

EVERGREEN SCHOOL DISTRICT
COUNTY OF SANTA CLARA
SAN JOSE, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

June 30, 2024



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Evergreen School District
Santa Clara County

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**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Evergreen School District
San Jose, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, 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 (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

District 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 GAS, 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 CalPERS pension contributions, schedule of CalPERS proportionate share of net pension liability, schedule of STRS pension contributions, schedule of STRS proportionate share of net pension liability, and schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic



to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the *Governmental Accounting Standards Board*, schedule of average daily attendance, schedule of instructional time, schedule of financial trends and analysis, and the reconciliation of the Annual Financial and Budget Report (SACS) to the audited financial statements, as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards*, 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. This 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 combining and individual fund financial statements and schedules 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 report. The other information comprises the organization schedule and schedule of financial trends and analysis 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 January 24, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

C & A LLP

January 24, 2025
Morgan Hill, California

Management's Discussion and Analysis

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

This discussion and analysis of Evergreen School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2024 are as follows:

- Total net position increased by \$27,083,700 (367%) from June 30, 2023 to June 30, 2024, mainly due to a decreases in total deferred inflows of \$11,028,996, long-term debt of \$7,900,724, and retirement plan credits of \$5,135,958, and an increase in total revenues of \$1,968,167.
- The District recorded deferred outflows of resources of \$37,104,951 and deferred inflows of resources of \$36,250,572 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- The District had \$162,632,711 in government-wide expenses which is 86% of total government-wide revenues as compared to 74% in the prior year. Program specific revenues in the form of grants, contributions and charges for services accounted for \$44,469,320 (23%) of total revenues of \$189,716,411.
- General revenue of \$145,247,091 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 77% of total revenues in 2024 and 74% in 2023.
- The fund balances of all funds increased by \$9,534,127 which is a 7% increase from 2023.
- Total governmental fund revenues and expenditures totaled \$189,716,401 and \$180,182,284, respectively.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand Evergreen School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Evergreen School District, the General Fund is by far the most significant fund.

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. These three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the Balance Sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has one proprietary fund, an Enterprise Fund, which is reported separately from the Governmental Funds. The Enterprise Fund is used to account for fee-based Early Learning Center Child Care Program operations.

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2024 compared to June 30, 2023:

Table 1 - Summary of Net Position				
	<u>Governmental Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 144,191,795	\$ 140,115,920	\$ 4,075,875	2.91%
Capital Assets	180,648,236	185,033,310	(4,385,074)	-2.37%
Total Assets	\$ 324,840,031	\$ 325,149,230	\$ (309,199)	-0.10%
Deferred Outflows	\$ 37,104,951	\$ 28,641,772	\$ 8,463,179	29.55%
Liabilities				
Current Liabilities	\$ 7,746,299	\$ 13,317,556	\$ (5,571,257)	-41.83%
Long-Term Liabilities	283,494,231	285,823,698	(2,329,467)	-0.82%
Total Liabilities	\$ 291,240,530	\$ 299,141,254	\$ (7,900,724)	-2.64%
Deferred Inflows	\$ 36,250,572	\$ 47,279,568	\$ (11,028,996)	-23.33%
Net Position				
Net Investment in Capital Assets	\$ 91,811,883	\$ 81,331,926	\$ 10,479,957	12.89%
Restricted	96,005,595	46,158,147	49,847,448	107.99%
Unrestricted	(153,363,598)	(120,119,893)	(33,243,705)	27.68%
Total Net Position	\$ 34,453,880	\$ 7,370,180	\$ 27,083,700	367.48%

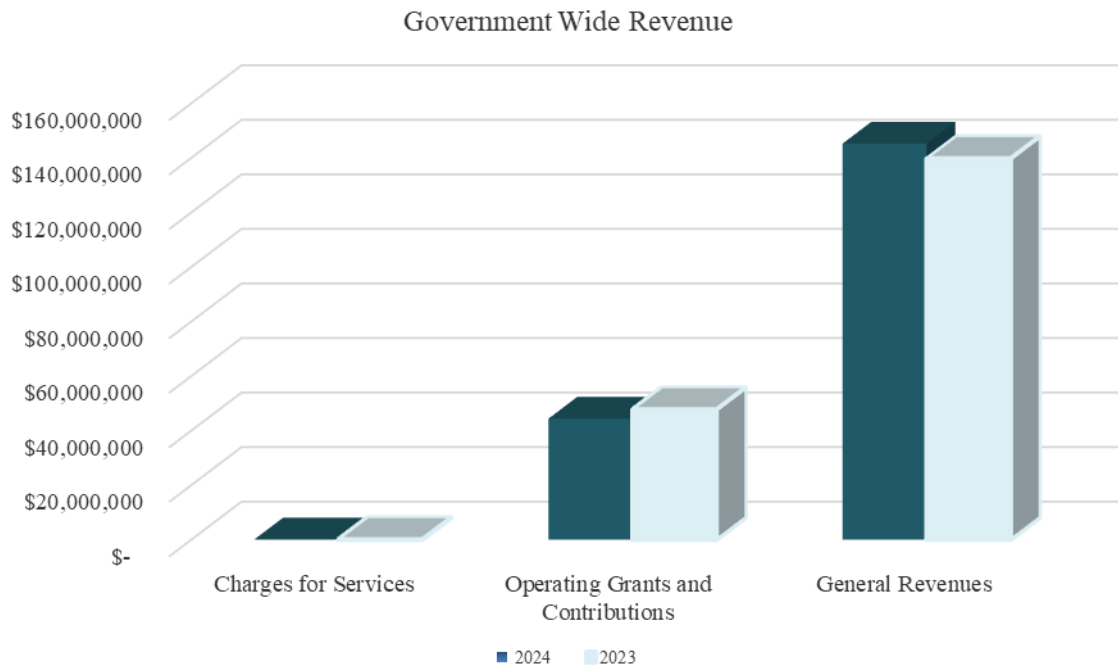
Evergreen School District
Management's Discussion and Analysis
June 30, 2024

Table 2 compares the components of changes in net position for the fiscal year 2024 versus 2023:

Table 2 - Change in Net Position				
	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for Services	\$ 88,612	\$ 149,957	\$ (61,345)	-40.91%
Operating Grants and Contributions	44,380,708	47,762,621	(3,381,913)	-7.08%
General Revenues & Transfers	145,247,091	139,835,666	5,411,425	3.87%
Total Revenues	189,716,411	187,748,244	1,968,167	1.05%
Program Expenses				
Instruction	100,113,938	85,131,492	14,982,446	17.60%
Instruction-Related Services	15,431,177	13,711,994	1,719,183	12.54%
Pupil Services	13,380,114	11,948,160	1,431,954	11.98%
General Administration	10,362,246	7,386,082	2,976,164	40.29%
Plant Services	11,390,342	9,798,838	1,591,504	16.24%
Ancillary Services	1,844,754	345,746	1,499,008	433.56%
Other outgo	4,968,860	5,574,599	(605,739)	-10.87%
Interest on Long-term Debt	5,141,280	4,176,271	965,009	23.11%
Total Expenses	162,632,711	138,073,182	24,559,529	17.79%
Change in Net Position	27,083,700	49,675,062	(22,591,362)	-45.48%
Beginning Net Position	7,370,180	(45,652,319)	53,022,499	116.14%
Prior Period Adjustments	-	3,347,437	(3,347,437)	-100.00%
Ending Net Position	\$ 34,453,880	\$ 7,370,180	\$ 27,083,700	367.48%

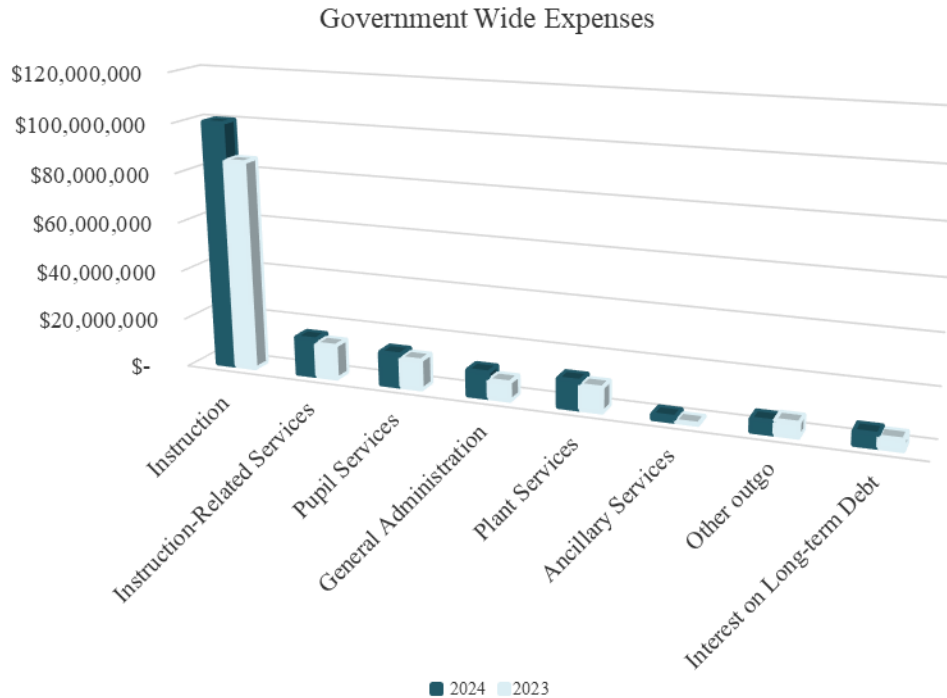
Evergreen School District
Management's Discussion and Analysis
June 30, 2024

The following chart compares government-wide revenue by category for 2024 and 2023:



Evergreen School District
Management's Discussion and Analysis
June 30, 2024

The next chart compares government-wide expenses by category for 2024 and 2023:



Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 78% of total expenses in 2024 versus 77% in 2023. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services				
Function	2024	2023	Increase (Decrease)	Percent
Instruction	\$ 76,397,888	\$ 60,440,326	\$ 15,957,562	26.4%
Instruction-Related Services	13,257,613	10,837,289	2,420,324	22.3%
Pupil Services	1,378,591	319,606	1,058,985	331.3%
General Administration	9,775,538	2,183,327	7,592,211	347.7%
Plant Services	10,601,437	9,705,015	896,422	9.2%
Ancillary Services	1,652,693	77,577	1,575,116	2030.4%
Other outgo	(41,649)	2,421,193	(2,462,842)	101.7%
Interest on Long-term Debt	5,141,280	4,176,271	965,009	23.1%
Total Net Cost of Services	\$ 118,163,391	\$ 90,160,604	\$ 28,002,787	31.1%

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances				
Funds	2024	2023	Increase (Decrease)	Percent
General Fund	\$ 66,791,692	\$ 59,228,850	\$ 7,562,842	12.8%
Building Fund	41,150,660	41,508,285	(357,625)	-0.9%
Bond Interest and Redemption Fund	20,331,802	20,725,313	(393,511)	-1.9%
Nonmajor Governmental Funds	9,729,828	7,007,409	2,722,419	38.9%
Internal Service Fund	-	(2)	2	100.0%
Total Fund Balances	\$ 138,003,982	\$ 128,469,855	\$ 9,534,127	7.4%

Capital Assets

Table 5 shows June 30, 2024 capital asset balances compared to June 30, 2023:

Table 5 - Summary of Capital Assets Net of Depreciation				
Capital Asset	2024 Net Capital Assets	2023 Net Capital Assets	Increase (Decrease)	Percent
Land	\$ 26,873,690	\$ 26,873,690	\$ -	0.0%
Subscription Right of Use Assets	353,263	502,255	(148,992)	-29.7%
Buildings and improvements	151,200,988	155,112,334	(3,911,346)	-2.5%
Equipment	2,220,295	2,545,031	(324,736)	-12.8%
Totals	\$ 180,648,236	\$ 185,033,310	\$ (4,385,074)	-2.4%

See Note 5 for additional information related to the changes in capital assets.

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2024.

Table 6 - Long-term Debt					
Type of Debt	2024	2023	Increase (Decrease)	Percent	
General Obligation Bonds	\$ 159,177,271	\$ 175,658,613	\$ (16,481,342)	-9.4%	
Subscription liabilities	361,415	507,984	(146,569)	-28.9%	
Net OPEB Liability	18,222,003	17,715,094	506,909	2.9%	
Net Pension Liabilities	105,567,057	91,751,481	13,815,576	15.1%	
Compensated absences	166,485	190,526	(24,041)	-12.6%	
Total Debt	\$ 283,494,231	\$ 285,823,698	\$ (2,329,467)	-0.8%	

See Note 9 to the financial statements for additional information.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revised its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2024. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by \$22,489,335 from adopted to final and budgeted expenditures increased by \$32,547,877 from adopted to final during the year.

Factors Bearing on the District's Future

The district continues to diligently work on balancing the budget and comply with all audit guidelines. The FY 2023-24 ending fund balance included continued declining enrollment resulting in a reduction to revenue based upon Average Daily Attendance (ADA); increases in step and column movement on salary schedules; higher medical and liability insurance premiums and increasing contributions to special education program. The ending fund balance in the Restricted General Fund increased from unspent carryover of State one-time funds, Federal grants, unrestricted and restricted lottery, routine restricted maintenance and carryover of local site funds. The district is also aware that many of the one-time funds that temporarily supplemented enrichment programs during the COVID-19 pandemic has come to expire and will reflect in the year end closing statements for the 2023-24 and upcoming 2024-25 fiscal years. The District's multi-year projections show a consistent decline in enrollment. The District anticipated continuing deficit spending in the Unrestricted General Fund in FY 2024-25.

Even though the COVID-19 pandemic is behind us and the district was able to show fiscal solvency for the past three years, it was due to receipts of one-time funds, which are now fully expended or coming to expiration. Once one-time funds are fully expended, long-term stability is dependent on working with the Santa Clara County Office of Education and identifying areas that may need to be implemented to bring

Evergreen School District
Management's Discussion and Analysis
June 30, 2024

expenditures into alignment with projected revenues. The spending of one-time funds for any on-going expenditures is not sustainable. Without some needed reductions to ongoing operations and staffing, the District will soon deplete the reserves to a level which may lead to insolvency.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, employees, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dr. Antoine Hawkins, Superintendent, or Victoria Knutson, Chief Business Officer, at Evergreen School District, 3188 Quimby Road, San Jose, CA 95148.

Basic Financial Statements

Evergreen School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 126,882,505
Accounts receivable	17,124,517
Inventory	64,185
Prepaid expenses	9,977
Leases receivable	110,611
Capital assets - net	180,648,236
Total Assets	<u>\$ 324,840,031</u>
Deferred Outflows of Resources	
OPEB plan adjustments	\$ 2,600,614
Pension plan adjustments	34,504,337
Total Deferred Outflows of Resources	<u>\$ 37,104,951</u>
Liabilities	
Accounts payable	\$ 5,304,492
Unearned revenue	775,723
Accrued interest	1,666,084
Long-term liabilities:	
Due within one year	19,535,653
Due after one year	263,958,578
Total Liabilities	<u>\$ 291,240,530</u>
Deferred Inflows of Resources	
Leases	\$ 107,598
OPEB plan adjustments	22,404,156
Pension plan adjustments	13,738,818
Total Deferred Inflows of Resources	<u>\$ 36,250,572</u>
Net Position	
Net investment in capital assets	\$ 91,811,883
Restricted for:	
Educational programs	30,006,473
Cafeteria programs	5,320,208
Debt service	15,957,750
Capital projects	44,721,164
Unrestricted	(153,363,598)
Total Net Position	<u>\$ 34,453,880</u>

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

Evergreen School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 100,113,938	\$ 4,962	\$ 23,711,088	\$ (76,397,888)
Instruction-related services:				
Supervision of instruction	5,981,921	9	1,947,167	(4,034,745)
Instruction library, media and technology	1,145,555	-	7,205	(1,138,350)
School site administration	8,303,701	502	218,681	(8,084,518)
Pupil services:				
Home-to-school transportation	2,512,767	-	319,457	(2,193,310)
Food services	5,499,497	1,636	7,744,804	2,246,943
All other pupil services	5,367,850	291	3,935,335	(1,432,224)
General administration:				
Data processing	1,619,037	-	(815)	(1,619,852)
All other general administration	8,743,209	45	587,478	(8,155,686)
Plant services	11,390,342	77	788,828	(10,601,437)
Ancillary services	1,844,754	199	191,862	(1,652,693)
Other outgo	4,968,860	80,891	4,929,618	41,649
Interest on long-term debt	5,141,280	-	-	(5,141,280)
Total governmental activities	<u>\$ 162,632,711</u>	<u>\$ 88,612</u>	<u>\$ 44,380,708</u>	<u>(118,163,391)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				60,008,882
Taxes levied for debt service				20,760,340
Taxes levied for other specific purposes				3,002,299
Federal and state aid not restricted to specific purposes				54,940,392
Interest and investment earnings (loss)				5,908,188
Miscellaneous				626,982
Internal transfers				8
Total general revenues				<u>145,247,091</u>
Change in net position				<u>27,083,700</u>
Net position beginning				7,370,180
Net position ending				<u>\$ 34,453,880</u>

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

Evergreen School District

Governmental Funds

Balance Sheet

June 30, 2024

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 55,762,167	\$ 41,374,703	\$ 20,212,513	\$ 9,533,111	\$ 126,882,494
Accounts receivable	16,158,243	407,723	119,289	439,262	17,124,517
Inventory	52,042	-	-	12,143	64,185
Prepaid items	9,977	-	-	-	9,977
Leases receivable	110,611	-	-	-	110,611
Due from other funds	101,735	-	-	-	101,735
Total Assets	\$ 72,194,775	\$ 41,782,426	\$ 20,331,802	\$ 9,984,516	\$ 144,293,519
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 4,531,309	\$ 631,766	\$ -	\$ 141,417	\$ 5,304,492
Unearned revenue	764,153	-	-	11,570	775,723
Due to other funds	23	-	-	101,701	101,724
Total Liabilities	5,295,485	631,766	-	254,688	6,181,939
Deferred inflows of resources:					
Leases	107,598	-	-	-	107,598
Fund balances:					
Nonspendable:					
Revolving fund	75,000	-	-	300	75,300
Inventory	52,042	-	-	12,143	64,185
Prepaid items	9,977	-	-	-	9,977
Committed for:					
Supplemental grant programs	4,274,523	-	-	-	4,274,523
Declining enrollment	9,086,248	-	-	-	9,086,248
Restricted for:					
Educational programs	30,006,473	-	-	-	30,006,473
Cafeteria programs	-	-	-	5,320,208	5,320,208
Debt service	-	-	20,331,802	826,673	21,158,475
Capital projects	-	41,150,660	-	3,570,504	44,721,164
Assigned for:					
Educational programs	6,175,771	-	-	-	6,175,771
Unassigned:					
Unappropriated	17,111,658	-	-	-	17,111,658
Total Fund Balances	66,791,692	41,150,660	20,331,802	9,729,828	138,003,982
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 72,194,775	\$ 41,782,426	\$ 20,331,802	\$ 9,984,516	\$ 144,293,519

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

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

Total fund balances - governmental funds	\$ 138,003,982
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Capital assets for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	\$ 371,740,670	
Accumulated depreciation	<u>(191,092,434)</u>	180,648,236

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:	(1,666,084)
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Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.	34,504,337
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The differences from pension plan assumptions in actuarial valuations are not included in the plans' actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.	(13,738,818)
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The differences between projected and actual amounts in the OPEB plan are not included in the plan actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:	(19,803,542)
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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	159,177,271	
Subscription Liabilities	361,415	
Net pension liabilities	105,567,057	
Net OPEB liability	18,222,003	
Compensated absences	<u>166,485</u>	<u>(283,494,231)</u>

Total net position - governmental activities	<u><u>\$ 34,453,880</u></u>
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The notes to basic financial statements are an integral part of this statement

Evergreen School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF Sources	\$ 112,402,760	\$ -	\$ -	\$ -	\$ 112,402,760
Federal	14,265,643	-	-	3,196,004	17,461,647
Other state	18,162,914	-	93,540	4,450,865	22,707,319
Other local	13,226,442	2,084,536	21,270,461	563,236	37,144,675
Total revenues	158,057,759	2,084,536	21,364,001	8,210,105	189,716,401
Expenditures:					
Current					
Instruction	96,300,942	-	-	-	96,300,942
Instruction-related services:					
Supervision of instruction	5,822,979	-	-	-	5,822,979
Instruction library, media and technology	1,097,439	-	-	-	1,097,439
School site administration	8,018,428	-	-	-	8,018,428
Pupil services:					
Home-to-school transportation	2,456,872	-	-	-	2,456,872
Food services	77,031	-	-	5,327,384	5,404,415
All other pupil services	5,484,550	-	-	-	5,484,550
General administration:					
Data processing	1,667,887	-	-	-	1,667,887
All other general administration	8,578,862	-	-	96,129	8,674,991
Plant services	11,428,177	250,185	-	57,931	11,736,293
Facility acquisition and construction	4,253,621	2,191,976	-	-	6,445,597
Ancillary services	187,103	-	-	-	187,103
Transfers between agencies	4,968,860	-	-	-	4,968,860
Debt service:					
Principal	146,569	-	17,510,000	-	17,656,569
Interest and fees	11,847	-	4,247,512	-	4,259,359
Total expenditures	150,501,167	2,442,161	21,757,512	5,481,444	180,182,284
Excess (deficiency) of revenues over (under) expenditures	7,556,592	(357,625)	(393,511)	2,728,661	9,534,117
Other financing sources (uses):					
Transfers in	6,267	-	-	-	6,267
Transfers out	(17)	-	-	(6,242)	(6,259)
Total other financing sources (uses)	6,250	-	-	(6,242)	8
Changes in fund balances	7,562,842	(357,625)	(393,511)	2,722,419	9,534,125
Fund balances beginning	59,228,850	41,508,285	20,725,313	7,007,409	128,469,857
Fund balances ending	\$ 66,791,692	\$ 41,150,660	\$ 20,331,802	\$ 9,729,828	\$ 138,003,982

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

Evergreen School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds	\$	9,534,125
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions were greater or less than depreciation expense during the period.

Capital asset additions	\$	6,719,969	
Depreciation expense		(11,105,043)	(4,385,074)

The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance cost and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:

General obligation bond principal payments	17,510,000	
Accreted Interest	(2,536,070)	
Subscription principal payments	146,569	
Amortization of bond premiums	1,507,412	16,627,911

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized 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.	146,737
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In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than vacation used by:	24,041
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In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	2,765,016
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An internal service fund is used by management to charge the costs of self insurance benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.	2
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In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	2,370,942
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Change in net position of governmental activities	\$ 27,083,700
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The notes to basic financial statements are an integral part of this statement

Evergreen School District
Statement of Net Position
Proprietary Funds
June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Assets	
Current Assets:	
Cash and investments	\$ 11
Total Assets	\$ 11
Liabilities	
Current Liabilities:	
Due to other funds	\$ 11
Total Liabilities	\$ 11
Net Position	
Restricted	\$ -
Total Net Position	\$ -

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

Evergreen School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Nonoperating Revenues (Expenses):	
Interest income (loss)	\$ 10
Income Before Transfers	<u>10</u>
Transfers to Other Funds	<u>(8)</u>
Change in Net Position	2
Beginning Net Position	<u>(2)</u>
Ending Net Position	<u><u>\$ -</u></u>

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

Evergreen School District
Statement of Cash Flows
Proprietary Funds
June 30, 2024

	Internal Service Fund
	Self Insurance Programs
Cash Flows from Noncapital Financing Activities	
Interfund receipts (payments)	\$ (327)
Net cash provided by (used for) noncapital financing activities	<u>(327)</u>
Cash Flows from Investing Activities	
Interest income (loss)	<u>13</u>
Net cash provided by (used for) investing activities	<u>13</u>
Increase (Decrease) in Cash and Cash Equivalents	(314)
Cash and Cash Equivalents - Beginning	325
Cash and Cash Equivalents - Ending	<u><u>\$ 11</u></u>

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

Notes to the Basic Financial Statements

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The Evergreen School District (District) was organized in 1860 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-8 as mandated by State and/or Federal agencies. The District operates fifteen elementary and three middle schools.

A reporting entity is comprised of the primary government, 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 the District, this includes general operations, food service, and student related activities of the District.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Eliminations have been made to minimize the effect of interfund activities.

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The Enterprise Fund and the Internal Service Fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions or ancillary activities.

Fiduciary funds are reported using the economic resources measurement focus. The district did not report any fiduciary funds as of the end of the year.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—*Governmental Accounting Standards Board (GASB) Statements (Category A)*
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflow of Resources and Deferred Inflow of Resources:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

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

E. Fund Accounting

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Postemployment Benefits and Student Body Activity Fund as required by GASB.

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

The *Bond Interest and Redemption Fund* is used to account for the interest and redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The District maintains the following nonmajor special revenue funds:

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following nonmajor capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act ("CEQA").

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

- The Debt Service Fund for Blended Component Units is used to account for assets accumulated for interest and principal redemption of debt.

Non-major Proprietary Funds:

Proprietary funds encompass an Internal Service Fund that used to account for services rendered on a cost reimbursement basis within the District. The District has the following proprietary funds:

- The Self-Insurance Fund is used to account for reimbursement based insurance activities of the District.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

G. Encumbrances

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

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

H. Benefit Plans

Pensions:

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Other Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on the when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports. 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.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

I. Assets, Liabilities, Net Position and Fund balance

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

The following is a summary of the District's authorized investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	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 value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

c) Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

d) Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period, thus recording a prepaid expense in the Statement of Net Position.

e) Leases Receivable

The District's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources is recorded for leases. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

f) Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation/amortization on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the right of use asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

g) Compensated Absences

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

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

h) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

i) Subscription Based Information Technology Arrangements

The District recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The District's estimated incremental borrowing rate is calculated as described above. The District's estimated incremental borrowing rate is based on its most recent public debt issuance.

j) Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 3 percent of general fund operating expenditures and other financing uses.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the only the governing board or chief business officer/assistant superintendent of business services.
- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

k) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2024, capital assets net of accumulated depreciation totaling \$180,648,236 was reduced by related debt of \$88,836,353. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Educational Program restrictions reflect the amounts to be expended for federal and state funded educational programs.

Debt Service restrictions reflect the assets in the debt service funds of \$20,331,802 that are restricted for debt service payments by debt covenants, reduced by current liabilities and outstanding bond premiums of \$5,200,725.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Cafeteria Program restrictions reflect the amounts to be expended for federal and state funded cafeteria programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

l) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

m) Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

n) Accounting Estimates

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

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

J. Implemented Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This statement did not have a material impact on the financial statements.

K. Upcoming Accounting and Reporting Changes

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2024 is as follows:

Description	Carrying Amount	Fair Value
<i>Government-Wide Statements:</i>		
Cash in county treasury investment pool	\$ 126,662,279	\$ 126,662,279
Cash on hand and in banks	145,226	145,226
Cash in revolving fund	75,000	75,000
Total Cash and investments	<u>\$ 126,882,505</u>	<u>\$ 126,882,505</u>

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2024, the bank balances of the District's accounts totaled \$220,431 which was fully insured by FDIC and collateralized in California, as required by Government Code.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

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

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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.

Policies and Practices

The District is authorized under California Government Code Section 53635 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.

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the Santa Clara County Investment Pool. The pool has a fair value of approximately \$11.40 billion and an amortized book value of \$11.59 billion. The average days to maturity for the County pool was 548 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 investment with the Santa Clara County Investment Pool is governed by the County's general investment policy. The investment with the Santa Clara County Investment Pool is exempt from rating requirements.

Custodial Credit Risk – Deposits

Custodial credit risk 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2024:

			Bond Interest and Redemption	Nonmajor	
Receivables	General Fund	Building Fund	Fund	Funds	Total
Federal Government	\$ 10,198,641	\$ -	\$ -	\$ 396,823	\$ 10,595,464
State Government	1,476,488	-	-	-	1,476,488
Unrestricted	2,632,805	407,723	-	42,439	3,082,967
Local	1,850,309	-	119,289	-	1,969,598
Total Accounts Receivable	\$ 16,158,243	\$ 407,723	\$ 119,289	\$ 439,262	\$ 17,124,517

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

4. LEASES RECEIVABLE

The District leases a portion of its facilities to Rouleau Children's Center. This lease is noncancelable for a period of fifteen years. During the fiscal year, the District recognized \$35,018 in lease revenue and \$3,332 in interest revenue related to these agreements. As of June 30, 2024, the lease receivable balance was \$110,611 and the related deferred inflows of resources was \$107,598. The District used an interest rate of 2.57%, based on the State and Local Government Series (SLGS) rates over the same time periods.

The following summarizes the remaining lease payments as of June 30, 2024:

Fiscal Year	Principal	Interest	Total
2025	\$ 35,928	\$ 2,421	\$ 38,349
2026	36,862	1,487	38,349
2027	37,821	529	38,350
Total	<u>\$ 110,611</u>	<u>\$ 4,437</u>	<u>\$ 115,048</u>

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2024 were as follows:

Capital Assets	Balance July 01, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
Land - not depreciable	\$ 26,873,690	\$ -	\$ -	\$ 26,873,690
Subscription Right of Use Assets	651,247	-	-	651,247
Building and improvements	328,686,812	6,145,753	-	334,832,565
Vehicle and equipment	8,808,952	574,216	-	9,383,168
Total capital assets	365,020,701	6,719,969	-	371,740,670
Less accumulated depreciation/amortization for:				
Subscription Right of Use Assets	148,992	148,992	-	297,984
Building and improvements	173,574,478	10,057,099	-	183,631,577
Vehicle and equipment	6,263,921	898,952	-	7,162,873
Total accumulated dep/amortization	179,987,391	11,105,043	-	191,092,434
Total capital assets - net	<u>\$ 185,033,310</u>	<u>\$ (4,385,074)</u>	<u>\$ -</u>	<u>\$ 180,648,236</u>

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Depreciation/amortization expense was charged to governmental activities during the year as follows:

Instruction	\$ 7,209,337
Supervision of instruction	362,853
Instruction library, media and technology	86,547
School site administration	566,065
Home-to-school transportation	141,930
Food services	284,335
All other pupil services	75,360
Data process services	9,557
All other general administration	372,001
Plant services	339,407
Ancillary services	1,657,651
Total depreciation expense	<u>\$ 11,105,043</u>

6. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

The following summarizes the District's interfund balances as of June 30, 2024:

Fund	Due From	Due To
General Fund	\$ 101,735	\$ 23
Nonmajor Funds	-	101,701
Internal Service Self Insurance Fund	-	11
Totals	<u>\$ 101,735</u>	<u>\$ 101,735</u>

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. During the fiscal year ended June 30, 2024, interfund included a transfers to reclassify the associated student body activities fund form a stand alone special revenue fund to the General Fund as required by GASB. The following summarizes the District's interfund transfers during the year:

Fund	Transfers In	Transfers Out
General Fund	\$ 6,267	\$ 17
Nonmajor Funds	-	6,242
Internal Service Self Insurance Fund	-	8
Totals	<u>\$ 6,267</u>	<u>\$ 6,267</u>

7. ACCOUNTS PAYABLE

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

Accounts Payable	General Fund	Building Fund	Nonmajor Funds	Total
Vendor payables	\$ 2,991,358	\$ 629,787	\$ 49,167	\$ 3,670,312
Due to other governments	124,509	-	-	124,509
Payroll related payables	1,415,442	1,979	7,325	1,424,746
Other	-	-	84,925	84,925
Total	<u>\$ 4,531,309</u>	<u>\$ 631,766</u>	<u>\$ 141,417</u>	<u>\$ 5,304,492</u>

8. UNEARNED REVENUE

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

Unearned revenue	General Fund	Nonmajor Funds	Total
Federal resources	\$ 277,283	\$ 11,570	\$ 288,853
State categorical resources	486,870	-	486,870
Total	<u>\$ 764,153</u>	<u>\$ 11,570</u>	<u>\$ 775,723</u>

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

9. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the fiscal year ended June 30, 2024:

Long-Term Liabilities	Balance July 01, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 175,658,613	\$ 2,536,070	\$ 19,017,412	\$ 159,177,271	\$ 19,219,215
Subscription liabilities	507,984	-	146,569	361,415	149,953
Net OPEB liability	17,715,094	26,544,824	26,037,915	18,222,003	-
Net pension liabilities	91,751,481	57,722,129	43,906,553	105,567,057	-
Compensated absences	190,526	-	24,041	166,485	166,485
Total Long-Term Liabilities	<u>\$ 285,823,698</u>	<u>\$ 86,803,023</u>	<u>\$ 89,132,490</u>	<u>\$ 283,494,231</u>	<u>\$ 19,535,653</u>

The other post-employment benefits, compensated absences, and net pension obligations are paid for by the fund in which the employee worked. Subscription liabilities were paid by the General Fund. Payments on the general obligation bonds, which includes accreted interest, were paid by the Bond Interest and Redemption Fund from local revenues.

General Obligation Bonds Payable

The Bonds are general obligations of the District. The Board of Supervisors of Santa Clara County is empowered and is obligated to levy ad valorem taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due. The District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, advance refundings met the requirements of an in-substance debt defeasance and therefore the deferred debt was removed as a liability from the District's government-wide financial statements.

The following summarizes the bonds outstanding as of June 30, 2024:

Description	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2023	Accreted Interest/ Issued	Redeemed	Bonds Outstanding June 30, 2024
2009 GOB, Series B	8/1/2031	3.26-6.53%	\$ 22,498,712	\$ 42,660,476	\$ 2,536,070	\$ 4,350,000	\$ 40,846,546
2014 GORB	9/1/2024	2-5%	33,990,000	7,180,000	-	4,180,000	3,000,000
2016 GOB	8/1/2045	2-5%	50,000,000	38,600,000	-	-	38,600,000
2018 GOB	8/1/2046	3.1-5.0%	35,000,000	29,290,000	-	320,000	28,970,000
2018 GORB	8/1/2031	3.5-5%	11,140,000	6,095,000	-	620,000	5,475,000
2020 GO Refunding bond	8/1/2033	2.13-5%	7,525,000	6,965,000	-	155,000	6,810,000
GOB Series 2020	8/1/2030	0.05-3%	15,000,000	12,210,000	-	1,435,000	10,775,000
GOB Series 2021	6/1/2026	2-3%	32,050,000	25,950,000	-	6,450,000	19,500,000
Subtotal General Obligation Bonds			207,203,712	168,950,476	2,536,070	17,510,000	153,976,546
Unamortized Bond Premium			-	6,708,137	-	1,507,412	5,200,725
Total General Obligation Bonds			<u>\$ 207,203,712</u>	<u>\$ 175,658,613</u>	<u>\$ 2,536,070</u>	<u>\$ 19,017,412</u>	<u>\$ 159,177,271</u>

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The annual debt service requirements of current interest bonds were as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 11,545,000	\$ 3,953,103	\$ 15,498,103
2026	8,790,000	3,594,539	12,384,539
2027	9,020,000	3,381,197	12,401,197
2028	2,900,000	3,259,698	6,159,698
2029	3,140,000	3,180,600	6,320,600
2030-2034	24,990,000	12,859,981	37,849,981
2035-2039	15,265,000	9,482,738	24,747,738
2040-2044	21,910,000	5,860,975	27,770,975
2045-2049	15,570,000	1,052,550	16,622,550
Total	<u>\$ 113,130,000</u>	<u>\$ 46,625,381</u>	<u>\$ 159,755,381</u>

The annual debt service requirements of capital appreciation bonds were as follows:

Year Ending June 30:	Initial Bond Value	Accreted Interest	Accreted Obligations	Unaccreted Interest	Maturity Value
2025	\$ 2,579,624	\$ 3,587,179	\$ 6,166,803	\$ 183,197	\$ 6,350,000
2026	3,392,498	4,859,421	8,251,919	773,081	9,025,000
2027	3,081,482	4,522,970	7,604,452	1,245,548	8,850,000
2028	2,977,575	4,477,370	7,454,945	1,795,055	9,250,000
2029	3,115,563	4,775,441	7,891,004	2,558,996	10,450,000
2030-2034	1,348,855	2,128,568	3,477,423	1,772,577	5,250,000
Total	<u>\$ 16,495,597</u>	<u>\$ 24,350,949</u>	<u>\$ 40,846,546</u>	<u>\$ 8,328,454</u>	<u>\$ 49,175,000</u>

Subscription Based Information Technology Agreements (SBITAs)

The following summarizes the District's SBITAs as of June 30, 2024:

	Mosyle	Powerschool
Start	7/1/2022	7/1/2022
End	6/30/2025	6/30/2027
Annual Rate	2.18%	2.37%
Principal Paid	\$ 45,848	\$ 97,415
Interest Paid	\$ 3,070	\$ 12,083
Lease Amortization	\$ 46,857	\$ 102,135

The following summarizes the District's subscription based right of use assets as of June 30, 2024:

	Mosyle	Powerschool	Total
Beginning	\$ 140,570	\$ 510,677	\$ 651,247
Additions	-	-	-
Deletions	-	-	-
Ending	140,570	510,677	651,247
Accumulated Amortization	(93,714)	(204,270)	(297,984)
Subscription ROA, Net	<u>\$ 46,856</u>	<u>\$ 306,407</u>	<u>\$ 353,263</u>

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

The following summarizes the District's subscription based liabilities as of June 30, 2024:

	<u>Mosyle</u>	<u>Powerschool</u>	<u>Total</u>
Beginning	\$ 94,722	\$ 413,262	\$ 507,984
Additions	-	-	-
Principal Paid	(46,849)	(99,720)	(146,569)
Ending	47,873	313,542	361,415
Due Within One Year	47,873	102,080	149,953
Due in More Than One Year	<u>\$ -</u>	<u>\$ 211,462</u>	<u>\$ 211,462</u>

The annual debt service requirements of the SBITAs are as follows:

<u>Year ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 149,952	\$ 8,464	\$ 158,416
2026	104,495	5,003	109,498
2027	106,968	2,531	109,499
Total Debt Service	<u>\$ 361,415</u>	<u>\$ 15,998</u>	<u>\$ 377,413</u>

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of \$1 billion, subject to various policy sub limits generally ranging from \$1 million to \$50 million and deductible of \$10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence and \$2 million aggregate, with excess liability coverage with \$24 million per occurrence limit, subject to deductible of \$5,000 per occurrence. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District was a member of South Bay Area Schools Insurance Authority (SBASIA) for property and liability insurance coverage. The joint powers agreement provides that SBASIA will be self-sustaining through member premiums and will insure through commercial insurance companies for claims in excess of self-insured levels. 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 2020, the District participated in the CSAC Excess Insurance Authority JPA an insurance purchasing pool. The intent of the CSAC Excess Insurance Authority JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the CSAC Excess Insurance Authority JPA. The workers' compensation experience of the participating districts

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

is calculated as one experience and a common premium rate is applied to all districts in the CSAC Excess Insurance Authority JPA. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the CSAC Excess Insurance Authority JPA. Participation in the CSAC Excess Insurance Authority JPA is limited to districts that can meet the CSAC Excess Insurance Authority JPA's selection criteria. The firm of Alliant Insurance Services provides administrative, cost control, and actuarial services to the JPA.

Employee Medical Benefits

The District has contracted with the Kaiser and Blue Shield to provide employee health benefits. The rates are set through an annual calculation process. The claims have not exceeded coverages for any of the past three years nor has there been a reduction of coverage to date.

11. JOINT POWERS AGREEMENTS

The District is a member of the South Bay Area School Insurance Authority (SBASIA), the PRISM Excess Insurance Authority (PRISM), and the East Valley Transportation Agency (EVT). The District pays an annual premium to the applicable entity for its worker's compensation, property liability coverage, or services provided. The relationship between the Evergreen School District and the JPAs is such that the JPAs are not a component unit of the Evergreen School District for financial reporting purposes.

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

12. COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed various claims and litigation. Management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Federal and State Allowances, Award, and Grants

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Commitments

As of June 30, 2024, the District encumbered \$2,115,247 towards capital projects. These commitments are not a liability of the District's until services or goods have been rendered.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

13. EMPLOYEE RETIREMENT SYSTEMS

The following summarizes the District's pension related balances as of June 30, 2024:

	PERS	STRS	Total
Deferred outflows of resources	\$ 11,957,917	\$ 22,546,420	\$ 34,504,337
Deferred inflows of resources	\$ 939,142	\$ 12,799,676	\$ 13,738,818
Net pension liabilities	\$ 32,252,462	\$ 73,314,595	\$ 105,567,057
Pension expense	\$ 5,568,102	\$ 13,002,201	\$ 18,570,303

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.490%	7.490%
Required employer contribution rates	26.680%	26.680%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

difference between the actuarially determined rate and the contribution rate of employees. For fiscal year ending June 30, 2024, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2024 the District's contributions were as follows:

	<u>CalPERS</u>
Contributions - employer	<u>\$ 4,432,818</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability/(Asset)</u>
CalPERS	<u>\$ 32,252,462</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	<u>CalPERS</u>
Proportion - June 30, 2023	0.08460%
Proportion - June 30, 2024	<u>0.08910%</u>
Change - Increase/(Decrease)	<u>0.00450%</u>

For the year ended June 30, 2024, the District recognized pension expense of \$5,568,102 for the Plan.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,485,858	\$ -
Differences between Expected and Actual Experience	1,176,984	495,350
Differences between Projected and Actual Investment Earnings	3,445,024	-
Differences between Employer's Contributions and Proportionate Share of Contributions	108,580	438,913
Change in Employer's Proportion	1,308,653	4,879
Pension Contributions Made Subsequent to Measurement Date	4,432,818	-
Total	<u><u>\$ 11,957,917</u></u>	<u><u>\$ 939,142</u></u>

The District reported \$4,432,818 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2025	\$ 2,053,840
2026	1,518,623
2027	2,906,282
2028	107,212
2029	-
Thereafter	-
Total	<u><u>\$ 6,585,957</u></u>

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.9% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.9%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

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

	<u>CalPERS</u>
1% Decrease	5.90%
Net Pension Liability	\$ 46,628,723
Current	6.90%
Net Pension Liability	\$ 32,252,462
1% Increase	7.90%
Net Pension Liability	\$ 20,370,809

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

California State Teachers' Retirement System (CalSTRS) Pension Plan

General Information about the CalSTRS Pension Plan

Plan Description - The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by the CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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 credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

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

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age:	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	19.100%	19.100%
Required State contribution rates	9.710%	9.710%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2024, the District's contributions were as follows:

	CalSTRS
Employer Contributions	\$ 11,261,247
State Contributions	5,618,639
Total	<u><u>\$ 16,879,886</u></u>

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to CalSTRS

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	\$ 73,314,595
State	35,127,222
Total	\$ 108,441,817

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 9.71 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	CalSTRS
Proportion - June 30, 2023	0.09015%
Proportion - June 30, 2024	0.09626%
Change - Increase/(Decrease)	0.00611%

For the year ended June 30, 2024, the District recognized pension expense of \$13,002,201 for the Plan, of which, a total of \$5,618,639 came from state contributions.

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 424,518	\$ -
Differences between Expected and Actual Experience	5,761,319	3,922,703
Differences between Projected and Actual Investment Earnings	313,816	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	2,495,987
Change in Employer's Proportion	4,785,520	6,380,986
Pension Contributions Made Subsequent to Measurement Date	11,261,247	-
Total	\$ 22,546,420	\$ 12,799,676

The District reported \$11,261,247 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2025	\$ (3,797,081)
2026	(5,087,000)
2027	5,169,523
2028	286,491
2029	326,455
Thereafter	1,587,110
Total	\$ (1,514,502)

Evergreen School District
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Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually), maintain 85% purchasing power level for DB. Not applicable for DBS/CBB

(2) Net of investment expense but gross of administrative expenses.

(3) Based on 110% of the MP-2019 Ultimate Projection

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (a) (b)
Public Equity	38.00%	5.25%
Real Estate	15.00%	4.05%
Private Equity	14.00%	6.75%
Fixed Income	14.00%	2.45%
Risk Mitigation Strategies	10.00%	2.25%
Inflation Sensitive	7.00%	3.65%
Liquidity	2.00%	0.05%
Total	100.00%	

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(a) Real return is net of assumed 2.75% inflation.

(b) 20-year geometric average.

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

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

	<u>CalSTRS</u>
1% Decrease	6.10%
Net Pension Liability	\$ 122,979,383
Current	7.10%
Net Pension Liability	\$ 73,314,595
1% Increase	8.10%
Net Pension Liability	\$ 32,062,200

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

Benefits - 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.

Employees Covered by Benefit Terms - The benefit terms covered the following employees:

Active employees	686
Inactive employees	<u>51</u>
Total employees	<u><u>737</u></u>

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were \$812,225. The actuarially determined contribution for the measurement period was \$1,351,514. The District's contributions were 1.24% of covered employee payroll during the measurement period June 30, 2023 (reporting period June 30, 2024). Employees are not required to contribute to the plan.

Evergreen School District
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For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Actuarial Assumptions:	
Discount Rate	4.13%
Inflation	2.75%
Payroll Increases	3.00%
Trend Rate	5.00%
Municipal Bond Rate	4.13%
Mortality	2017 CalPERS

Notes:

The discount rate increased from 4.09% to 4.13%.

Discount Rate - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2022 for the fiscal year ended June 30, 2024 (reporting date). The following summarizes the changes in the total OPEB liability during the year ended June 30, 2024.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Fiscal Year Ended June 30, 2024			
Balance at June 30, 2023	\$ 17,715,094	\$ -	\$ 17,715,094
Service cost	668,846	-	668,846
Interest in Total OPEB Liability	707,937	-	707,937
Balance of changes in assumptions	(57,649)	-	(57,649)
Benefit payments	(812,225)	-	(812,225)
Net changes	506,909	-	506,909
Balance at June 30, 2024	\$ 18,222,003	\$ -	\$ 18,222,003
 Covered Employee Payroll	 \$ 65,371,783		
TOL as a % of Covered Employee Payroll	27.87%		
Service Cost as a % of Covered Emp Payroll	1.02%		

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Deferred Inflows and Outflows of Resources - At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 119,175	\$ 18,258,939
Change in assumptions	1,669,214	4,145,217
OPEB contribution subsequent to measurement date	812,225	-
Totals	\$ 2,600,614	\$ 22,404,156

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

Year Ended June 30,	
2025	\$ (2,997,118)
2026	(2,997,118)
2027	(2,997,118)
2028	(2,858,944)
2029	(2,703,250)
Thereafter	(6,062,219)
Total	\$ (20,615,767)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2024.

Service cost	\$ 668,846
Interest in TOL	707,937
Difference between actual and expected experience	(2,557,020)
Change in assumptions	(440,098)
OPEB Expense	\$ (1,620,335)

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2024.

Net OPEB liability ending	\$ 18,222,003
Net OPEB liability beginning	(17,715,094)
Change in net OPEB liability	506,909
Changes in deferred outflows	327,356
Changes in deferred inflows	(3,266,825)
Employer contributions and implicit subsidy	812,225
OPEB Expense	\$ (1,620,335)

Evergreen School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Sensitivity to Changes in the Discount Rate - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	4.13%	(1% Increase)
Net OPEB Liability (Asset)	\$ 19,730,447	\$ 18,222,003	\$ 16,842,537

Sensitivity to Changes in the Healthcare Cost Trend Rates - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	5.00%	(1% Increase)
Net OPEB Liability (Asset)	\$ 16,477,052	\$ 18,222,003	\$ 20,208,755

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Evergreen School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
LCFF sources	\$ 112,738,264	\$ 112,512,877	\$ 112,402,760	\$ (110,117)
Federal	3,962,079	15,362,049	14,265,643	(1,096,406)
Other state	10,059,077	17,640,473	18,162,914	522,441
Other local	5,616,613	9,349,969	13,226,442	3,876,473
Total revenues	132,376,033	154,865,368	158,057,759	3,192,391
Expenditures:				
Certificated salaries	58,418,412	64,182,066	60,337,709	3,844,357
Classified salaries	16,092,033	16,931,811	17,390,051	(458,240)
Employee benefits	35,884,338	38,564,456	37,977,809	586,647
Books and supplies	3,976,731	9,481,759	4,595,870	4,885,889
Services and other operating expenditures	15,514,484	30,034,835	20,899,637	9,135,198
Capital outlay	788,030	6,075,101	4,427,360	1,647,741
Other outgo	7,000,514	4,952,391	4,872,731	79,660
Total expenditures	137,674,542	170,222,419	150,501,167	19,721,252
Excess (deficiency) of revenues over (under) expenditures	(5,298,509)	(15,357,051)	7,556,592	22,913,643
Other financing sources (uses):				
Transfers in	2,100	2,100	6,267	4,167
Transfers out	-	-	(17)	(17)
Total other financing sources (uses)	2,100	2,100	6,250	4,150
Changes in fund balance	<u>\$ (5,296,409)</u>	<u>\$ (15,354,951)</u>	7,562,842	<u>\$ 22,917,793</u>
Fund balance beginning			<u>59,228,850</u>	
Fund balance ending			<u>\$ 66,791,692</u>	

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. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Evergreen School District
Schedule of CalPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2024

Miscellaneous Plan					
Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 1,614,577	\$ 2,189,093	\$ 2,324,586	\$ 2,324,586	\$ 2,533,260
Contributions in Relation to					
Contractually Required Contributions	1,614,577	2,189,093	2,324,586	2,324,586	2,533,260
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 13,716,566	\$ 18,478,037	\$ 16,738,090	\$ 14,967,394	\$ 14,025,357
Contributions as a					
% of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%

Miscellaneous Plan					
Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 2,773,555	\$ 2,898,469	\$ 2,204,575	\$ 3,916,839	\$ 4,432,818
Contributions in Relation to					
Contractually Required Contributions	2,773,555	2,898,469	2,204,575	3,916,839	4,432,818
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 14,063,967	\$ 11,984,121	\$ 13,081,603	\$ 15,438,861	\$ 16,614,760
Contributions as a					
% of Covered Payroll	19.72%	24.19%	16.85%	25.37%	26.68%

Notes to Schedule:

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.30%
Investment Rate of Returns set at 7.00%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Evergreen School District
Schedule of CalPERS Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ended	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.12267%	0.12475%	0.11132%	0.09210%	0.08891%
Proportionate Share of Net Pension Liability	\$ 13,925,990	\$ 18,387,896	\$ 21,986,534	\$ 21,986,534	\$ 23,706,893
Covered Payroll	\$ 9,681,647	\$ 13,716,566	\$ 18,478,037	\$ 16,738,090	\$ 14,967,394
Proportionate Share of NPL as a % of Covered Payroll	143.84%	134.06%	118.99%	131.36%	158.39%
Plan's Fiduciary Net Position as a % of the TPL	83.38%	79.43%	73.90%	71.87%	70.85%
Fiscal Year Ended	2020	2021	2022	2023	2024
District's Proportion of Net Pension Liability	0.08175%	0.08098%	0.08291%	0.08460%	0.08910%
Proportion of Net Pension Liability (Misc Plan Only)	0.01413%	0.01431%	0.01113%	0.01500%	0.08910%
Proportionate Share of Net Pension Liability	\$ 23,826,741	\$ 24,847,967	\$ 16,858,423	\$ 29,110,774	\$ 32,252,462
Covered Payroll	\$ 14,025,357	\$ 14,063,967	\$ 11,984,121	\$ 13,081,603	\$ 15,438,861
Proportionate Share of NPL as a % of Covered Payroll	169.88%	176.68%	140.67%	222.53%	208.90%
Plan's Fiduciary Net Position as a % of the TPL	70.05%	70.00%	80.97%	69.76%	69.96%

The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016, to 7.15% in FY18, and then to 6.90% in FY23.

The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019, and to 2.30% in FY23.

The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.

In 2019, the amortization period for actuarial gains and losses was shortened from 30 years to 20 years.

This schedule presents information on the District's portion of the net pension liability of CalPERS in compliance with GASB 68.

Evergreen School District
Schedule of CalSTRS Pension Plan Contribution
For the Year Ended June 30, 2024

Plan Measurement Date	2014	2015	2016	2017	2018
Fiscal Year Ended	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 4,498,323	\$ 6,083,935	\$ 7,093,698	\$ 7,915,167	\$ 8,799,672
Contributions in Relation to					
Contractually Required Contributions	4,498,323	6,083,935	7,093,698	7,915,167	8,799,672
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$50,656,791	\$56,700,233	\$56,388,696	\$54,852,162	\$54,052,039
Contributions as a					
% of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%
Plan Measurement Date	2019	2020	2021	2022	2023
Fiscal Year Ended	2020	2021	2022	2023	2024
Contractually Required Contributions	\$ 8,906,622	\$ 8,647,637	\$ 8,566,474	\$10,882,074	\$11,261,247
Contributions in Relation to					
Contractually Required Contributions	8,906,622	8,647,637	8,566,474	10,882,074	11,261,247
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$52,085,509	\$53,545,740	\$50,629,279	\$56,974,209	\$58,959,408
Contributions as a					
% of Covered Payroll	17.10%	16.15%	16.92%	19.10%	19.10%

Notes to Schedule:

Valuation Date: June 30, 2022

Assumptions Used: Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll Basis

7 Years Remaining Amortization Period

Inflation Assumed at 2.75%

Investment Rate of Returns set at 7.10%

Mortality tables are based on 110% of the MP-2019 Ultimate Projection Scale table issued by the Society of Actuaries.

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule provides information about the District's required and actual contributions to CalSTRS during the year.

Evergreen School District
Schedule of CalSTRS Proportionate Shares of Net Pension Liability
For the Year Ended June 30, 2024

Plan Measurement Date Fiscal Year Ended	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019
District's Proportion of Net Pension Liability	0.11991%	0.12051%	0.11323%	0.10707%	0.10239%
District's Proportionate Share of Net Pension Liability	\$ 70,072,007	\$ 81,132,322	\$ 91,580,535	\$ 99,016,964	\$ 94,106,071
State's Proportionate Share of Net Pension Liability Associated with the District	<u>42,312,281</u> <u>\$ 112,384,288</u>	<u>42,910,074</u> <u>\$ 124,042,396</u>	<u>52,134,967</u> <u>\$ 143,715,502</u>	<u>58,577,446</u> <u>\$ 157,594,410</u>	<u>53,880,431</u> <u>\$ 147,986,502</u>
Covered Payroll	\$ 53,408,400	\$ 50,656,791	\$ 56,700,233	\$ 56,388,696	\$ 54,852,162
Proportionate Share of NPL as a % of Covered Payroll	131.20%	160.16%	161.52%	175.60%	171.56%
Plan's Fiduciary Net Position as a % of the TPL	76.52%	74.02%	70.04%	69.46%	70.99%
Plan Measurement Date Fiscal Year Ended	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024
District's Proportion of Net Pension Liability	0.10093%	0.09617%	0.09775%	0.09015%	0.09626%
District's Proportionate Share of Net Pension Liability	\$ 91,155,467	\$ 93,200,226	\$ 44,483,481	\$ 62,640,707	\$ 73,314,595
State's Proportionate Share of Net Pension Liability Associated with the District	<u>49,731,688</u> <u>\$ 140,887,155</u>	<u>48,044,717</u> <u>\$ 141,244,943</u>	<u>22,382,308</u> <u>\$ 66,865,789</u>	<u>31,370,466</u> <u>\$ 94,011,173</u>	<u>35,127,222</u> <u>\$ 108,441,817</u>
Covered Payroll	\$ 54,052,039	\$ 52,085,509	\$ 53,545,740	\$ 50,629,279	\$ 56,974,209
Proportionate Share of NPL as a % of Covered Payroll	168.64%	178.94%	83.08%	123.72%	128.68%
Plan's Fiduciary Net Position as a % of the TPL	72.56%	71.82%	87.21%	81.20%	80.62%

The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.

The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.

The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.

The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.

This schedule presents information on the District's portion of the net pension liability of CalSTRS in compliance with GASB 68.

Evergreen School District
Schedule of Changes in Total OPEB Liability
For the Year Ended June 30, 2024

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	\$ 2,110,864	\$ 1,900,883	\$ 1,752,557	\$ 1,840,185	\$ 1,763,132	\$ 1,833,038	\$ 668,846
Interest	1,070,163	1,317,288	1,477,722	1,474,423	797,562	814,094	707,937
Changes of benefit terms	-	-	-	22,006	-	(3,000,298)	-
Diff. between expected/actual experience	-	307,347	-	(9,904,534)	-	(15,454,379)	-
Changes of assumptions	(2,581,380)	(1,054,569)	1,382,985	1,429,099	166,101	(3,577,401)	(57,649)
Benefit payments	(1,158,977)	(1,547,925)	(617,444)	(724,367)	(1,073,180)	(1,178,952)	(812,225)
Net change in Total OPEB Liability	(559,330)	923,024	3,995,820	(5,863,188)	1,653,615	(20,563,898)	506,909
Total OPEB Liability - beginning	38,129,051	37,569,721	38,492,745	42,488,565	36,625,377	38,278,992	17,715,094
Total OPEB Liability - ending	37,569,721	38,492,745	42,488,565	36,625,377	38,278,992	17,715,094	18,222,003
Plan fiduciary net position							
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
Net OPEB liability (asset)	\$ 37,569,721	38,492,745	42,488,565	36,625,377	38,278,992	17,715,094	18,222,003
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 58,649,118	\$ 67,529,396	\$ 67,817,403	\$ 66,356,869	\$ 71,109,934	\$ 65,454,237	\$ 65,371,783
TOL as a % of covered employee payroll	64.06%	57.00%	62.65%	55.19%	53.83%	27.06%	27.87%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Discount rates changed from 3.5% to 2.21% in FY2020, to 2.16% in FY2021, to 4.09% in FY2023 and then to 4.13% in FY2024.

Benefit term changes included the following in FY2023:

The maximum amount paid by the District was increased from \$350 per month to \$500 per month

Retired certificated and management employees amounts increased from \$1,471 to a range of \$780 to \$1,544.

**SUPPLEMENTARY
INFORMATION**

***Nonmajor Governmental Funds
Combining Schedules***

Evergreen School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Cafeteria Fund	Capital Facilities Fund	Debt Service Fund for Blended Comp. Units	Totals
Assets				
Cash and investments	\$ 5,172,130	\$ 3,542,317	\$ 818,664	\$ 9,533,111
Accounts receivable	396,824	34,429	8,009	439,262
Inventory	12,143	-	-	12,143
Total Assets	\$ 5,581,097	\$ 3,576,746	\$ 826,673	\$ 9,984,516
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 141,417	\$ -	\$ -	\$ 141,417
Unearned revenue	11,570	-	-	11,570
Due to other funds	95,459	6,242	-	101,701
Total Liabilities	248,446	6,242	-	254,688
Fund balances:				
Nonspendable:				
Revolving fund	300	-	-	300
Inventory	12,143	-	-	12,143
Restricted for:				
Cafeteria programs	5,320,208	-	-	5,320,208
Debt service	-	-	826,673	826,673
Capital projects	-	3,570,504	-	3,570,504
Total Fund Balances	5,332,651	3,570,504	826,673	9,729,828
Total Liabilities and Fund Balances	\$ 5,581,097	\$ 3,576,746	\$ 826,673	\$ 9,984,516

Evergreen School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

	Cafeteria Fund	Capital Facilities Fund	Debt Service Fund for Blended Comp. Units	Totals
Revenues:				
Federal	\$ 3,196,004	\$ -	\$ -	\$ 3,196,004
Other state	4,450,865	-	-	4,450,865
Other local	270,806	253,104	39,326	563,236
Total revenues	7,917,675	253,104	39,326	8,210,105
Expenditures:				
Current				
Pupil services:				
Food services	5,327,384	-	-	5,327,384
General administration:				
All other general administration	96,129	-	-	96,129
Plant services	53,650	4,281	-	57,931
Total expenditures	5,477,163	4,281	-	5,481,444
Excess (deficiency) of revenues over (under) expenditures	2,440,512	248,823	39,326	2,728,661
Other financing sources (uses):				
Transfers out	-	(6,242)	-	(6,242)
Total other financing sources (uses)	-	(6,242)	-	(6,242)
Changes in fund balances	2,440,512	242,581	39,326	2,722,419
Fund balances beginning	2,892,139	3,327,923	787,347	7,007,409
Fund balances ending	\$ 5,332,651	\$ 3,570,504	\$ 826,673	\$ 9,729,828

**STATE AND FEDERAL
AWARD COMPLIANCE
SECTION**

Evergreen School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	Second Period Report	Annual Report
Average Daily Attendance:		
Grades TK/K through three	3,305.73	3,312.15
Grades four through six	2,939.07	2,944.00
Grades seven and eight	2,115.53	2,114.11
Extended year special education:		
Grades TK/K through three	4.90	4.90
Grades four through six	3.08	3.08
Grades seven and eight	1.71	1.71
Special education; nonpublic, nonsec:		
Grades TK/K through three	1.53	1.38
Grades four through six	1.99	1.77
Grades seven and eight	2.89	2.56
Extended year special education; nonpublic, nonsec:		
Grades TK/K through three	0.04	0.04
Grades four through six	0.45	0.45
Grades seven and eight	0.68	0.68
Total ADA	<u>8,377.60</u>	<u>8,386.83</u>

** All classroom based attendance

Evergreen School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2024

Grade Level	Minutes Requirements	Actual Minutes	Actual Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	42,710	180	0	In Compliance
Grade 1	50,400	50,400	180	0	In Compliance
Grade 2	50,400	50,400	180	0	In Compliance
Grade 3	50,400	50,400	180	0	In Compliance
Grade 4	54,000	54,000	180	0	In Compliance
Grade 5	54,000	54,000	180	0	In Compliance
Grade 6	54,000	54,000	180	0	In Compliance
Grade 7	54,000	56,700	180	0	In Compliance
Grade 8	54,000	56,700	180	0	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

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 instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has met or exceeded its target funding.

Evergreen School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Program Name	Assistance Listing		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010		14329	\$ 1,319,845
ESEA (ESSA): Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011		14326	20,693
Title II: Supporting Effective Instruction Local Grants	84.367		14341	254,517
Education Stabilization Fund (ESF)				
Elementary and Secondary School Emergency Relief II (ESSER II) Func	84.425D	(1)	15536	23,076
Elementary and Secondary School Emergency Relief III (ESSER III) Func	84.425D	(1)	15559	5,686,942
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	(1)	10155	1,375,237
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	(1)	15618	156,695
After School Education and Safety (ASES) Rate Increase: ESSER III	84.425D	(1)	15662	326,403
Expanded Learning Opportunities (ELO) Grant: GEER II	84.424C	(1)	15619	213,048
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425D	(1)	15620	582,208
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425D	(1)	15621	1,043,140
Total Education Stabilization Fund (ESF) Subprograms				<u>9,406,749</u>
Special Education Cluster				
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027U		15638	154,736
Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173		15639	41,548
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173		13430	50,408
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173		13431	343
IDEA Basic Local Assistance	84.027		13379	1,743,777
Special Ed: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	84.027		10119	331,291
IDEA Mental Health Average Daily Attendance (ADA) Allocation	84.027A		15197	107,311
Total Special Education Cluster				<u>2,429,414</u>
Title III				
Title III, English Learning Student Program	84.365		14346	470,489
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>13,901,707</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
Child Nutrition: School Programs (School Breakfast Basic)	10.553		13525	379,295
Child Nutrition: School Programs (School Breakfast Needy)	10.553		13526	258,211
Child Nutrition: School Programs (NSL Sec 4)	10.555		13391	1,586,199
Supply Chain Assistance for School Meals	10.555F		15655	264,886
Child Nutrition: Local Food for Schools	10.555		15708	43,313
Child Nutrition: School Programs (NSL Sec 4) - Commodities	10.555		13391	377,340
Total Child Nutrition Cluster				<u>2,909,244</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>2,909,244</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 16,810,951</u>

(1) Audited as major program

Note: There were no federal grants passed through to subrecipients

Evergreen School District
Reconciliation of Annual Financial and Budget Report (SACS)
to the Audited Financial Statements
For the Fiscal Year Ended June 30, 2024

	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds
June 30, 2024 Annual Financial and Budget Report (SACS) Fund Balances	\$ 67,504,264	\$ 41,772,714	\$ 20,635,688	\$ 10,147,125
Adjustments and Reclassifications:				
Fair value adjustments	(839,386)	(622,054)	(303,886)	(138,994)
Leases receivable, net of deferred inflows	3,013	-	-	-
Associated student body fund	278,303	-	-	(278,303)
Associated student body fund balance correction	(154,502)	-	-	-
June 30, 2024 Audited Financial Statements Fund Balances	<u>\$ 66,791,692</u>	<u>\$ 41,150,660</u>	<u>\$ 20,331,802</u>	<u>\$ 9,729,828</u>

Evergreen School District
Notes to State and Federal Award Compliance Sections
For the Fiscal Year Ended June 30, 2024

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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 46201 through 46206 and whether the Charter Schools complied with Education Code Sections 47612 and 47612.5.

C. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

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

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance,

Evergreen School District
Notes to State and Federal Award Compliance Sections
For the Fiscal Year Ended June 30, 2024

wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

**OTHER
INFORMATION**

Evergreen School District
Organization (Unaudited)
June 30, 2024

The District was organized in 1860 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 - 8 as mandated by the State and/or Federal agencies. The District operates fifteen elementary, and three middle schools. There were no boundary changes during the year.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jeremy Barousse	President	2024
Mary Hien Pollett	President Pro Tem	2026
Jim Zito	Clerk	2026
Dr. Stan Rose	Member	2026
Patti Andrade	Member	2024

Administration

Dr. Antoine Hawkins
Superintendent

Victoria Knutson
Chief Business Officer

Evergreen School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

	(Budget) ⁽¹⁾			
	2025	2024	2023	2022
General Fund				
Revenues	\$ 133,518,970	\$ 158,057,759	\$ 157,626,468	\$ 124,579,024
Other sources and transfers in	2,100	6,267	137,700	340
Total Revenues and Other Sources	133,521,070	158,064,026	157,764,168	124,579,364
Expenditures	142,128,246	150,501,167	135,312,452	125,939,311
Other uses and transfers out	-	17	-	-
Total Expenditures and Other Uses	142,128,246	150,501,184	135,312,452	125,939,311
Change in fund balance	(8,607,176)	7,562,842	22,451,716	(1,359,947)
Ending fund balance	\$ 58,184,516	\$ 66,791,692	\$ 59,228,850	\$ 36,777,134
Available reserves ⁽²⁾	\$ 18,274,856	\$ 17,111,658	\$ 17,237,720	\$ 6,130,539
Reserved for economic uncertainty	\$ -	\$ -	\$ 4,098,303	\$ 3,778,179
Unassigned fund balance	\$ 18,274,856	\$ 17,111,658	\$ 13,139,417	\$ 2,352,360
Available reserves as a percentage of total outgo	12.86%	11.37%	12.74%	4.87%
Total long-term liabilities	\$ 263,958,578	\$ 283,494,231	\$ 285,823,698	\$ 294,525,990
Average daily attendance at P-2	8,201	8,378	8,403	8,781

Average daily attendance has decreased by 403 over the past three years. The district anticipates a decrease of 177 ADA in FY 2025.

The general fund balance has increased by \$30,014,558 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term liabilities has decreased by \$11,031,759 over the past three years. The District has had operating surpluses in two of the last three fiscal years.

⁽¹⁾ Budget numbers are based on the first adopted budget of the fiscal year 2024/25

⁽²⁾ Available reserves consist of all unassigned fund balances in the general fund, which includes the reserve for economic

**OTHER 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***

Board of Trustees
Evergreen School District
San Jose, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Elementary School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 24, 2025.

Report on Internal Control over Financial Reporting

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

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

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

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.

C & A LLP

January 24, 2025
Morgan Hill, California



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

Board of Trustees
Evergreen School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Programs

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

Responsibilities of Management for Compliance

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

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 Evergreen Elementary School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Evergreen Elementary School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Evergreen Elementary School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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



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.

C & A LLP

January 24, 2025
Morgan Hill, California



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

The Honorable Board of Trustees
Evergreen School District
San Jose, California

Report of State Compliance

Qualified Opinion on State Compliance

We have audited the Evergreen School District's (the District)'s compliance with the types of compliance requirements described in the *2023-24 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 fiscal year ended June 30, 2024.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the fiscal year ended June 30, 2024.

Basis for Qualified Opinion on State Compliance Requirements

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide)*, published by the Education Audit Appeals Panel. 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 Evergreen Elementary School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state programs identified in the *Audit Guide*. Our audit does not provide a legal determination of Evergreen Elementary School District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on State Compliance

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, 2024-002, 2024-003, 2024-004 and 2024-005. The District did not comply with requirements regarding After School Education and Safety Program, Unduplicated Local Control Funding Formula Pupil Count, Expanded Learning Opportunities Program, Instructional Minutes and School Accountability Report Card. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to the program.



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 State 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 Evergreen Elementary School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Evergreen Elementary School District's compliance with the requirements of applicable state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:



2023-24 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Districts:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After School Education and Safety Program	
General Requirements	Yes
After School	Yes
Before School	N/A
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	N/A
Immunizations	N/A
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	N/A
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for	
Charter Schools	N/A
Determination of Funding for Nonclassroom - Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A



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

Other Matters

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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



Chavan and Associates, LLP
Certified Public Accountants

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

C & A UP

January 24, 2025
Morgan Hill, California

FINDINGS AND RECOMMENDATIONS

Evergreen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses?

____ Yes **x** No

Significant deficiencies identified not

considered to be material weaknesses?

____ Yes **x** No

Non-compliance material to financial statements noted?

____ Yes **x** No

Federal Awards

Internal control over major programs:

Material weaknesses?

____ Yes **x** No

Significant deficiencies identified not

considered to be material weaknesses?

____ Yes **x** None Reported

Type of auditor's report issued on compliance over major programs

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)

____ Yes **x** No

Identification of Major Programs:

Assistance Listing

Name of Federal Program

84.425D/U

Education Stabilization Fund (ESF) Subprograms

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as low risk auditee?

____ Yes **x** No

State Awards

Internal control over state programs:

Material weaknesses?

____ Yes **x** No

Significant deficiencies identified not

considered to be material weaknesses?

x Yes ____ None Reported

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

Modified

Evergreen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

Finding 2024-001: After School Education and Safety Program (70000)

Criteria or Specific Requirements: Education Code Section 8482 requires LEAs offer After School Education and Safety Program (ASES Program) to pupils in kindergarten and grades 1 to 9. The ASES Program requirements include family fees being charged on a sliding scale that considers family income and ability to pay, and the cost of these fees waived for pupils who are eligible for free or reduced-price meals, homeless youth, or foster care.

Condition: The family fees for the ASES Program were charged on a flat rate across the District in fiscal year 2023-24 instead of on a sliding scale and were not waived the fees for unduplicated pupils.

Questioned Costs: None

Effect: The District is not in compliance with the ASES Program requirements.

Cause: The District was not aware of the family fees requirements and thus did not meet all the ASES Program requirements.

Recommendation: We recommend that the District work with the ASES Program provider to ensure that family fees are charged on a sliding scale in fiscal year 2024-25 and refunded the family fees to the unduplicated pupils.

Corrective Action Plan and Response to Finding: The District confirmed that the family fees were not charged on a sliding scale in fiscal year 2023-24. The District found that the service provider only charges families if they don't qualify for free/reduced, homeless, or foster care. The service provider allocates financial assistance scholarships to families based on their income if they qualify for the subsidy. The District will monitor the service provider to ensure fees are not inappropriately in the future.

Finding 2024-002: Unduplicated Local Control Funding Formula (70000)

Criteria or Specific Requirements: Education Code Section 42238 requires that the District collect alternative income forms for new enrollees and update CALPADS data correctly for fiscal year 2023-24 to ensure correct calculation of funding. Students enrolled after the base year (which is fiscal year 2022-23) should have supporting documentation from the year they enrolled.

Condition: The District, operating as Provision 2 under NSLP, did not collect alternative income forms for new enrollees in the audited fiscal year and update CALPADS data timely, as required for Local Control Funding Formula (LCFF) funding.

Evergreen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Questioned Costs: None

Effect: This oversight, crucial for determining eligibility for supplemental and concentration grants, has potentially resulted in missed funding opportunities. The full impact remains unclear pending a review of the number and eligibility of affected students. We have calculated the potential loss of LCFF funding opportunities \$384,192 as shown below.

Total Adjusted Enrollment from the UPP exhibit as of P-2	\$ 26,924
Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	11,131
Audit Adjustment - Number of Enrollment	-
Audit Adjustment - Number of Unduplicated Pupil Count	537
Revised Adjusted Enrollment	26,924
Revised Adjusted Unduplicated Pupil Count	11,668
UPP calculated as of P-2	0.4134
Revised UPP for audit finding	0.4334
Supplemental and Concentration Grant TK/K-3 ADA	3,619
Supplemental and Concentration Grant 4-6 ADA	3,211
Supplemental and Concentration Grant 7-8 ADA	2,324
Supplemental and Concentration Grant 9-12 ADA	-
Adjusted Base Grant per TK/K-3 ADA	10,951
Adjusted Base Grant per 4-6 ADA	10,069
Adjusted Base Grant per 7-8 ADA	10,367
Adjusted Base Grant per 9-12 ADA	12,327
Supplemental Grant Funding calculated as of P-2	7,941,228
Revised Supplemental Grant Funding for audit finding	8,325,420
Supplemental Grant Funding audit adjustment	<u>\$ 384,192</u>

Cause: The District did not collect alternative income forms for new enrollees.

Recommendation: We recommend that the District collect the alternative income forms and revise the CALPADS data for fiscal year 2023-24, and collect the forms and update CALPADS data timely in fiscal year 2024-25 to ensure proper funding.

Corrective Action Plan and Response to Finding: The District has collected the alternative income forms and revised the CALPADS data for fiscal year 2023-24, and agreed with the auditor's recommendation to properly follow the requirements for fiscal year 2024-25. In addition, the District is adding an additional step in the school district enrollment process. During enrollment families will be required to fill out the alternative income survey forms as a process of enrollment.

Finding 2024-003: Expanded Learning Opportunities Program (70000)

Criteria or Specific Requirements: Education Code Section 46120 requires LEAs offer comprehensive after school and intersessional Expanded Learning Opportunities Programs (ELOP) to all unduplicated pupils in Transitional Kindergarten/Kindergarten through sixth grade (TK/K-6) classroom-based instructional programs starting in 2021-22. The requirements include offering the programs on all school days and on at least 30 non-school days with no less than 9 hours of instructional time per day. In addition, the District should provide transportation to and from ELOP sites for all eligible pupils.

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Furthermore, the Programs should maintain a pupil-to-staff ratio of no more than 10 to 1 for TK/K levels, and no more than 20 to 1 for grades 1 through 6.

Condition: The District did not meet the 30 non-school days and the 9-hour per day requirements. In addition, the non-school days programs were only offered on specific school sites, however, the District did not provide transportation to and from ELOP sites for eligible pupils due to a driver shortage in the District. Furthermore, the pupil-to-staff ratio exceeded the requirements for some classes in fiscal year 2023-24.

Questioned Costs: The questioned costs were \$2,977,474, which is the amount apportioned to the District in the audited fiscal year.

LEA Funding Rate	Rate 2
ELO-P Entitlement Calculation based on Rate 1 or Rate 2	\$4,811,407
Section A - Offering and Access	
Total Classroom-Based Enrollment, Grades TK/K-6	
Total Classroom-Based UPC, Grades TK/K-6	2,614
Students Eligible for ELO-P Offering and Access	2,614
Number of Eligible Students Not Offered and Provided Access to ELO-P	1,500
Proportional Penalty Factor	0.573833
ELO-P Offering and Access Penalty [EC 46120(c)(2)]	<u>\$2,760,945</u>
Section B - Days	
Instructional Days	180
ELO-P offered on instructional days totaling 9 hours [EC 46120(b)(1)(A)]	180
Required Intersession ELO-P days	30
Actual ELO-P intersession days totaling 9 hours	8
ELO-P days short	22
Penalty Factor	0.0048
Penalty Calculation	\$216,529
Total Penalty	<u><u>\$2,977,474</u></u>

Effect: This noncompliance with ELOP requirements may reduce the effectiveness of the program in meeting students needs for extended learning and enrichment. Additionally, it could jeopardize compliance with state guidelines, potentially impacting funding or program eligibility.

Cause: The noncompliance of requirement is caused by an oversight in planning and scheduling.

Recommendation: We recommend that the District work with the County and the State to clarify the corrective action plans the District should implement in order to qualify for the penalty waiver.

Corrective Action Plan and Response to Finding: The District confirms that not all ELO Program compliance requirements were met. The District agrees with the auditor's recommendation and will work with the County and the State to implement the required corrective actions to qualify for the penalty waiver. The District will also provide sufficient training to key personnel to ensure future compliance on offering the programs.

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Finding 2024-004 - Instructional Minutes (40000)

Criteria or Specific Requirements: School districts shall offer 180 days or more of instruction per school year as defined in Education Code Section 46208.

Condition: The District had one emergency closure day at Katherine R. Smith Elementary School and thus fell short of the instructional day requirements by one day.

Questioned Costs: The District's penalty for not meeting the instructional day requirements is \$399,680 and was calculated as follows:

Affected grade level(s)	Katherine R. Smith Elementary School	
	K-3	4-6
Affected grade level ADA	3,312.20	2,944.59
Derived Value of ADA by Grade Span	\$ 11,856.43	\$ 10,901.50
Affected LCFF Apportionment by Grade Span	\$ 39,270,867	\$ 32,100,448
Number of required days	180	180
Number of days short	1	1
Instructional Day Penalty by Grade Span	\$ 219,917	\$ 179,763
Total Instructional Day Penalty		\$ 399,680

Context: For the school sites that were not in compliance with the instructional days requirements, we are required to prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code section 46208.

Effect: The District has incurred a penalty of \$399,680. However, the District can submit a J-13A for the emergency closure day and remove the penalty incurred.

Cause: There was an emergency on February 5th, 2024 at Katherine R. Smith Elementary School due to a power outage caused by the storm in the San Jose area.

Recommendation: For fiscal year 2023-24, the District should submit to the State a J-13A for Katherine R. Smith Elementary School for the emergency closure day to meet the 180 instructional days requirement. In addition, the District should carefully monitor its school sites to ensure that the District offers the required amount of instructional days and minutes. Finally, the District should submit the J-13A forms for any emergency closure events timely to ensure compliance.

Corrective Action Plan: The District has filled out and will also submit a J-13A to the State to claim for the emergency closure day incurred in fiscal year 2023-24. The District will provide written guidance to key staff regarding CDE guidance and/or training to key personnel on correct and timely submission of the J-13As to ensure future compliance per the Education Code requirements.

Finding 2024-005: School Accountability Report Card (72000)

Criteria or Specific Requirements: According to California Education Code Section 33126(b), school districts must accurately report teacher assignments in the School Accountability Report Card (SARC).

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The Every Student Succeeds Act (ESSA) also requires correct reporting of teacher misassignments to ensure compliance with credentialing requirements.

Condition: During our audit of the 2022-2023 SARC, we identified discrepancies in the reported teacher misassignments for the 2021-2022 school year when compared to the district's Williams Quarterly Reports for the same period.

- The 2022-2023 SARC reported 1 teacher misassignment for Cedar Grove Elementary and 3.5 teacher misassignments for Quimby Oak Middle.
- The Williams Quarterly Reports for the same period recorded zero misassignments for all schools.

Questioned Costs: None

Effect: The misstatement of teacher misassignments in the SARC results in noncompliance with state reporting requirements and misleading public disclosures regarding the district's teacher credentialing status. This could impact transparency, accountability, and regulatory compliance.

Cause: The District copy and paste the number of teacher misassignments from 2021-2022 SARC to 2022-2023 SARC for Cedar Grove Elementary and Quimby Oak Middle without updating the correct number of teacher misassignments.

Recommendation: We recommend that the district reconcile misassignment data between CALSASS, Williams Reports, and the SARC before submission to ensure accuracy in future reporting.

Corrective Action Plan: The district has acknowledged the discrepancy and stated that they will implement a reconciliation process between the CALSASS system and the Williams Reports moving forward to prevent similar errors in future SARC reporting.

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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None