS Roof Upgrades	221,500	Summer 2027
SBJHS Roof Upgrades	55,772	TBD
SBJHS Folklorico Dance Room	7,330	October 2025
SBJHS Dust Collector	3,010	TBD
SMHS Wellness Center	435,104	Fall 2027
SMHS Kiln Room	127,000	October 2025
SMHS Stadium Lighting	149,217	Spring 2025
GVJHS, Harding, La Cumbre JHS Walk-in Freezer Replacement	6,280	TBD
Total	\$ 3,882,912	

Note 14 - Participation in Public Entity Risk Pools

The District is a member of the Self-Insured Schools of California I (SISC I), Self-Insured Schools of California II (SISC II), and the Self-Insured Schools of California III (SISC III) public entity risk pools. The District pays an annual premium to the SISC I, SISC II, and SISC III, for workers' compensation, property and liability coverage and employee medical benefits, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2025, the District made payments of \$3,654,604, \$2,526,696, and \$18,385,962, to the Self-Insured Schools of California I (SISC I), Self-Insured Schools of California II (SISC II), and Self-Insured Schools of California III (SISC III), respectively, for the services noted above.

Note 15 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$3,270,758 and \$13,731,983, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below:

	<u>Governmental Activities</u>
Net Position	
Beginning, as previously reported on June 30, 2024	\$ 6,738,700
Change in accounting principle	<u>(17,002,741)</u>
Beginning, as restated on July 1, 2024	<u>\$ (10,264,041)</u>

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Child Development Fund and the Special Reserve Fund for Capital Outlay Projects being reported as a major governmental funds instead of as nonmajor governmental funds which resulted in adjustments to and restatements of beginning fund balance in the table below:

	<u>Governmental Funds</u>		
	<u>Child Development Fund</u>	<u>Special Reserve Fund For Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>
Fund Balance			
Beginning, as previously reported on June 30, 2024	\$ -	\$ -	\$ 28,694,028
Change within the financial reporting entity	<u>2,523,374</u>	<u>2,746,803</u>	<u>(5,270,177)</u>
Beginning, as restated on July 1, 2024	<u>\$ 2,523,374</u>	<u>\$ 2,746,803</u>	<u>\$ 23,423,851</u>

Required Supplementary Information
June 30, 2025

Santa Barbara Unified School District

Santa Barbara Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 176,394,687	\$ 179,711,113	\$ 179,078,965	\$ (632,148)
Federal sources	7,212,880	8,909,213	7,838,417	(1,070,796)
Other State sources	22,145,274	24,344,321	25,351,236	1,006,915
Other local sources	14,965,061	16,570,521	23,509,385	6,938,864
Total revenues ¹	<u>220,717,902</u>	<u>229,535,168</u>	<u>235,778,003</u>	<u>6,242,835</u>
Expenditures				
Current				
Certificated salaries	92,262,399	99,042,801	98,758,625	284,176
Classified salaries	43,939,234	47,238,043	48,013,419	(775,376)
Employee benefits	53,859,208	59,436,984	59,626,717	(189,733)
Books and supplies	11,077,501	15,373,964	10,417,307	4,956,657
Services and operating expenditures	25,148,644	33,654,779	29,283,140	4,371,639
Other outgo	2,331,132	2,832,546	2,091,268	741,278
Capital outlay	1,647,573	4,283,870	2,801,128	1,482,742
Debt service				
Principal	2,526,522	2,542,445	2,140,377	402,068
Interest	11,000	11,000	819,300	(808,300)
Total expenditures ¹	<u>232,803,213</u>	<u>264,416,432</u>	<u>253,951,281</u>	<u>10,465,151</u>
Deficiency of Revenues over Expenditures	<u>(12,085,311)</u>	<u>(34,881,264)</u>	<u>(18,173,278)</u>	<u>16,707,986</u>
Other Financing Sources (Uses)				
Other sources - purchase agreements	1,253,082	1,253,082	1,420,867	167,785
Transfers out	(721,369)	(103,887)	(103,887)	-
Other uses	(139,230)	(139,230)	-	139,230
Net Financing Sources	<u>392,483</u>	<u>1,009,965</u>	<u>1,316,980</u>	<u>307,015</u>
Net Change in Fund Balances	(11,692,828)	(33,871,299)	(16,856,298)	17,015,001
Fund Balances - Beginning	<u>75,778,360</u>	<u>75,778,360</u>	<u>75,778,360</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 64,085,532</u>	<u>\$ 41,907,061</u>	<u>\$ 58,922,062</u>	<u>\$ 17,015,001</u>

¹ Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, has, for reporting purposes been consolidated into the General Fund, with additional revenues and expenditures pertaining to this fund included in the Actual (GAAP Basis) revenues and expenditures, however they are not included in the original and final General Fund budgets.

Santa Barbara Unified School District
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2025

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 630,957	\$ 794,837	\$ 186,929	\$ (607,908)
Other state sources	4,182,224	4,428,243	3,132,623	(1,295,620)
Other local sources	-	178,642	400,748	222,106
Total revenues	<u>4,813,181</u>	<u>5,401,722</u>	<u>3,720,300</u>	<u>(1,681,422)</u>
Expenditures				
Current				
Certificated salaries	1,467,422	1,564,403	1,101,658	462,745
Classified salaries	848,573	987,575	846,431	141,144
Employee benefits	885,272	948,459	751,246	197,213
Books and supplies	226,325	357,277	55,886	301,391
Services and operating expenditures	979,892	1,127,901	119,854	1,008,047
Other outgo	230,193	247,898	145,825	102,073
Total expenditures	<u>4,637,677</u>	<u>5,233,513</u>	<u>3,020,900</u>	<u>2,212,613</u>
Excess of Revenues over Expenditures	<u>175,504</u>	<u>168,209</u>	<u>699,400</u>	<u>531,191</u>
Other Financing Sources				
Transfers in	<u>80,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	256,480	168,209	699,400	531,191
Fund Balance - Beginning	<u>2,523,374</u>	<u>2,523,374</u>	<u>2,523,374</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,779,854</u>	<u>\$ 2,691,583</u>	<u>\$ 3,222,774</u>	<u>\$ 531,191</u>

Santa Barbara Unified School District
Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 14,285	\$ 17,216	\$ 19,499	\$ 24,911
Interest	306,363	337,336	326,013	378,240
Difference between expected and actual experience	-	(942,040)	-	(937,407)
Changes of assumptions	-	(211,109)	(323,411)	(70,919)
Benefit payments	(230,938)	(386,322)	(427,059)	(440,642)
Net change in total OPEB liability	89,710	(1,184,919)	(404,958)	(1,045,817)
Total OPEB Liability - Beginning	5,121,818	6,306,737	6,711,695	7,757,512
Total OPEB Liability - Ending (a)	<u>\$ 5,211,528</u>	<u>\$ 5,121,818</u>	<u>\$ 6,306,737</u>	<u>\$ 6,711,695</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 230,938	\$ 386,322	\$ 427,059	\$ 440,642
Net investment income	555,698	386,766	(851,090)	980,882
Benefit payments	(230,938)	(386,322)	(427,059)	(440,642)
Administrative expense	(30,111)	(28,022)	(31,664)	(29,554)
Net change in plan fiduciary net position	525,587	358,744	(882,754)	951,328
Plan Fiduciary Net Position - Beginning	5,407,433	5,048,689	5,931,443	4,980,115
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,933,020</u>	<u>\$ 5,407,433</u>	<u>\$ 5,048,689</u>	<u>\$ 5,931,443</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (721,492)</u>	<u>\$ (285,615)</u>	<u>\$ 1,258,048</u>	<u>\$ 780,252</u>
Plan Fiduciary Net Position as A Percentage of the Total OPEB Liability	113.84%	105.58%	80.05%	88.37%
Covered Payroll	\$ 94,072,047	\$ 91,332,084	\$ 79,689,628	\$ 78,127,087
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	(0.77%)	(0.31%)	1.58%	1.00%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

¹ The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Santa Barbara Unified School District
Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios
Year Ended June 30, 2025

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 24,423	\$ 78,035	\$ 76,505	\$ 75,005
Interest	382,688	543,124	535,609	528,352
Difference between expected and actual experience	-	(3,160,783)	-	-
Changes of assumptions	-	(117,754)	-	-
Benefit payments	(551,140)	(445,619)	(480,632)	(439,332)
Net change in total OPEB liability	(144,029)	(3,102,997)	131,482	164,025
Total OPEB Liability - Beginning	7,901,541	11,004,538	10,873,056	10,709,031
Total OPEB Liability - Ending (a)	<u>\$ 7,757,512</u>	<u>\$ 7,901,541</u>	<u>\$ 11,004,538</u>	<u>\$ 10,873,056</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,551,140	\$ 2,019,420	\$ 1,553,713	\$ 439,332
Net investment income	218,713	105,075	39,972	-
Benefit payments	(551,140)	(445,619)	(480,632)	(439,332)
Administrative expense	(22,457)	(5,989)	(2,081)	-
Net change in plan fiduciary net position	2,196,256	1,672,887	1,110,972	-
Plan Fiduciary Net Position - Beginning	2,783,859	1,110,972	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,980,115</u>	<u>\$ 2,783,859</u>	<u>\$ 1,110,972</u>	<u>\$ -</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 2,777,397</u>	<u>\$ 5,117,682</u>	<u>\$ 9,893,566</u>	<u>\$ 10,873,056</u>
Plan Fiduciary Net Position as A Percentage of the Total OPEB Liability	64.20%	35.23%	10.10%	0.00%
Covered Payroll	\$ 82,849,603	\$ 81,225,101	\$ 77,243,228	\$ 75,728,655
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	3.35%	6.30%	12.81%	14.36%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The District's OPEB Plan is administered through a trust, however, contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Santa Barbara Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.1981%	0.2117%	0.2206%	0.2158%
Proportionate share of the net OPEB liability	\$ 527,984	\$ 642,435	\$ 726,678	\$ 860,913
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2416%	0.2393%	0.2487%	0.2364%
Proportionate share of the net OPEB liability	\$ 1,023,806	\$ 891,299	\$ 951,834	\$ 994,653
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Santa Barbara Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.1358%	0.1431%	0.1470%	0.1436%	0.1386%
Proportionate share of the net pension liability	\$ 91,196,551	\$ 109,015,221	\$ 102,136,071	\$ 65,345,635	\$ 134,361,310
State's proportionate share of the net pension liability	41,841,291	52,232,258	51,149,345	32,879,389	69,263,271
Total	<u>\$ 133,037,842</u>	<u>\$ 161,247,479</u>	<u>\$ 153,285,416</u>	<u>\$ 98,225,024</u>	<u>\$ 203,624,581</u>
Covered payroll	<u>\$ 92,114,958</u>	<u>\$ 88,841,550</u>	<u>\$ 86,536,968</u>	<u>\$ 79,451,647</u>	<u>\$ 75,668,988</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	99%	123%	118%	82%	178%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1353%	0.1385%	0.1306%	0.1351%	0.1427%
Proportionate share of the net pension liability	\$ 122,194,317	\$ 127,330,903	\$ 120,769,670	\$ 109,257,614	\$ 96,079,649
State's proportionate share of the net pension liability	66,665,158	72,902,897	71,446,317	62,198,411	50,815,543
Total	<u>\$ 188,859,475</u>	<u>\$ 200,233,800</u>	<u>\$ 192,215,987</u>	<u>\$ 171,456,025</u>	<u>\$ 146,895,192</u>
Covered payroll	<u>\$ 73,552,291</u>	<u>\$ 73,096,292</u>	<u>\$ 68,820,461</u>	<u>\$ 66,926,589</u>	<u>\$ 65,023,829</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	166%	174%	175%	163%	148%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Santa Barbara Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.2118%	0.2235%	0.2328%	0.2303%	0.2225%
Proportionate share of the net pension liability	\$ 75,701,000	\$ 80,887,974	\$ 80,087,695	\$ 46,826,922	\$ 68,266,743
Covered payroll	\$ 41,738,793	\$ 38,658,163	\$ 34,702,388	\$ 33,047,937	\$ 32,654,495
Proportionate share of the net pension liability as a percentage of its covered payroll	181%	209%	231%	142%	209%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.2207%	0.2236%	0.2229%	0.2279%	0.2308%
Proportionate share of the net pension liability	\$ 64,311,312	\$ 59,614,779	\$ 53,210,005	\$ 45,019,191	\$ 34,012,847
Covered payroll	\$ 30,558,294	\$ 29,336,314	\$ 27,839,991	\$ 27,228,260	\$ 25,741,347
Proportionate share of the net pension liability as a percentage of its covered payroll	210%	203%	191%	165%	132%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Santa Barbara Unified School District
Schedule of the District's Contributions – CalSTRS
Year Ended June 30, 2025

CalSTRS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 19,084,792	\$ 17,593,957	\$ 16,968,736	\$ 14,642,055	\$ 12,831,441
Contributions in relation to the contractually required contribution	<u>(19,084,792)</u>	<u>(17,593,957)</u>	<u>(16,968,736)</u>	<u>(14,642,055)</u>	<u>(12,831,441)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - payroll	<u>\$ 99,920,377</u>	<u>\$ 92,114,958</u>	<u>\$ 88,841,550</u>	<u>\$ 86,536,968</u>	<u>\$ 79,451,647</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 12,939,397	\$ 11,974,313	\$ 10,547,795	\$ 8,657,614	\$ 7,181,223
Contributions in relation to the contractually required contribution	<u>(12,939,397)</u>	<u>(11,974,313)</u>	<u>(10,547,795)</u>	<u>(8,657,614)</u>	<u>(7,181,223)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - payroll	<u>\$ 75,668,988</u>	<u>\$ 73,552,291</u>	<u>\$ 73,096,292</u>	<u>\$ 68,820,461</u>	<u>\$ 66,926,589</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

Santa Barbara Unified School District
Schedule of the District's Contributions – CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 12,605,337	\$ 11,135,910	\$ 9,807,576	\$ 7,950,317	\$ 6,840,923
Contributions in relation to the required contribution	<u>(12,605,337)</u>	<u>(11,135,910)</u>	<u>(9,807,576)</u>	<u>(7,950,317)</u>	<u>(6,840,923)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 46,600,137</u>	<u>\$ 41,738,793</u>	<u>\$ 38,658,163</u>	<u>\$ 34,702,388</u>	<u>\$ 33,047,937</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,439,793	\$ 5,519,439	\$ 4,556,223	\$ 3,866,418	\$ 3,225,732
Contributions in relation to the required contribution	<u>(6,439,793)</u>	<u>(5,519,439)</u>	<u>(4,556,223)</u>	<u>(3,866,418)</u>	<u>(3,225,732)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 32,654,495</u>	<u>\$ 30,558,294</u>	<u>\$ 29,336,314</u>	<u>\$ 27,839,991</u>	<u>\$ 27,228,260</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

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 States 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 District's Net OPEB Liability (Asset) and Related Ratios

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – There were no changes of assumptions since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2025

Santa Barbara Unified School District

Santa Barbara Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010	14329	\$ 2,418,322
Title I Grants to Local Educational Agencies - School Improvement Funding	84.010	15438	<u>65,728</u>
Subtotal			<u>2,484,050</u>
Title II, Part A - Supporting Effective Instruction State Grants	84.367	14341	621,909
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	15396	287,443
Title III - English Language Acquisition State Grants - Immigrant Student Program	84.365	14346	201,272
Title III - English Language Acquisition State Grants - English Learner Student Program	84.365	15146	<u>40,749</u>
Subtotal			<u>242,021</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559	585,005
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	11,297
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	331,427
COVID-19 American Rescue Plan: Homeless Children and Youth II	84.425W	15566	<u>11,455</u>
Subtotal			<u>939,184</u>
Applied Technology - Secondary Education	84.048	14894	122,670
Passed through Santa Barbara County SELPA Special Education (IDEA) Cluster			
Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,566,418
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>3,264</u>
Subtotal			<u>2,569,682</u>
Preschool Grants, Part B, Sec 619	84.173	13430	<u>35,694</u>
Subtotal Special Education (IDEA) Cluster			<u>2,605,376</u>
Passed through Department of Rehabilitation Workability II, Transition Partnership	84.126A	10006	<u>555,528</u>
Total U.S. Department of Education			<u>7,858,181</u>

Santa Barbara Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Breakfast Needy	10.553	13526	\$ 954,719
School Breakfast Basic	10.553	13525	<u>109,892</u>
Subtotal			<u>1,064,611</u>
National School Lunch Program Section 4	10.555	13523	400,346
National School Lunch Program Section 11	10.555	13524	503,088
Commodities	10.555	13524	1,776,070
Meal Supplements	10.555	13755	<u>18,187</u>
Subtotal			<u>2,697,691</u>
Subtotal Child Nutrition Cluster			<u>3,762,302</u>
Child and Adult Care Food Program	10.558	13529	676,003
Child and Adult Care Food Program Cash in Lieu	10.558	13534	<u>45,150</u>
Subtotal			<u>721,153</u>
Passed through Santa Barbara County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	<u>11,027</u>
Subtotal Forest Service Schools and Roads Cluster			<u>11,027</u>
Total U.S. Department of Agriculture			<u>4,494,482</u>
U.S. Department of Health and Human Services			
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
Child Development - Federal Child Care, Center Based	93.596	13609	<u>136,725</u>
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>136,725</u>
Total U.S. Department of Health and Human Services			<u>136,725</u>
U.S. Department of Homeland Security			
Passed through CDE			
FEMA Hazard Mitigation Grant	97.039	10041	<u>27,029</u>
Total U.S. Department of Homeland Security			<u>27,029</u>
Total Federal Financial Assistance			<u>\$ 12,516,417</u>

Santa Barbara Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report	
	Revised Second Period Report 4F4E589D	Annual Report E7C2AB9B
Regular ADA		
Transitional kindergarten through third	1,765.93	1,773.86
Fourth through sixth	1,308.38	1,309.37
Seventh and eighth	2,327.68	2,329.97
Ninth through twelfth	5,578.58	5,533.66
Total Regular ADA	10,980.57	10,946.86
Extended Year Special Education		
Transitional kindergarten through third	3.00	3.00
Fourth through sixth	1.95	1.95
Seventh and eighth	3.41	3.41
Ninth through twelfth	6.61	6.61
Total Extended Year Special Education	14.97	14.97
Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	0.80	0.56
Ninth through twelfth	3.95	3.89
Total Special Education, Nonpublic, Nonsectarian Schools	4.75	4.45
Extended Year Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	0.04	0.04
Ninth through twelfth	0.41	0.41
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.45	0.45
Total ADA	11,000.74	10,966.73

	Final Report	
	Second Period Report 52FCE666	Annual Report BEEB9A59
Santa Barbara Charter School		
Regular ADA		
Transitional kindergarten through third	165.08	164.65
Fourth through sixth	78.04	78.11
Seventh and eighth	12.34	12.25
Total Regular ADA	255.46	255.01
Classroom based ADA (included in Regular ADA)		
Transitional kindergarten through third	124.57	124.36
Fourth through sixth	65.16	64.94
Total Classroom based ADA	189.73	189.30

Santa Barbara Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	44,550	-	44,550	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		51,080	-	51,080	180	-	180	N/A	N/A	N/A	Complied
Grade 2		51,080	-	51,080	180	-	180	N/A	N/A	N/A	Complied
Grade 3		51,080	-	51,080	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,590	-	54,590	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,590	-	54,590	180	-	180	N/A	N/A	N/A	Complied
Grade 6		54,590	-	54,590	180	-	180	N/A	N/A	N/A	Complied
Grade 7		56,694	-	56,694	180	-	180	N/A	N/A	N/A	Complied
Grade 8		56,694	-	56,694	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,938	-	64,938	180	-	180	N/A	N/A	N/A	Complied
Grade 10		64,938	-	64,938	180	-	180	N/A	N/A	N/A	Complied
Grade 11		64,938	-	64,938	180	-	180	N/A	N/A	N/A	Complied
Grade 12		64,938	-	64,938	180	-	180	N/A	N/A	N/A	Complied

Santa Barbara Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2025

Santa Barbara Charter School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	45,455	-	45,455	175	-	175	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied
Grade 2		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied
Grade 3		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied
Grade 5		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied
Grade 6		54,440	-	54,440	175	-	175	N/A	N/A	N/A	Complied

Santa Barbara Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

Santa Barbara Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 234,240,420	\$ 234,935,057	\$ 233,816,481	\$ 237,595,015
Other sources	1,620,607	2,873,688	484,112	5,273,990
Total revenues and other sources	<u>235,861,027</u>	<u>237,808,745</u>	<u>234,300,593</u>	<u>242,869,005</u>
Expenditures	250,049,949	255,264,874	226,678,384	225,687,312
Other uses	1,038,061	243,117	317,754	689,392
Total expenditures and other uses	<u>251,088,010</u>	<u>255,507,991</u>	<u>226,996,138</u>	<u>226,376,704</u>
Increase (Decrease) in Fund Balance	<u>\$ (15,226,983)</u>	<u>\$ (17,699,246)</u>	<u>\$ 7,304,455</u>	<u>\$ 16,492,301</u>
Ending Fund Balance	<u>\$ 28,221,904</u>	<u>\$ 43,448,887</u>	<u>\$ 61,148,133</u>	<u>\$ 53,843,678</u>
Available Reserves ²	<u>\$ 22,715,142</u>	<u>\$ 34,965,277</u>	<u>\$ 42,392,151</u>	<u>\$ 36,299,391</u>
Available Reserves as a Percentage of Total Outgo	<u>9.05%</u>	<u>13.68%</u>	<u>18.68%</u>	<u>16.03%</u>
Long-Term Liabilities ⁴	<u>N/A</u>	<u>\$ 548,854,509</u>	<u>\$ 562,455,724</u>	<u>\$ 563,774,113</u>
K-12 Average Daily Attendance at P-2	<u>11,100</u>	<u>11,001</u>	<u>11,254</u>	<u>11,214</u>

The General Fund balance has decreased by \$10,394,791 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$15,266,983, or 35.1%. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years, but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have decreased by \$14,919,604 over the past two years.

Average daily attendance has decreased by 213 over the past two years. An increase of 99 ADA is anticipated during fiscal year 2025-2026.

¹ Financial information for 2026, 2024, and 2023 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

⁴ Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 15 for further information.

Santa Barbara Unified School District
Schedule of Charter Schools
Year Ended June 30, 2025

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Santa Barbara Charter School	0020	Yes
Adelante Charter School	0326	No
Peabody Charter School	0021	No

Santa Barbara Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Student Activity Fund	Charter Schools Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 2,183,782	\$ 529,148	\$ 16,049	\$ 4,802,435	\$ 10,535,410	\$ 18,066,824
Receivables	-	117,612	1,312,946	34,973	88,602	1,554,133
Due from other funds	-	174,266	-	-	-	174,266
Stores inventories	-	-	40,660	-	-	40,660
Total assets	<u>\$ 2,183,782</u>	<u>\$ 821,026</u>	<u>\$ 1,369,655</u>	<u>\$ 4,837,408</u>	<u>\$ 10,624,012</u>	<u>\$ 19,835,883</u>
Liabilities and Fund Balances						
Liabilities						
Overdrafts	\$ -	\$ -	\$ 419,848	\$ -	\$ -	\$ 419,848
Accounts payable	-	21,616	52,806	2,729	147,393	224,544
Due to other funds	-	175,717	-	-	-	175,717
Unearned revenue	-	28	-	-	-	28
Total liabilities	<u>-</u>	<u>197,361</u>	<u>472,654</u>	<u>2,729</u>	<u>147,393</u>	<u>820,137</u>
Fund Balances						
Nonspendable	10,550	-	40,660	-	-	51,210
Restricted	2,173,232	304,601	794,773	4,834,679	10,476,619	18,583,904
Assigned	-	319,064	61,568	-	-	380,632
Total fund balances	<u>2,183,782</u>	<u>623,665</u>	<u>897,001</u>	<u>4,834,679</u>	<u>10,476,619</u>	<u>19,015,746</u>
Total liabilities and fund balances	<u>\$ 2,183,782</u>	<u>\$ 821,026</u>	<u>\$ 1,369,655</u>	<u>\$ 4,837,408</u>	<u>\$ 10,624,012</u>	<u>\$ 19,835,883</u>

Santa Barbara Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	Student Activity Fund	Charter Schools Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues								
Local Control Funding Formula (LCFF)	\$ -	\$ 3,015,811		\$ -	\$ -	\$ -		\$ 3,015,811
Federal sources	-	57,820		4,483,455	-	-		4,541,275
Other State sources	-	189,828		3,450,981	-	1,500,000		5,140,809
Other local sources	5,153,512	253,546		414,428	1,616,282	703,132		8,140,900
Total revenues	5,153,512	3,517,005		8,348,864	1,616,282	2,203,132		20,838,795
Expenditures								
Current								
Instruction	-	2,554,959		-	-	-		2,554,959
Instruction-related activities								
School site administration	-	538,774		-	-	-		538,774
Pupil services								
Home-to-school transportation	-	57,518		-	-	-		57,518
Food services	-	-		8,565,397	-	-		8,565,397
All other pupil services	-	130,521		-	-	-		130,521
Administration								
All other administration	-	279,604		315,953	-	-		595,557
Plant services	-	136,969		22,149	68,895	-		228,013
Ancillary services	4,956,598	-		-	-	-		4,956,598
Community services	-	56,083		-	-	-		56,083
Facility acquisition and construction	-	-		-	208,516	6,106,583		6,315,099
Debt service								
Principal	-	-		-	175,268	-		175,268
Total expenditures	4,956,598	3,754,428		8,903,499	452,679	6,106,583		24,173,787
Excess (Deficiency) of Revenues over Expenditures	196,914	(237,423)		(554,635)	1,163,603	(3,903,451)		(3,334,992)
Other Financing Sources (Uses)								
Transfers in	-	103,887		-	-	-		103,887
Other sources - revolving loan fund	-	-		-	21,000	-		21,000
Transfers out	-	-		-	-	(1,198,000)		(1,198,000)
Net Financing Sources (Uses)		103,887			21,000	(1,198,000)		(1,073,113)
Net Change in Fund Balances	196,914	(133,536)		(554,635)	1,184,603	(5,101,451)		(4,408,105)
Fund Balance - Beginning, as previously reported	1,986,868	757,201	2,523,374	1,451,636	3,650,076	15,578,070	2,746,803	28,694,028
Adjustments (Note 15)	-	-	(2,523,374)	-	-	-	(2,746,803)	(5,270,177)
Fund Balance - Beginning, as restated	1,986,868	757,201	-	1,451,636	3,650,076	15,578,070	-	23,423,851
Fund Balances - Ending	\$ 2,183,782	\$ 623,665	\$ -	\$ 897,001	\$ 4,834,679	\$ 10,476,619	\$ -	\$ 19,015,746

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Santa Barbara Unified School District (the District) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position and fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District did not report food commodities in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

Other Information
June 30, 2025

Santa Barbara Unified School District

ORGANIZATION

The Santa Barbara Unified School District was unified July 1, 2011 and consists of an area comprising approximately 136.4 square miles. The District operates ten elementary schools, four junior high schools, three high schools, one continuation high school, one charter school, and two alternative schools. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gabe Escobedo	President	2026
William Banning	Vice President	2028
Rose Muñoz	Clerk	2026
Sunita Beall	Member	2028
Celeste Kafri	Member	2028

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Dr. Hilda Maldonado	Superintendent
Conrad Tedeschi, CPA	Assistant Superintendent, Business Services
Dr. John Becchio	Assistant Superintendent, Human Resources
Shakenya Edison	Assistant Superintendent, Student and Family Services
Dr. Sonia Wilson	Assistant Superintendent, Education Services

Independent Auditor's Reports
June 30, 2025

Santa Barbara Unified School District



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

To the Governing Board
Santa Barbara Unified School District
Santa Barbara, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Barbara Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 15, 2025.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

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. 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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 15, 2025.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 15, 2025



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

To the Governing Board
Santa Barbara Unified School District
Santa Barbara, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Barbara Unified 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 auditor's results section of the accompanying Schedule Of Findings And Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

The image shows a handwritten signature in black ink that reads "Esde Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2025



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

To the Governing Board
Santa Barbara Unified School District
Santa Barbara, California

Report on Compliance

Opinion on State Compliance

We have audited Santa Barbara Unified School District's (the District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to 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 compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 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 (*Government Auditing Standards*), and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 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 *2024-2025 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 *2024-2025 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:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No*
Continuation Education	No*
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

* We did not perform testing for Independent Study or Continuation Education because average daily attendance reported did not exceed thresholds required for testing.

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001. Our opinion on state compliance is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 15, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Santa Barbara Unified School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
70000	Instructional Materials

2025-001 70000 - Instructional Materials (Significant Deficiency, Noncompliance)

Criteria

Pursuant to *Education Code* 60119, the District is required to hold a public hearing regarding the sufficiency of textbooks or other instructional materials on or before the eight week from the first day pupils attended school for that year.

Condition

The District held the public hearing on November 12, 2024, which was not within the first eight weeks of the start of school.

Cause

The District was aware of the requirement; however, the deadline was missed due to oversight.

Effect

The District was not in compliance with *Education Code* Section 60119 for the 2024-2025 fiscal year.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Repeat Finding

Yes, see prior year finding 2024-002.

Recommendation

We recommend the District make every effort to place the sufficiency of instructional materials on the board agenda for review and approval before or on the eight week from the first day pupils attend school for that year. The District should designate a management employee with the responsibility to ensure that the public hearing is placed on the board agenda before the eight weeks have passed.

Corrective Action Plan and Views of Responsible Officials

The Assistant Superintendent of Educational Services will schedule the public hearing to be held eight weeks prior to the start of school. The due date for this required deadline has been added to the District's governance calendar, which tracks when certain items need to be taken to the Board for approval. In addition, the Administrative Assistant for Educational Services has put the due date to submit board items to meet this deadline on both her and the Assistant Superintendent of Educational Services' personal calendars.

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

Financial Statements Findings

2024-001 30000 – Adjustments and Financial Statement Preparation (Material Weakness)

Criteria

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

Condition

During the course of our engagement, we identified a misstatement of a balance within the District's 2023-2024 unaudited actuals financial report. Through review of supporting records, the following was noted an overstatement of accounts payable in the Special Reserve Fund for Capital Outlay Projects of \$974,568.

Context

The condition was identified as a result of reviewing the District's unaudited actuals, general ledger detail, and supporting documents for the related account balances.

Cause

The cause appears to be due to a misunderstanding in how to capture the recording of the long-term debt.

Effect

Due to the condition identified, the Special Reserve Fund for Capital Outlay Projects was misstated by the amount noted above.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process and implement a process to review all balances during its year-end closing process to determine the proper cut-off period. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Implemented.

State Compliance Findings

2024-002 70000- Instructional Materials (Significant Deficiency, Noncompliance)

Criteria

Pursuant to *Education Code* 60119, the District is required to hold a public hearing regarding the sufficiency of textbooks or other instructional materials on or before the eight week from the first day pupils attended school for that year.

Condition

The District held the public hearing on February 13, 2024, which was not within the first eight weeks of the start of school.

Cause

The District was aware of the requirement; however, the deadline was missed due to oversight.

Effect

The District was not in compliance with *Education Code* Section 60119 for the 2023-2024 fiscal year.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Recommendation

We recommend the District make every effort to place the sufficiency of instructional materials on the board agenda for review and approval before or on the eight week from the first day pupils attend school for that year. The District should designate a management employee with the responsibility to ensure that the public hearing is placed on the board agenda before the eight weeks have passed.

Current Status

Not implemented, see current year finding 2025-001.



Management
Santa Barbara Unified School District
Santa Barbara, California

In planning and performing our audit of the financial statements of Santa Barbara Unified School District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 15, 2025, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Dos Pueblos High School

Observations

1. Based on the review of the disbursement procedures, it was noted that 1 of 25 disbursements tested was determined to be unallowable for an ASB. The disbursement was identified as a concrete pad installed under the bleachers of the baseball field. This expenditure is classified as construction and should have been paid by the District.
2. Based on the review of the disbursement procedures, it was noted that 5 of 25 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. In reviewing the sites outstanding check listing for the November 2024 reconciliation, we noted that numerous checks were over six months old making the probability of them clearing the account low.

Recommendations

1. ASB expenditures must be used for goods and services that promote students' general welfare, morale, and educational experiences. In addition, the expenditures should be for goods and services other than those the school entity should provide from its own funding source.
2. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

3. Outstanding checks over six months old should be credited back to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as “outstanding check written off-cleared.”

Goleta Valley Junior High School

Observations

1. Based on the review of the cash receipting procedures, it was noted that two batch receipts tested were not deposited in a timely manner. The delay in deposits ranged from 20 to 81 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that one of five disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. In reviewing the sites outstanding check listing for the November 2024 reconciliation, we noted that numerous checks were over six months old making the probability of them clearing the account low.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
2. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. Outstanding checks over six months old should be credited back to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as “outstanding check written off-cleared.”

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



Rancho Cucamonga, California

December 15, 2025