



Financial Statements
June 30, 2024

Saugus Union School District

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Independent Auditor's Report

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saugus Union 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 as listed in the table of contents.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Esde Sallly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 11, 2024



This section of Saugus Union School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the fiscal year ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

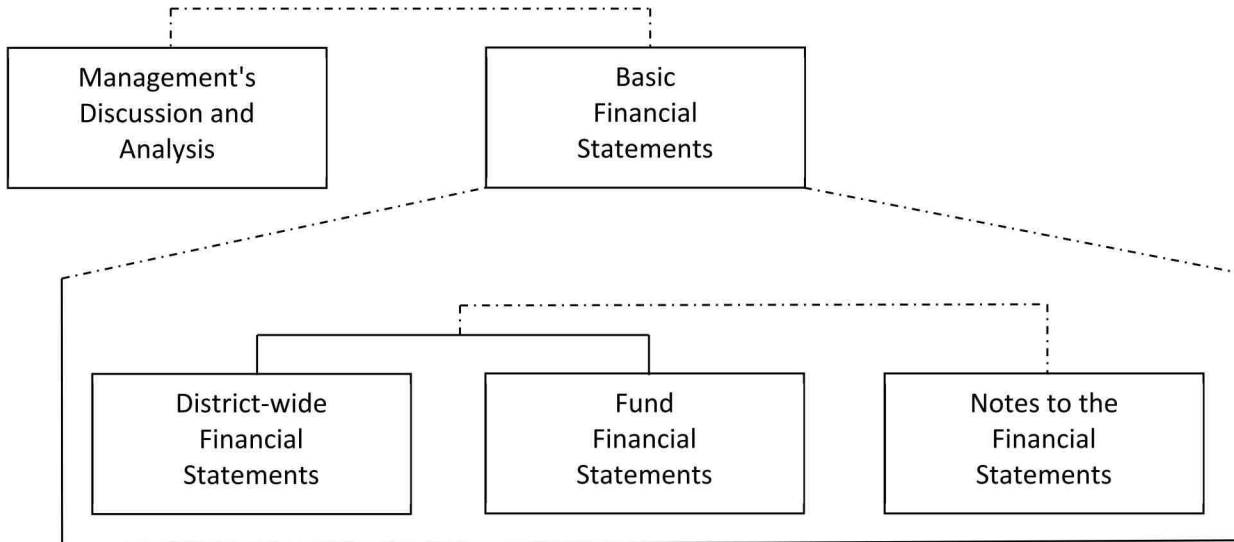
The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

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

The Primary unit of the government is the Saugus Union School District.

Figure 1



FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The total net position increased by \$11,263,689 over the prior year for a new net position of \$171,940,709.
- Revenues and other financing sources for all governmental funds totaled \$158,748,571. Expenditures totaled \$185,475,302.
- The General Fund audited ending balance totaled \$41,309,702. This is an increase of \$985,958 from the prior year.
- Based on 3 year prior average, the funded ADA was 9,013.58.
- The District filed a positive status with both its First and Second Interim reports in 2023-2024.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's childcare operations are included in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position – Proprietary Funds* and the *Statement of Revenues, Expenses, and Change in Fund Net Position - Proprietary Funds*. In fact, the District's enterprise funds are the same as business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for community facility districts (CFDs). The District's fiduciary activities are reported in the *Statement of Net Position - Fiduciary Funds* and *Statement of Changes in Net Position – Fiduciary Funds*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$171,940,709 for the fiscal year ended June 30, 2024. Of this amount, \$(124,694,251) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 140,811,222	\$ 166,806,115	\$ 2,308,318	\$ 2,113,064	\$ 143,119,540	\$ 168,919,179
Capital assets	320,306,081	296,624,660	3,014,188	3,106,248	323,320,269	299,730,908
Total assets	461,117,303	463,430,775	5,322,506	5,219,312	466,439,809	468,650,087
Deferred outflows of resources	37,459,735	34,130,766	478,154	352,939	37,937,889	34,483,705
Liabilities						
Current liabilities	16,777,317	16,100,603	318,335	146,459	17,095,652	16,247,062
Long-term liabilities other than OPEB and pensions	133,790,410	145,128,148	-	40,458	133,790,410	145,168,606
Other postemployment benefits (OPEB) liability	43,823,135	48,626,719	-	-	43,823,135	48,626,719
Aggregate net pension liability	101,296,475	94,550,740	1,039,460	1,040,156	102,335,935	95,590,896
Total liabilities	295,687,337	304,406,210	1,357,795	1,227,073	297,045,132	305,633,283
Deferred inflows of resources	35,312,032	36,586,571	79,825	236,918	35,391,857	36,823,489
Net Position						
Net investment in capital assets	221,604,344	209,687,522	3,014,188	3,106,248	224,618,532	212,793,770
Restricted	72,016,428	82,680,194	-	-	72,016,428	82,680,194
Unrestricted (deficit)	(126,043,103)	(135,798,956)	1,348,852	1,002,012	(124,694,251)	(134,796,944)
Total net position	\$ 167,577,669	\$ 156,568,760	\$ 4,363,040	\$ 4,108,260	\$ 171,940,709	\$ 160,677,020

The \$(124,694,251) in unrestricted net position (deficit) which represents the accumulated results of all past years' operations. Unrestricted (deficit) net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$9,755,853, or 7.2% from the prior year.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services and sales	\$ 607,744	\$ 550,568	\$ 2,196,283	\$ 1,579,222	\$ 2,804,027	\$ 2,129,790
Operating grants and contributions	35,367,324	35,699,212	-	-	35,367,324	35,699,212
General revenues						
Federal and State aid not restricted	72,625,942	67,474,105	-	4,527	72,625,942	67,478,632
Property taxes	40,256,143	46,294,196	-	-	40,256,143	46,294,196
Other general revenues	8,785,371	11,542,393	87,044	(1,216)	8,872,415	11,541,177
Total revenues	157,642,524	161,560,474	2,283,327	1,582,533	159,925,851	163,143,007
Expenses						
Instruction-related	101,576,136	94,005,849	-	-	101,576,136	94,005,849
Pupil services	12,119,352	10,631,202	-	-	12,119,352	10,631,202
Administration	11,787,641	12,192,094	-	-	11,787,641	12,192,094
Plant services	13,592,616	12,440,766	-	-	13,592,616	12,440,766
All other services	7,557,870	6,359,231	2,028,547	431,485	9,586,417	6,790,716
Total expenses	146,633,615	135,629,142	2,028,547	431,485	148,662,162	136,060,627
Change in net position	\$ 11,008,909	\$ 25,931,332	\$ 254,780	\$ 1,151,048	\$ 11,263,689	\$ 27,082,380

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all governmental activities in 2023-2024 was \$146,633,615. The amount that our taxpayers ultimately financed for these activities through local taxes was \$40,256,143. Other costs were paid by other governments and organizations who subsidized certain programs with \$35,367,324 in grants and contributions, and \$607,744 in charges for services and sales. The remaining "public benefit" portion of our governmental activities were paid with \$72,625,942 in Federal and State aid and \$8,785,371 with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	\$ 101,576,136	\$ 94,005,849	\$ (80,378,815)	\$ (64,066,223)
Pupil services	12,119,352	10,631,202	(9,642,127)	(9,015,733)
Administration	11,787,641	12,192,094	(7,978,641)	(8,124,948)
Plant services	13,592,616	12,440,766	(7,462,261)	(12,425,776)
All other services	7,557,870	6,359,231	(5,196,703)	(5,746,682)
Total	<u>\$ 146,633,615</u>	<u>\$ 135,629,142</u>	<u>\$ (110,658,547)</u>	<u>\$ (99,379,362)</u>

THE DISTRICT'S FUNDS

Upon completion of the 2023-2024 fiscal year, the District's governmental funds reported a combined fund balance of \$125,699,429, a decrease of \$26,726,731, or 17.5% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	\$ 40,323,744	\$ 139,658,753	\$ 138,672,795	\$ 41,309,702
Building Fund	49,818,949	2,973,314	20,885,689	31,906,574
Capital Facilities Fund	22,813,428	3,296,751	5,490,053	20,620,126
Capital Projects Fund for Blended Component Units	22,370,139	5,138,681	3,815,766	23,693,054
Child Development Fund	158,184	620,382	497,041	281,525
Special Reserve Fund for Capital Outlay Projects	2,455,482	139,715	540,552	2,054,645
Bond Interest and Redemption Fund	14,486,234	6,920,975	15,573,406	5,833,803
Total	<u>\$ 152,426,160</u>	<u>\$ 158,748,571</u>	<u>\$ 185,475,302</u>	<u>\$ 125,699,429</u>

The primary reasons for these changes are the following:

1. The fund balance of the General Fund increased by \$985,958 compared to the previous year due to slight increase in LCFF funding.
2. The Building Fund decreased by \$17,912,375 due to multi-year facilities projects.
3. The Capital Facilities Fund decreased by \$2,193,302 due facilities projects.
4. The Capital Projects Fund for Blended Component Units increased by \$1,322,915 due decrease in facilities projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 25, 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 71.)

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$323,320,269 in a broad range of capital assets, including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$23,589,361, or 7.9%, from last year (Table 5).

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and construction in progress	\$ 90,731,691	\$ 78,693,012	\$ -	\$ -	\$ 90,731,691	\$ 78,693,012
Land improvements	39,136,791	34,723,498	490,575	505,273	39,627,366	35,228,771
Buildings and improvements	179,664,457	174,326,094	2,520,242	2,596,496	182,184,699	176,922,590
Furniture and equipment	9,250,371	6,761,427	3,371	4,479	9,253,742	6,765,906
Right-to-use leased assets	1,294,223	1,558,433	-	-	1,294,223	1,558,433
Right-to-use subscription IT assets	228,548	562,196	-	-	228,548	562,196
Total	\$ 320,306,081	\$ 296,624,660	\$ 3,014,188	\$ 3,106,248	\$ 323,320,269	\$ 299,730,908

Capital assets represent one of the largest investments for the District. This year's increase is primarily a result of facilities improvement projects, including new construction and modernization projects. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities other than OPEB and Pensions

At the end of this year, the District had \$132,646,373 in long-term liabilities outstanding versus \$145,168,606 last year, a decrease of \$12,522,233, or 8.6%.

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Long-Term Liabilities						
General obligation bonds	\$ 120,346,017	\$ 131,323,681	\$ -	\$ -	\$ 120,346,017	\$ 131,323,681
Premium on issuance	9,834,313	10,306,561	-	-	9,834,313	10,306,561
Finance purchase agreement (private placement debt)	91,008	180,044	-	-	91,008	180,044
Leases	1,096,450	1,332,860	-	-	1,096,450	1,332,860
Subscription-based IT arrangements	217,292	111,118	-	-	217,292	111,118
Supplemental employee retirement plan	-	932,636	-	40,458	-	973,094
Compensated absences	1,061,293	941,248	-	-	1,061,293	941,248
Total	<u>\$ 132,646,373</u>	<u>\$ 145,128,148</u>	<u>\$ -</u>	<u>\$ 40,458</u>	<u>\$ 132,646,373</u>	<u>\$ 145,168,606</u>

We present more detailed information about our long-term liabilities in Note 8 to the financial statements.

OPEB and Pensions

At year-end, the District has an other postemployment benefit (OPEB) liability of \$44,967,172 in the governmental activities versus \$48,626,719 in the previous year. This represents a decrease of \$3,659,547 or 7.5%, for the governmental activities.

In addition, at year-end, the District has an aggregate net pension liability of \$101,296,475 in the governmental activities and \$1,039,460 in the business-type activities versus \$94,550,740 and \$1,040,156 in the previous year. This represents an increase of \$6,745,735, or 7.1%, and a decrease of \$696, or 0.1%, for the governmental activities and business-type activities, respectively.

We present more detailed information about our OPEB and aggregated net pension liability in Note 9 and Note 13 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Table 7 lists the District's 2024-2025 budget assumptions. These assumptions were based on the most current information available to the District at the time of the budget was adopted in June 2024. Budgetary goals were developed and prioritized by the District's leadership team and governing board. Input provided by these two groups was used as the framework to develop the District's 2024-2025 budget, which includes site and department allocations for both staffing and operating budgets:

Table 7

Enrollment	9,120
Enrollment Growth	-0.78%
ADA – Average Daily Attendance	8,795.23
ADA – Funded	8,864.26
ADA Percentage	96.44%
Certificated Salary Increase	1.67%
Classified Salary Increase	2.32%
Deferred/Routine Maintenance - Percent of Total Expenditures	3.00%

Multi-year projections (MYP) for expenditures are based on the following forecasts:

Planning Factor	MYP Budget Assumptions		
	2025-2026	2026-2027	2027-2028
Enrollment (CALPADS)	9,576	9,819	9,161
P2 ADA	9,279	9,514	8,835
Lottery Revenue-Unrestricted; per ADA	\$ 1,647,554	\$ 1,638,311	\$ 1,667,687
Lottery Revenue-Restricted; per ADA	\$ 649,330	\$ 666,432	\$ 678,381
Certificated Step and Column Movement	2.00%	2.00%	1.67%
Classified Step and Column Movement	2.50%	2.50%	2.32%
STRS	19.10%	19.10%	19.10%
PERS	28.30%	28.70%	29.20%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional information, contact the Assistant Superintendent of Business Services, Nick Heinlein (nheinlein@saugusud.org), Saugus Union School District, 24930 Avenue Stanford, Santa Clarita, California, 91355.

Saugus Union School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 133,325,539	\$ 2,294,774	\$ 135,620,313
Receivables	7,459,591	13,544	7,473,135
Prepaid expense	26,092	-	26,092
Capital assets not depreciated or amortized	90,731,691	-	90,731,691
Capital assets, net of accumulated depreciation and amortized	229,574,390	3,014,188	232,588,578
Total assets	461,117,303	5,322,506	466,439,809
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	5,181,262	-	5,181,262
Deferred outflows of resources related to pensions	32,278,473	478,154	32,756,627
Total deferred outflows of resources	37,459,735	478,154	37,937,889
Liabilities			
Accounts payable	13,284,808	287,435	13,572,243
Accrued interest payable	1,665,524	-	1,665,524
Unearned revenue	1,826,985	30,900	1,857,885
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	4,082,549	-	4,082,549
OPEB liability due in one year	1,144,037	-	1,144,037
Long-term liabilities other than OPEB and pensions due in more than one year	128,563,824	-	128,563,824
Other postemployment benefits (OPEB) liability	43,823,135	-	43,823,135
Aggregate net pension liability	101,296,475	1,039,460	102,335,935
Total liabilities	295,687,337	1,357,795	297,045,132
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	25,788,063	-	25,788,063
Deferred inflows of resources related to pensions	9,523,969	79,825	9,603,794
Total deferred inflows of resources	35,312,032	79,825	35,391,857
Net Position			
Net investment in capital assets	221,604,344	3,014,188	224,618,532
Restricted for			
Debt service	4,168,279	-	4,168,279
Capital projects	46,367,825	-	46,367,825
Educational programs	21,198,799	-	21,198,799
Other activities	281,525	-	281,525
Unrestricted (deficit)	(126,043,103)	1,348,852	(124,694,251)
Total net position	\$ 167,577,669	\$ 4,363,040	\$ 171,940,709

Saugus Union School District

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
Instruction	\$ 91,025,785	\$ 369,778	\$ 19,196,744	\$ (71,459,263)	\$ -	\$ (71,459,263)
Instruction-related activities						
Supervision of instruction	2,463,318	19,201	931,015	(1,513,102)	-	(1,513,102)
Instructional library, media, and technology	484,444	1,199	30,250	(452,995)	-	(452,995)
School site administration	7,602,589	-	649,134	(6,953,455)	-	(6,953,455)
Pupil services						
Home-to-school transportation	1,780,498	-	20,855	(1,759,643)	-	(1,759,643)
All other pupil services	10,338,854	96,190	2,360,180	(7,882,484)	-	(7,882,484)
Administration						
Data processing	1,392,516	-	597	(1,391,919)	-	(1,391,919)
All other administration	10,395,125	23,903	3,784,500	(6,586,722)	-	(6,586,722)
Plant services	13,592,616	67,092	6,063,263	(7,462,261)	-	(7,462,261)
Enterprise services	1,065,463	-	1,019,640	(45,823)	-	(45,823)
Interest on long-term liabilities	4,175,003	-	-	(4,175,003)	-	(4,175,003)
Other outgo	2,317,404	30,381	1,311,146	(975,877)	-	(975,877)
Total governmental activities	146,633,615	607,744	35,367,324	(110,658,547)	-	(110,658,547)
Business-Type Activities						
Enterprise services	2,028,547	2,196,283	-	-	167,736	167,736
Total primary government	\$ 148,662,162	\$ 2,804,027	\$ 35,367,324	(110,658,547)	167,736	(110,490,811)
General Revenues and Subventions						
Property taxes, levied for general purposes				34,032,723	-	34,032,723
Property taxes, levied for debt service				6,131,684	-	6,131,684
Taxes levied for other specific purposes				91,736	-	91,736
Federal and State aid not restricted to specific purposes				72,625,942	-	72,625,942
Interest, investment earnings and change in fair market valuations				7,482,631	79,353	7,561,984
Miscellaneous				1,302,740	7,691	1,310,431
Subtotal, general revenues and subventions				121,667,456	87,044	121,754,500
Change in Net Position				11,008,909	254,780	11,263,689
Net Position - Beginning				156,568,760	4,108,260	160,677,020
Net Position - Ending				\$ 167,577,669	\$ 4,363,040	\$ 171,940,709

See Notes to Financial Statements

Saugus Union School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 46,040,739	\$ 33,251,534	\$ 20,925,961	\$ 24,716,454	\$ 8,390,851	\$ 133,325,539
Receivables	6,656,721	396,891	244,548	48,362	113,069	7,459,591
Prepaid expenditures	26,092	-	-	-	-	26,092
Total assets	<u>\$ 52,723,552</u>	<u>\$ 33,648,425</u>	<u>\$ 21,170,509</u>	<u>\$ 24,764,816</u>	<u>\$ 8,503,920</u>	<u>\$ 140,811,222</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 9,902,342	\$ 1,741,851	\$ 550,383	\$ 1,071,762	\$ 18,470	\$ 13,284,808
Unearned revenue	1,511,508	-	-	-	315,477	1,826,985
Total liabilities	<u>11,413,850</u>	<u>1,741,851</u>	<u>550,383</u>	<u>1,071,762</u>	<u>333,947</u>	<u>15,111,793</u>
Fund Balances						
Nonspendable	28,592	-	-	-	-	28,592
Restricted	21,198,799	31,906,574	20,620,126	23,693,054	8,169,973	105,588,526
Committed	3,598,463	-	-	-	-	3,598,463
Assigned	2,636,484	-	-	-	-	2,636,484
Unassigned	13,847,364	-	-	-	-	13,847,364
Total fund balances	<u>41,309,702</u>	<u>31,906,574</u>	<u>20,620,126</u>	<u>23,693,054</u>	<u>8,169,973</u>	<u>125,699,429</u>
Total liabilities and fund balances	<u>\$ 52,723,552</u>	<u>\$ 33,648,425</u>	<u>\$ 21,170,509</u>	<u>\$ 24,764,816</u>	<u>\$ 8,503,920</u>	<u>\$ 140,811,222</u>

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

Total Fund Balance - Governmental Funds		\$ 125,699,429
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 412,636,203	
Accumulated depreciation and amortization is	<u>(92,330,122)</u>	
Net capital assets		320,306,081
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(1,665,524)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB) liability	5,181,262	
Aggregate net pension liability	<u>32,278,473</u>	
Total deferred outflows of resources		37,459,735
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(25,788,063)	
Aggregate net pension liability	<u>(9,523,969)</u>	
Total deferred inflows of resources		(35,312,032)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(101,296,475)

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

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (44,967,172)

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	\$ (119,369,248)
Premium on issuance	(9,834,313)
Finance purchase agreement (private placement debt)	(91,008)
Leases	(1,096,450)
Subscription-based IT arrangements	(217,292)
Compensated absences (vacations)	(1,061,293)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(976,769)

Total long-term liabilities (132,646,373)

Total net position - governmental activities \$ 167,577,669

Saugus Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula (LCFF)	\$ 103,835,613	\$ -	\$ -	\$ -	\$ -	\$ 103,835,613
Federal sources	4,801,076	-	-	-	-	4,801,076
Other State sources	17,705,708	-	-	-	627,447	18,333,155
Other local sources	12,919,318	2,973,314	3,296,751	5,138,681	7,053,625	31,381,689
Total revenues	139,261,715	2,973,314	3,296,751	5,138,681	7,681,072	158,351,533
Expenditures						
Current						
Instruction	87,560,543	-	-	-	477,939	88,038,482
Instruction-related activities						
Supervision of instruction	2,335,668	-	-	-	-	2,335,668
Instructional library, media, and technology	488,333	-	-	-	-	488,333
School site administration	7,628,678	-	-	-	-	7,628,678
Pupil services						
Home-to-school transportation	1,881,390	-	-	-	-	1,881,390
All other pupil services	9,692,030	-	-	-	-	9,692,030
Administration						
Data processing	1,712,854	-	-	-	-	1,712,854
All other administration	10,038,679	-	128,967	-	19,102	10,186,748
Plant services	12,608,110	551,743	29,875	66,341	258,639	13,514,708
Other outgo	2,317,404	-	-	-	-	2,317,404
Enterprise services	1,047,181	-	-	-	-	1,047,181
Facility acquisition and construction	638,982	20,333,946	5,331,211	3,749,425	281,913	30,335,477
Debt service						
Principal	616,310	-	-	-	11,510,000	12,126,310
Interest and other	106,633	-	-	-	4,063,406	4,170,039
Total expenditures	138,672,795	20,885,689	5,490,053	3,815,766	16,610,999	185,475,302
Excess (Deficiency) of Revenues Over Expenditures	588,920	(17,912,375)	(2,193,302)	1,322,915	(8,929,927)	(27,123,769)
Other Financing Sources						
Other sources - leases	208,328	-	-	-	-	208,328
Other sources - SBITAs	188,710	-	-	-	-	188,710
Net Financing Sources	397,038	-	-	-	-	397,038
Net Change in Fund Balances	985,958	(17,912,375)	(2,193,302)	1,322,915	(8,929,927)	(26,726,731)
Fund Balance - Beginning	40,323,744	49,818,949	22,813,428	22,370,139	17,099,900	152,426,160
Fund Balance - Ending	\$ 41,309,702	\$ 31,906,574	\$ 20,620,126	\$ 23,693,054	\$ 8,169,973	\$ 125,699,429

See Notes to Financial Statements

Saugus Union School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds \$ (26,726,731)

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

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

Capital outlay	\$ 31,730,828	
Depreciation and amortization expense	<u>(8,018,796)</u>	

Net expense adjustment		23,712,032
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (30,611)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (208,328)

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (188,710)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (supplemental employee retirement plan), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used and special termination benefits paid. 812,591

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. 1,919,441

Saugus Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and OPEB liability during the year.		\$ (402,121)
Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		472,248
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		11,510,000
Finance purchase agreement (private placement debt)		89,036
Leases		444,738
Subscription-based IT arrangements		82,536
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.		(477,212)
Change in net position of governmental activities		<u>\$ 11,008,909</u>

Saugus Union School District
Statement of Net Position – Proprietary Funds
June 30, 2024

	Business-Type Activities <u>Childcare</u> <u>Enterprise Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 2,294,774
Receivables	<u>13,544</u>
Total current assets	<u>2,308,318</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation and amortization	<u>3,014,188</u>
Total assets	<u>5,322,506</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>478,154</u>
Liabilities	
Current liabilities	
Accounts payable	287,435
Unearned revenue	<u>30,900</u>
Total current liabilities	<u>318,335</u>
Noncurrent liabilities	
Aggregate net pension liability	<u>1,039,460</u>
Total liabilities	<u>1,357,795</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>79,825</u>
Net Position	
Net investment in capital assets	3,014,188
Unrestricted	<u>1,348,852</u>
Total net position	<u>\$ 4,363,040</u>

Saugus Union School District
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities <u>Childcare</u> <u>Enterprise Fund</u>
Operating Revenues	
Charges for services	\$ 2,196,283
Operating Expenses	
Payroll costs	1,861,864
Depreciation	166,683
Total operating expenses	2,028,547
Operating Income	167,736
Nonoperating Revenues	
State and local grants	7,691
Unrealized loss on investments	15,358
Interest income	63,995
Total nonoperating revenues	87,044
Change in Net Position	254,780
Total Net Position - Beginning	4,108,260
Total Net Position - Ending	\$ 4,363,040

Saugus Union School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities <u>Childcare</u> <u>Enterprise Fund</u>
Operating Activities	
Cash receipts from customers	\$ 2,226,377
Cash payments to other suppliers of goods or services	141,782
Cash payments to employees for services	<u>(2,185,326)</u>
Net Cash From Operating Activities	<u>182,833</u>
Capital and Related Financing Activities	
Acquisition of capital assets	<u>(74,623)</u>
Investing Activities	
Gain on investments	15,358
Interest income	<u>60,315</u>
Net Cash From Investing Activities	<u>75,673</u>
Net Change in Cash and Cash Equivalents	191,574
Cash and Cash Equivalents, Beginning	<u>2,103,200</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,294,774</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 167,736
Adjustments to reconcile operating income	
to net cash from operating activities	
Depreciation expense	166,683
Pension expense	(283,004)
Changes in assets and liabilities	
Accounts payable	141,782
Unearned revenue	30,094
Long-term liabilities other than pension	<u>(40,458)</u>
Net Cash From Operating Activities	<u><u>\$ 182,833</u></u>

Saugus Union School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 24,739,608
Receivables	59,924
Other assets	<u>11,669</u>
Total assets	<u>24,811,201</u>
Liabilities	
Accounts payable	<u>177,471</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u><u>\$ 24,633,730</u></u>

Saugus Union School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions	
Contributions	
Special tax assessments	\$ 13,293,308
Other local revenues	<u>83,277</u>
Total contributions	<u>13,376,585</u>
Investment earnings	
Interest	940,517
Unrealized loss on investments	<u>356,616</u>
Total investment earnings	<u>1,297,133</u>
Total additions	<u>14,673,718</u>
Deductions	
Payments to bondholders	10,156,217
Payments to other governments	<u>3,764,867</u>
Total deductions	<u>13,921,084</u>
Change In Fiduciary Position	752,634
Net Position - Beginning	<u>23,881,096</u>
Net Position - Ending	<u><u>\$ 24,633,730</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Saugus Union School District (the District) was established on November 12, 1908, 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-6 as mandated by the State and/or Federal agencies. The District operates fifteen elementary schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Saugus Union School District, this includes general operations of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units discussed below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Saugus/Hart School Facilities Financing Authority (the Saugus/Hart Authority), Saugus/Castaic School Facilities Financing Authority (the Saugus/Castaic Authority), and the Saugus Union School District Financing Authority (the Authority) financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units. Individually prepared financial statements are not prepared for the Saugus/Hart Authority, the Saugus/Castaic Authority or the Authority.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as a special revenue fund in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 Special Revenue Fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund and, accordingly, have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$5,855,488.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Capital Project Fund for Blended Component Units The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

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

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

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

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

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

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

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the childcare program activities of the District.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds account for the accumulation of resource for payment of the principal and interest on the special tax bonds issued by the Community Facilities Districts and pass-through revenues held on behalf of other agencies.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation of capital assets and amortization of right-to-use leased assets and right-to-use subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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 fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with

brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources management focus and the modified accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

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.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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.

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.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the District Plan and the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the

District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

The District recognizes a lease liability and an intangible right-to-use leased asset (leased asset) in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, plus certain initial implementation costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from two to four years.

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purpose determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or any other action as approved by the governing board.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$72,016,428 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for childcare fees. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 133,325,539
Proprietary funds	2,294,774
Fiduciary funds	<u>24,739,608</u>
Total deposits and investments	<u><u>\$ 160,359,921</u></u>

Deposits and investments as of June 30, 2024, consisted of the following:

Cash on hand and in banks	\$ 103,352
Cash with fiscal agent	364,663
Cash in revolving	2,500
Investments	<u>159,889,406</u>
Total deposits and investments	<u><u>\$ 160,359,921</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity in Days
Fidelity Investments Money Market Government Portfolio - Class III	\$ 42,132,525	25
Los Angeles County Investment Pool	<u>117,756,881</u>	668
Total	<u><u>\$ 159,889,406</u></u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Treasury Investment Pool are not required to be rated, nor has it been rated as of June 30, 2024, and the Fidelity Investment Money Market Government Portfolio – Class III are rated AAA-mf by Moody's Investors Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, As, the District's bank balance of \$1,245,084 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

Investment Type	Reported Amount	Fair Value Measurement Using Level 1 Inputs
Fidelity Investments Money Market Government Portfolio - Class III	\$ 42,132,525	\$ 42,132,525

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

Note 4 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units
Federal Government				
Categorical aid	\$ 4,072,323	\$ -	\$ -	\$ -
State Government				
Categorical aid	1,262,444	-	-	-
Lottery	590,128	-	-	-
Local Government				
Interest	413,280	379,440	234,267	45,529
Other local sources	318,546	17,451	10,281	2,833
Total	<u>\$ 6,656,721</u>	<u>\$ 396,891</u>	<u>\$ 244,548</u>	<u>\$ 48,362</u>
	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund	Custodial Funds
Federal Government				
Categorical aid	\$ -	\$ 4,072,323	\$ -	\$ -
State Government				
Categorical aid	81,912	1,344,356	-	-
Lottery	-	590,128	-	-
Local Government				
Interest	29,844	1,102,360	13,028	58,042
Other local sources	1,313	350,424	516	1,882
Total	<u>\$ 113,069</u>	<u>\$ 7,459,591</u>	<u>\$ 13,544</u>	<u>\$ 59,924</u>

Note 5 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 50,583,601	\$ -	\$ -	\$ 50,583,601
Construction in progress	28,109,411	20,230,516	(8,191,837)	40,148,090
Total capital assets not being depreciated or amortized	78,693,012	20,230,516	(8,191,837)	90,731,691
Capital assets being depreciated or amortized				
Land improvements	44,111,301	5,300,177	-	49,411,478
Buildings and improvements	241,551,657	10,151,148	(219,880)	251,482,925
Furniture and equipment	14,956,966	3,815,470	(285,064)	18,487,372
Right-to-use leased furniture and equipment	2,084,975	208,328	(198,710)	2,094,593
Right-to-use subscription IT assets	1,079,423	217,026	(868,305)	428,144
Total capital assets being depreciated or amortized	303,784,322	19,692,149	(1,571,959)	321,904,512
Total capital assets	382,477,334	39,922,665	(9,763,796)	412,636,203
Accumulated depreciation and amortization				
Land improvements	(9,387,803)	(886,884)	-	(10,274,687)
Buildings and improvements	(67,225,563)	(4,784,282)	191,377	(71,818,468)
Furniture and equipment	(8,195,539)	(1,324,418)	282,956	(9,237,001)
Right-to-use leased furniture and equipment	(526,542)	(472,538)	198,710	(800,370)
Right-to-use subscription IT assets	(517,227)	(550,674)	868,305	(199,596)
Total accumulated depreciation and amortization	(85,852,674)	(8,018,796)	1,541,348	(92,330,122)
Net depreciable and amortizable capital assets	217,931,648	11,673,353	(30,611)	229,574,390
Governmental activities capital assets, net	\$ 296,624,660	\$ 31,903,869	\$ (8,222,448)	\$ 320,306,081

Saugus Union School District

Notes to Financial Statements

June 30, 2024

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Business-Type Activities				
Capital assets being depreciated				
Land improvements	\$ 751,556	\$ -	\$ -	751,556
Buildings and improvements	5,347,204	74,623	-	5,421,827
Furniture and equipment	74,023	-	-	74,023
Total capital assets being depreciated	6,172,783	74,623	-	6,247,406
Accumulated depreciation				
Land improvements	(246,283)	(14,698)	-	(260,981)
Buildings and improvements	(2,750,708)	(150,877)	-	(2,901,585)
Furniture and equipment	(69,544)	(1,108)	-	(70,652)
Total accumulated depreciation	(3,066,535)	(166,683)	-	(3,233,218)
Business-type activities capital assets, net	\$ 3,106,248	\$ (92,060)	\$ -	\$ 3,014,188

Depreciation and amortization expense was charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	\$ 5,815,017
Supervision of instruction	101,551
All other pupil services	623,011
All other administration	683,833
Plant services	795,384
Total depreciation and amortization expense governmental activities	8,018,796
Business-Type Activities	
Enterprise services	166,683
Total depreciation expense all activities	\$ 8,185,479

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units
Salaries and benefits	\$ 6,588,780	\$ 12,647	\$ 1,237	\$ -
LCFF apportionment	735,157	-	-	-
Construction	100,650	1,724,521	549,146	1,068,840
Other vendor paybles	2,477,755	4,683	-	2,922
Total	<u>\$ 9,902,342</u>	<u>\$ 1,741,851</u>	<u>\$ 550,383</u>	<u>\$ 1,071,762</u>

	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund	Custodial Funds
Salaries and benefits	\$ 15,038	\$ 6,617,702	\$ 157,228	\$ -
LCFF apportionment	-	735,157	-	-
Construction	946	3,444,103	-	-
Other vendor paybles	2,486	2,487,846	130,207	177,471
Total	<u>\$ 18,470</u>	<u>\$ 13,284,808</u>	<u>\$ 287,435</u>	<u>\$ 177,471</u>

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund
Federal financial assistance	\$ 1,253,461	\$ -	\$ 1,253,461	\$ -
State categorical aid	252,895	315,477	568,372	-
Other local	5,152	-	5,152	30,900
Total	<u>\$ 1,511,508</u>	<u>\$ 315,477</u>	<u>\$ 1,826,985</u>	<u>\$ 30,900</u>

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

Summary

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Governmental Activities					
Long-Term Liabilities					
General obligation bonds	\$ 131,323,681	\$ 532,336	\$ (11,510,000)	\$ 120,346,017	\$ 3,600,000
Premium on issuance	10,306,561	-	(472,248)	9,834,313	-
Finance purchase agreement (private placement debt)	180,044	-	(89,036)	91,008	91,008
Leases	1,332,860	208,328	(444,738)	1,096,450	327,773
Subscription-based IT arrangements	111,118	188,710	(82,536)	217,292	63,768
Supplemental employee retirement plan	932,636	-	(932,636)	-	-
Compensated absences	941,248	120,045	-	1,061,293	-
Total	<u>\$ 145,128,148</u>	<u>\$ 1,049,419</u>	<u>\$ (13,531,194)</u>	<u>\$ 132,646,373</u>	<u>\$ 4,082,549</u>
Business-Type Activities					
Long-Term Liabilities					
Supplemental employee retirement plan	<u>\$ 40,458</u>	<u>\$ -</u>	<u>\$ (40,458)</u>	<u>\$ -</u>	<u>\$ -</u>

Payments on general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues from property tax levies. Payments on the finance purchase agreement, leases, and subscription-based IT arrangements are made by the General Fund. Payments for the supplemental employee retirement plan are made in the General Fund and Childcare Enterprise Fund. The compensated absences will be paid by the General Fund and Child Development Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2024
8/23/2006	8/1/2024	4.50-5.25%	\$ 38,256,729	\$ 7,703,681	\$ 532,336	\$ (7,100,000)	\$ 1,136,017
6/11/2015	8/1/2044	3.00-5.00%	20,000,000	12,175,000	-	(65,000)	12,110,000
5/24/2018	8/1/2043	3.38-5.00%	25,600,000	17,890,000	-	-	17,890,000
9/24/2020	8/1/2044	2.38-4.00%	102,400,000	93,555,000	-	(4,345,000)	89,210,000
				<u>\$ 131,323,681</u>	<u>\$ 532,336</u>	<u>\$ (11,510,000)</u>	<u>\$ 120,346,017</u>

2006 General Obligation Refunding Bonds

On August 23, 2006, the District issued \$38,256,729 in 2006 General Obligation Refunding Bonds. Proceeds from the bonds were used to refund certain maturities related to the 2002 General Obligation Bonds, Series A and 2002 General Obligation Bonds, Series B. The bonds have a final maturity to occur on August 1, 2024, with interest rates ranging from 4.50 to 5.25%. At June 30, 2024, the principal balance outstanding was \$1,136,017.

2014 General Obligation Bonds, Series A

On June 11, 2015, the District issued \$20,000,000 in 2014 General Obligation Bonds, Series A. Proceeds from the bonds were used to finance the acquisition, construction and modernization of property and school facilities. The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 3.00 to 5.00%. At June 30, 2024, the principal balance outstanding was \$12,110,000.

2014 General Obligation Bonds, Series B

On May 24, 2018, the District issued \$25,600,000 in 2014 General Obligation Bonds, Series B. Proceeds from the bonds were used to finance the costs of renovating, acquiring, constructing, repairing and equipping of the District's buildings and other facilities. The bonds have a final maturity to occur on August 1, 2043, with interest rates ranging from 3.38 to 5.00%. At June 30, 2024, the principal balance outstanding was \$17,890,000.

2014 General Obligation Bonds, Series C

On September 24, 2020, the District issued \$102,400,000 in 2014 General Obligation Bonds, Series C. Proceeds from the bonds will be used to finance the costs of renovating, acquiring, constructing, repairing and equipping of the District's buildings and other facilities. The bonds have a final maturity to occur on August 1, 2044, with interest rates ranging from 2.38 to 4.00%. At June 30, 2024, the principal balance outstanding was \$89,210,000.

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2045 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2025	\$ 3,526,017	\$ 73,983	\$ 3,949,456	\$ 7,549,456
2026	1,885,000	-	3,863,956	5,748,956
2027	2,130,000	-	3,783,656	5,913,656
2028	2,450,000	-	3,692,981	6,142,981
2029	2,795,000	-	3,590,106	6,385,106
2030-2034	19,980,000	-	15,870,775	35,850,775
2035-2039	32,420,000	-	11,144,856	43,564,856
2040-2044	48,310,000	-	4,626,394	52,936,394
2045	6,850,000	-	92,028	6,942,028
Total	<u>\$ 120,346,017</u>	<u>\$ 73,983</u>	<u>\$ 50,614,208</u>	<u>\$ 171,034,208</u>

Finance Purchase Agreement (Private Placement Debt)

The District entered into an agreement to finance the purchase of school buses for five years beginning December 20, 2020 with an interest rate of 2.25%. Under the finance purchase agreement, the District pays an annual payment of \$93,088. The District's outstanding finance purchase agreement of \$91,008 contains a provision that in an event of default, the remaining outstanding obligation will immediately come due and the lender may take possession of the school buses without demand or notice.

The remaining principal and interest payment requirements for the finance purchase agreement as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 91,008	\$ 2,080	\$ 93,088

Leases

The District has entered into agreements to lease equipment. As of June 30, 2024, the District recognized right-to-use assets totaling \$1,294,223 and lease liabilities totaling \$1,096,450 related to these agreements. The District is required to make principal and interest payments through February 2029 and the lease agreements have discount rates ranging from 3.25% to 8.50%.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 327,773	\$ 66,597	\$ 394,370
2026	341,204	46,795	387,999
2027	356,927	25,969	382,896
2028	41,127	4,419	45,546
2029	29,419	946	30,365
Total	\$ 1,096,450	\$ 144,726	\$ 1,241,176

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITA agreements for various software related to digital licensing for student curriculum, school management, and project management. At June 30, 2024, the District has recognized a right-to-use subscriptions IT assets totaling \$228,548 and SBITA liabilities totaling \$217,292 related to these agreements. During the fiscal year, the District recorded \$550,674 in amortization expense. The District is required to make annual principal and interest payments through June 2028. The subscriptions have interest rates ranging from 5.25% to 8.50%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 63,768	\$ 15,193	\$ 78,961
2026	68,352	12,740	81,092
2027	40,784	5,674	46,458
2028	44,388	2,070	46,458
Total	<u>\$ 217,292</u>	<u>\$ 35,677</u>	<u>\$ 252,969</u>

Supplemental Employee Retirement Plan

The District offered a retirement incentive to qualified employees to be administered through Keenan & Associates. The District purchased qualified 403(b) annuity contracts from United of Omaha Life Insurance Company payable in annual installments as shown below. Eligibility requirements are that the employee attain age 55 with at least five years of service with the District. 82 employees qualified and accepted the incentive. At June 30, 2024, the remaining balance has been paid in its entirety.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,061,293.

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 44,622,359	\$ 5,181,262	\$ 25,788,063	\$ 2,010,266
Medicare Premium Payment (MPP) Program	<u>344,813</u>	<u>-</u>	<u>-</u>	<u>(56,414)</u>
Total	<u>\$ 44,967,172</u>	<u>\$ 5,181,262</u>	<u>\$ 25,788,063</u>	<u>\$ 1,953,852</u>

District Plan

Plan Administration

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.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	233
Active employees	981
Total	1,214

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Saugus Teachers Association (STA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, STA, CSEA, and the unrepresented group. For the measurement period of June 30, 2024, the District paid \$1,551,731 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$44,622,359 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.80% average, including inflation
Discount rate	4.21%
Healthcare cost trend rates	8.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021 and the SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021 for general employees and retirees, and the SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 for surviving spouses.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	\$ 48,225,492
Service cost	2,682,634
Interest	2,070,787
Differences between expected and actual experience	(3,780,561)
Changes of assumptions	(3,024,262)
Benefit payments	(1,551,731)
Net change in total OPEB liability	(3,603,133)
Balance, June 30, 2024	\$ 44,622,359

Changes of assumptions reflects a change in the rate of salary increases from 3.80% in 2023 to 2.80% in 2024, a change in the discount rate from 4.13% in 2023 to 4.21% in 2024, and a change in the health care cost trend rate from 6.50% in 2023 to 8.00% in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents 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 percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (3.21%)	\$ 50,279,426
Current discount rate (4.21%)	44,622,359
1% increase (5.21%)	39,892,579

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents 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 percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (7.00%)	\$ 39,408,562
Current healthcare cost trend rate (8.00%)	44,622,359
1% increase (9.00%)	51,268,900

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$2,010,266. 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
Differences between expected and actual experience	\$ 246,074	\$ 9,771,888
Changes of assumptions	4,935,188	16,016,175
Total	<u>\$ 5,181,262</u>	<u>\$ 25,788,063</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (2,650,117)
2025	(3,308,018)
2026	(3,308,018)
2027	(3,308,018)
2028	(3,308,023)
Thereafter	(4,724,607)
Total	<u>\$ (20,606,801)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$344,813 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1136%, and 0.1218%, resulting in a net decrease in the proportionate share of 0.0082%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(56,414).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	\$ 374,741
Current discount rate (3.65%)	344,813
1% increase (4.65%)	318,791

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 317,262
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	344,813
1% increase (5.50% Part A and 6.40% Part B)	375,917

Note 10 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bond holders and may initiate foreclosure proceedings. Special assessment debt of \$138,770,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Revolving cash	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Prepaid expenditures	26,092	-	-	-	-	26,092
Total nonspendable	28,592	-	-	-	-	28,592
Restricted						
Legally restricted programs	21,198,799	-	-	-	281,525	21,480,324
Capital projects	-	31,906,574	20,620,126	23,693,054	2,054,645	78,274,399
Debt service	-	-	-	-	5,833,803	5,833,803
Total restricted	21,198,799	31,906,574	20,620,126	23,693,054	8,169,973	105,588,526
Committed						
Student chromebook refresh	1,167,331	-	-	-	-	1,167,331
Teacher laptop refresh	208,532	-	-	-	-	208,532
Technology drive and infrastructure refresh	350,000	-	-	-	-	350,000
School bus replacement	1,872,600	-	-	-	-	1,872,600
Total committed	3,598,463	-	-	-	-	3,598,463
Assigned						
Deferred maintenance	2,636,484	-	-	-	-	2,636,484
Unassigned						
Reserve for economic uncertainties	4,154,209	-	-	-	-	4,154,209
Remaining unassigned	9,693,155	-	-	-	-	9,693,155
Total unassigned	13,847,364	-	-	-	-	13,847,364
Total	\$ 41,309,702	\$ 31,906,574	\$ 20,620,126	\$ 23,693,054	\$ 8,169,973	\$ 125,699,429

Note 12 - Risk Management

Description

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.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with the Self Insurance Risk Management Authority (SIRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2024, the District participated in the Protected Insurance Program for Schools (PIPS). The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with the Self Insurance Risk Management Authority (SIRMA) to provide employee medical benefits.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 58,511,564	\$ 15,854,370	\$ 8,037,575	\$ 7,143,991
CalPERS	43,824,371	16,902,257	1,566,219	6,291,820
Total	<u>\$ 102,335,935</u>	<u>\$ 32,756,627</u>	<u>\$ 9,603,794</u>	<u>\$ 13,435,811</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$9,412,693.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 58,511,564
State's proportionate share of the net pension liability	<u>28,034,536</u>
Total	<u><u>\$ 86,546,100</u></u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0768% and 0.0812%, resulting in a net decrease in the proportionate share of 0.0044%.

For the year ended June 30, 2024, the District recognized pension expense of \$7,143,991. In addition, the District recognized pension expense and revenue of \$3,813,471 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,412,693	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,254,376	4,906,910
Differences between projected and actual earnings on pension plan investments	250,453	-
Differences between expected and actual experience in the measurement of the total pension liability	4,598,045	3,130,665
Changes of assumptions	<u>338,803</u>	<u>-</u>
Total	<u><u>\$ 15,854,370</u></u>	<u><u>\$ 8,037,575</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (1,840,819)
2026	(2,884,885)
2027	4,740,877
2028	235,280
	<u> </u>
Total	<u>\$ 250,453</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (867,026)
2026	(845,002)
2027	(654,830)
2028	(197,326)
2029	390,090
Thereafter	327,743
	<u> </u>
Total	<u>\$ (1,846,351)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.1%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 98,148,480
Current discount rate (7.10%)	58,511,564
1% increase (8.10%)	25,588,486

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced

benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$6,225,563.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$43,824,371. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.1211% and 0.1139%, resulting in a net increase in the proportionate share of 0.0072%.

Saugus Union School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$6,291,820. 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
Pension contributions subsequent to measurement date	\$ 6,225,563	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,377,379	893,141
Differences between projected and actual earnings on pension plan investments	4,681,069	-
Differences between expected and actual experience in the measurement of the total pension liability	1,599,275	673,078
Changes of assumptions	2,018,971	-
Total	<u>\$ 16,902,257</u>	<u>\$ 1,566,219</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 873,201
2026	517,306
2027	3,144,882
2028	145,680
Total	<u>\$ 4,681,069</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 1,454,242
2026	2,088,376
2027	886,788
Total	<u>\$ 4,429,406</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 63,358,712
Current discount rate (6.90%)	43,824,371
1% increase (7.90%)	27,679,682

Alternative Retirement Plan

Plan Description

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan.

Effective January 1, 1992, and amended and restated as of December 2003, the District adopted the Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE Plan) as an alternative to Social Security. The District pays 50% of the cost of the plan and the benefits are designated to be paid out at age 60. However, benefits can be received upon termination or retirement. All benefits are 100% vested beginning on the date of participation. All employees who are not participating in any other retirement plan are immediately eligible for participation. Employees who are members of, or retired from, CalPERS or CalSTRS are generally not eligible for participation. The APPLE Plan is administered by MidAmerica Administrative & Retirement Solutions.

Funding Policy

Employees contribute 3.75% of their annual payroll into the APPLE Plan and the District also contributes 3.75% of the eligible member's annual payroll into the plan. During the year, the District's required and actual contributions amounted to was \$115,234.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,484,167 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Bouquet Canyon - Preschool Inclusion Playground/Shade	\$ 55,870	2024 - 2025
Cedarcreek - Asphalt/Concrete Pavement - Play Courts	25,502	2024 - 2025
Cedarcreek - Flex Classroom (Science Lab) Phase II	1,231,380	2024 - 2025
Cedarcreek - Landscaping - Edible Schoolyard	509,244	2024 - 2025
Cedarcreek - Solar	1,184,346	2024 - 2025
Charles Helmers - Activity & Turf Areas	14,534	2024 - 2025
Charles Helmers - Classroom Building Addition	1,593,424	2024 - 2025
Charles Helmers - Flooring	43,297	2024 - 2025
Charles Helmers - Interior/Exterior Painting	51,930	2024 - 2025
District Wide - Accessibility Inspection	29,630	2024 - 2025
Emblem - Small M&O Projects	62,507	2024 - 2025
James Foster - Activity & Turf Areas	90,054	2024 - 2025
James Foster - Asphalt/Concrete/Pavement-Play Courts	49,306	2024 - 2025
James Foster - Solar	510	2024 - 2025
James Foster - Walk Track - Addition	2,356,973	2024 - 2025
Maintenance & Operations - Parking Lot	93,204	2024 - 2025
Mountainview - Solar	40,243	2024 - 2025
Plum Canyon - Solar	141,529	2024 - 2025
Rio Vista - Activity & Turf Areas	229,341	2024 - 2025
Rio Vista - Asphalt/Concrete Pavement - Play Court	25,146	2024 - 2025
Rio Vista - Shade Structure	323,692	2024 - 2025
Rio Vista - Walk Track - Addition	2,756	2024 - 2025
Rosedell - Classroom Building Addition	842,462	2024 - 2025
Rosedell - Flooring Permanent buildings	17,241	2024 - 2025
Rosedell - Interior/Exterior Paint	135,933	2024 - 2025
Rosedell - Roofing Replacement	14,395	2024 - 2025
Rosedell - Signage	35,880	2024 - 2025
Skyblue Mesa - Flooring	60,557	2024 - 2025
Skyblue Mesa - Interior/Exterior Paint	47,650	2024 - 2025
Skyblue Mesa - Signage	43,269	2024 - 2025
Skyblue Mesa - Small M&O Projects	41,015	2024 - 2025
Skyblue Mesa - Solar	195,153	2024 - 2025
Skyblue Mesa - Window Tint/Blinds	10,742	2024 - 2025
West Creek - Asphalt/Concrete Pavement-Play Courts	16,420	2024 - 2025
West Creek - Shade Structure	111,972	2024 - 2025
West Creek - Small M&O Projects	2,508	2024 - 2025

Saugus Union School District

Notes to Financial Statements

June 30, 2024

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Cedarcreek - Activity & Turf Areas	\$ 25,598	2025 - 2026
Cedarcreek - Shade Structure	51,868	2025 - 2026
Emblem - Single Point of Entry	1,118	2025 - 2026
James Foster - Classroom Building Addition 2-Story	10,364,877	2025 - 2026
James Foster - Flex Classroom (Science Lab)	469,170	2025 - 2026
James Foster - Shade Structure - Play Equipment	420,803	2025 - 2026
Plum Canyon - Single Point of Entry	2,257	2025 - 2026
Rosedell - Track & Playground Addition	2,345	2025 - 2026
West Creek - Asphalt Concrete Pavement - Parking Lot	78,537	2025 - 2026
West Creek - Lobby Remodel Single Point of Entry	50,996	2025 - 2026
Mountainview - Asphalt/Concrete/Pavement-Play Courts	3,224	2026 - 2027
Mountainview - Modernization - Kindergarten RR	46,484	2026 - 2027
Mountainview - Track & Playground Addition/Improv	156,248	2026 - 2027
Total	<u>\$ 21,403,140</u>	

Note 15 - Participation Joint Powers Authority

The District is a member of the Protected Insurance Programs for Schools (PIPS), Self-Insurance Risk Management Authority (SIRMA), and the Santa Clarita Valley School Food Services Agency (SCVSFSA) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation coverage, property and liability coverage, employee medical benefits, and food services. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of \$3,112,720 and \$2,163,667 to PIPS and SIRMA, respectively, for workers' compensation, property and liability, and employee medical benefits. The District did not receive reimbursements from SCVSFSA for costs related to food services in the current fiscal year.



Required Supplementary Information
June 30, 2024

Saugus Union School District

Saugus Union School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 103,652,175	\$ 103,848,538	\$ 103,835,613	\$ (12,925)
Federal sources	4,722,241	4,858,224	4,801,076	(57,148)
Other State sources	15,564,963	17,312,996	17,705,708	392,712
Other local sources	11,326,044	11,918,975	12,919,318	1,000,343
Total revenues ¹	135,265,423	137,938,733	139,261,715	1,322,982
Expenditures				
Current				
Certificated salaries	50,698,551	50,875,641	52,019,829	(1,144,188)
Classified salaries	24,809,714	24,899,684	25,234,091	(334,407)
Employee benefits	34,402,919	35,627,486	34,791,657	835,829
Books and supplies	4,437,786	5,817,065	4,453,639	1,363,426
Services and operating expenditures	15,913,093	16,822,520	17,146,315	(323,795)
Other outgo	1,575,631	2,358,806	2,298,302	60,504
Capital outlay	1,635,079	1,713,599	2,006,019	(292,420)
Debt service				
Debt service - principal	6,011	6,010	616,310	(610,300)
Debt service - interest and other	87,078	87,078	106,633	(19,555)
Total expenditures ¹	133,565,862	138,207,889	138,672,795	(464,906)
Excess (Deficiency) of Revenues Over Expenditures	1,699,561	(269,156)	588,920	858,076
Other Financing Sources (Uses)				
Transfers in	88,708	105,677	-	(105,677)
Other sources - leases	-	-	208,328	208,328
Other sources - SBITAs	-	-	188,710	188,710
Transfers out	(372,151)	(372,151)	-	372,151
Net Financing Sources (Uses)	(283,443)	(266,474)	397,038	663,512
Net Change in Fund Balances	1,416,118	(535,630)	985,958	1,521,588
Fund Balance - Beginning, as restated	40,323,744	40,323,744	40,323,744	-
Fund Balance - Ending	\$ 41,739,862	\$ 39,788,114	\$ 41,309,702	\$ 1,521,588

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Saugus Union School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 2,682,634	\$ 2,456,022	\$ 3,681,521	\$ 3,132,175
Interest	2,070,787	2,188,411	1,444,499	1,873,066
Changes of benefit terms	-	2,339,683	283,380	-
Difference between expected and actual experience	(3,780,561)	(3,863,665)	(351,390)	(5,660,444)
Changes of assumptions	(3,024,262)	(5,148,377)	(14,864,073)	8,142,053
Benefit payments	(1,551,731)	(1,578,056)	(1,272,700)	(1,799,773)
Net change in total OPEB liability	(3,603,133)	(3,605,982)	(11,078,763)	5,687,077
Total OPEB Liability - Beginning	48,225,492	51,831,474	62,910,237	57,223,160
Total OPEB Liability - Ending	<u>\$ 44,622,359</u>	<u>\$ 48,225,492</u>	<u>\$ 51,831,474</u>	<u>\$ 62,910,237</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 3,040,640	\$ 2,683,879	\$ 2,656,393
Interest	1,771,214	1,686,381	1,549,920
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	1,722,518	-
Changes of assumptions	-	2,882,795	(651,267)
Benefit payments	(1,554,124)	(1,017,142)	(955,063)
Net change in total OPEB liability	3,257,730	7,958,431	2,599,983
Total OPEB Liability - Beginning	53,965,430	46,006,999	43,407,016
Total OPEB Liability - Ending	<u>\$ 57,223,160</u>	<u>\$ 53,965,430</u>	<u>\$ 46,006,999</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Saugus Union School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1136%	0.1218%	0.1165%	0.1360%
Proportionate share of the net OPEB liability	\$ 344,813	\$ 401,227	\$ 464,620	\$ 576,392
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1445%	0.1464%	0.1480%
Proportionate share of the net OPEB liability	\$ 538,125	\$ 560,515	\$ 622,058
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Saugus Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	<u>0.0768%</u>	<u>0.0812%</u>	<u>0.0775%</u>	<u>0.0781%</u>	<u>0.0817%</u>
Proportionate share of the net pension liability	\$ 58,511,564	\$ 56,393,332	\$ 35,265,880	\$ 75,644,022	\$ 73,775,269
State's proportionate share of the net pension liability	<u>28,034,536</u>	<u>28,241,560</u>	<u>17,744,423</u>	<u>38,994,502</u>	<u>40,249,334</u>
Total	<u>\$ 86,546,100</u>	<u>\$ 84,634,892</u>	<u>\$ 53,010,303</u>	<u>\$ 114,638,524</u>	<u>\$ 114,024,603</u>
Covered payroll	<u>\$ 47,033,209</u>	<u>\$ 46,030,313</u>	<u>\$ 42,854,588</u>	<u>\$ 43,615,281</u>	<u>\$ 43,926,357</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>124.40%</u>	<u>122.51%</u>	<u>82.29%</u>	<u>173.43%</u>	<u>167.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	<u>0.0816%</u>	<u>0.0817%</u>	<u>0.0815%</u>	<u>0.0881%</u>	<u>0.0859%</u>
Proportionate share of the net pension liability	\$ 75,529,650	\$ 75,529,650	\$ 65,896,728	\$ 59,316,881	\$ 50,204,680
State's proportionate share of the net pension liability	<u>44,682,703</u>	<u>44,682,703</u>	<u>37,513,832</u>	<u>31,372,091</u>	<u>30,315,753</u>
Total	<u>\$ 120,212,353</u>	<u>\$ 120,212,353</u>	<u>\$ 103,410,560</u>	<u>\$ 90,688,972</u>	<u>\$ 80,520,433</u>
Covered payroll	<u>\$ 43,153,299</u>	<u>\$ 42,638,219</u>	<u>\$ 40,489,795</u>	<u>\$ 39,971,250</u>	<u>38,397,903</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>175.03%</u>	<u>177.14%</u>	<u>162.75%</u>	<u>148.40%</u>	<u>130.75%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Saugus Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	<u>0.1211%</u>	<u>0.1139%</u>	<u>0.1073%</u>	<u>0.1177%</u>	<u>0.1293%</u>
Proportionate share of the net pension liability	<u>\$ 43,824,371</u>	<u>\$ 39,197,564</u>	<u>\$ 21,820,189</u>	<u>\$ 36,127,011</u>	<u>\$ 37,687,573</u>
Covered payroll	<u>\$ 21,045,901</u>	<u>\$ 17,076,447</u>	<u>\$ 15,419,232</u>	<u>\$ 16,970,666</u>	<u>\$ 16,754,623</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>208.23%</u>	<u>229.54%</u>	<u>141.51%</u>	<u>212.88%</u>	<u>224.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	<u>0.1280%</u>	<u>0.1289%</u>	<u>0.1249%</u>	<u>0.1297%</u>	<u>0.1256%</u>
Proportionate share of the net pension liability	<u>\$ 34,134,257</u>	<u>\$ 30,770,226</u>	<u>\$ 24,671,198</u>	<u>\$ 19,110,558</u>	<u>\$ 14,262,471</u>
Covered payroll	<u>\$ 16,803,998</u>	<u>\$ 16,551,591</u>	<u>\$ 14,794,648</u>	<u>\$ 14,223,770</u>	<u>14,360,824</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>203.13%</u>	<u>185.90%</u>	<u>166.76%</u>	<u>134.36%</u>	<u>99.32%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Saugus Union School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 9,412,693	\$ 8,983,343	\$ 7,788,329	\$ 6,921,016	\$ 7,458,213
Less contributions in relation to the contractually required contribution	9,412,693	8,983,343	7,788,329	6,921,016	7,458,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 49,281,115	\$ 47,033,209	\$ 46,030,313	\$ 42,854,588	\$ 43,615,281
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,151,211	\$ 6,227,021	\$ 5,363,888	\$ 4,344,555	\$ 3,549,447
Less contributions in relation to the contractually required contribution	7,151,211	6,227,021	5,363,888	4,344,555	3,549,447
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,926,357	\$ 43,153,299	\$ 42,638,219	\$ 40,489,795	\$ 39,971,250
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%

Saugus Union School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 6,225,563	\$ 5,339,345	\$ 3,912,214	\$ 3,191,781	\$ 3,346,785
Less contributions in relation to the contractually required contribution	<u>6,225,563</u>	<u>5,339,345</u>	<u>3,912,214</u>	<u>3,191,781</u>	<u>3,346,785</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,334,194</u>	<u>\$ 21,045,901</u>	<u>\$ 17,076,447</u>	<u>\$ 15,419,232</u>	<u>\$ 16,970,666</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,026,220	\$ 2,609,829	\$ 2,298,685	\$ 1,752,722	\$ 1,674,280
Less contributions in relation to the contractually required contribution	<u>3,026,220</u>	<u>2,609,829</u>	<u>2,298,685</u>	<u>1,752,722</u>	<u>1,674,280</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,754,623</u>	<u>\$ 16,803,998</u>	<u>\$ 16,551,591</u>	<u>\$ 14,794,648</u>	<u>\$ 14,223,770</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

At June 30, 2024, the following District major fund exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	<u>\$ 138,580,040</u>	<u>\$ 138,672,795</u>	<u>\$ 92,755</u>

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

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

- *Change in Benefit Terms* – There was no change in benefit terms.
- *Change of Assumptions* – Changes of assumptions reflects a change in the rate of salary increases from 3.80% in 2023 to 2.80% in 2024, a change in the discount rate from 4.13% in 2023 to 4.21% in 2024, and a change in the health care cost trend rate from 6.50% in 2023 to 8.00% in 2024.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

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

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2024

Saugus Union School District

Saugus Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	\$ 1,074,079
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>15,191</u>
Subtotal			<u>1,089,270</u>
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	828,307
Title III, English Learner Student Program	84.365	14346	67,596
Title II, Part A, Supporting Effective Instruction	84.367	14341	263,427
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	81,632
Passed through Santa Clarita Valley SELPA			
Special Education Cluster (IDEA)			
Local Assistance, Part B, Sec 611, Private School Individual Service Plans	84.027	10115	8,723
COVID-19 ARP Part B, Sec. 611, Local Assistance Private School Individual Service Plans (ISPs)	84.027	10169	854
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,017,996
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>110,775</u>
Subtotal			<u>2,138,348</u>
Preschool Grants, Part B, Sec 619	84.173	13430	93,116
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>2,231</u>
Subtotal			<u>95,347</u>
Subtotal Special Education Cluster (IDEA)			<u>2,233,695</u>
Early Intervention Grants	84.181	23761	<u>212,330</u>
Total U.S. Department of Education			<u>4,776,257</u>
U.S. Department of Agriculture			
Passed through Los Angeles County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	<u>24,819</u>
Subtotal Forest Service Schools and Roads Cluster			<u>24,819</u>
Total U.S. Department of Agriculture			<u>24,819</u>

Saugus Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	\$ 21,868
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	15640	20,901
COVID-19 ARP California State Preschool Program - Rate Supplements	93.575	15641	<u>34,596</u>
Subtotal			<u>77,365</u>
Total U.S. Department of Health and Human Services			<u>77,365</u>
Total Federal Financial Assistance			<u><u>\$ 4,878,441</u></u>

Saugus Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report 7F2BD909	Annual Report 8C78805B
Regular ADA		
Transitional kindergarten through third	5,019.21	5,021.15
Fourth through sixth	3,835.41	3,838.15
Total Regular ADA	8,854.62	8,859.30
Extended Year Special Education		
Transitional kindergarten through third	6.07	6.07
Fourth through sixth	3.57	3.57
Total Extended Year Special Education	9.64	9.64
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.40	0.51
Total ADA	8,864.66	8,869.45

Saugus Union School District
Schedule of Instructional Time
Year Ended June 30, 2024

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	51,096	294	51,390	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		51,096	294	51,390	179	1	180	-	-	-	Complied
Grade 2		51,096	294	51,390	179	1	180	-	-	-	Complied
Grade 3		51,228	344	51,572	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,496	344	57,840	179	1	180	-	-	-	Complied
Grade 5		57,496	344	57,840	179	1	180	-	-	-	Complied
Grade 6		57,496	344	57,840	179	1	180	-	-	-	Complied

* The District received an approved J-13A for 1 day and 294 minutes for grades K-2 and 344 minutes for grades 3-6.

Saugus Union School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2024

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Childcare Enterprise Fund
Fund Balance	
Balance, June 30, 2024, Unaudited Actuals	\$ 4,264,746
Increase in	
Deferred outflows of resources related to pensions	98,294
Balance, June 30, 2024, Audited Financial Statements	\$ 4,363,040

Saugus Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund ³				
Revenues	\$ 135,884,127	\$ 138,993,796	\$ 141,558,436	\$ 119,432,268
Other sources	88,708	397,038	1,565,457	363,668
Total revenues and other sources	135,972,835	139,390,834	143,123,893	119,795,936
Expenditures	139,243,930	138,498,516	129,665,263	115,300,514
Other uses	372,151	372,151	1,833,620	1,893,317
Total expenditures and other uses	139,616,081	138,870,667	131,498,883	117,193,831
Increase in Fund Balance	(3,643,246)	520,167	11,625,010	2,602,105
Ending Fund Balance	\$ 31,810,968	\$ 35,454,214	\$ 34,934,047	\$ 23,309,037
Available Reserves ²	\$ 10,644,942	\$ 13,847,364	\$ 13,020,282	\$ 11,715,387
Available Reserves as a Percentage of Total Outgo	7.62%	9.97%	9.90%	10.00%
Long-Term Liabilities including OPEB and Pensions	N/A	\$ 278,910,020	\$ 289,386,221	\$ 264,550,016
K-12 Average Daily Attendance at P-2	8,795	8,865	8,674	8,761

The General Fund balance has increased by \$12,145,177 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$3,643,246 (10.3%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$14,360,004 over the past two years.

Average daily attendance has increased by 104 over the past two years. A decline of 70 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances and funds designated for economic uncertainties contained within the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, and Fund 17 Special Reserve Fund for Other Than Capital Outlay Projects, as required by GASB Statement No. 54.

Saugus Union School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 523,287	\$ 2,033,761	\$ 5,833,803	\$ 8,390,851
Receivables	89,085	23,984	-	113,069
Total assets	<u>\$ 612,372</u>	<u>\$ 2,057,745</u>	<u>\$ 5,833,803</u>	<u>\$ 8,503,920</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 15,370	\$ 3,100	\$ -	\$ 18,470
Unearned revenue	315,477	-	-	315,477
Total liabilities	<u>330,847</u>	<u>3,100</u>	<u>-</u>	<u>333,947</u>
Fund Balances				
Restricted	<u>281,525</u>	<u>2,054,645</u>	<u>5,833,803</u>	<u>8,169,973</u>
Total liabilities and fund balances	<u>\$ 612,372</u>	<u>\$ 2,057,745</u>	<u>\$ 5,833,803</u>	<u>\$ 8,503,920</u>

Saugus Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Other State sources	\$ 598,712	\$ -	\$ 28,735	\$ 627,447
Other local sources	21,670	139,715	6,892,240	7,053,625
Total revenues	620,382	139,715	6,920,975	7,681,072
Expenditures				
Current				
Instruction	477,939	-	-	477,939
Administration				
All other administration	19,102	-	-	19,102
Plant services	-	258,639	-	258,639
Facility acquisition and construction	-	281,913	-	281,913
Debt service				
Principal	-	-	11,510,000	11,510,000
Interest and other	-	-	4,063,406	4,063,406
Total expenditures	497,041	540,552	15,573,406	16,610,999
Net Change in Fund Balances	123,341	(400,837)	(8,652,431)	(8,929,927)
Fund Balance - Beginning	158,184	2,455,482	14,486,234	17,099,900
Fund Balance - Ending	\$ 281,525	\$ 2,054,645	\$ 5,833,803	\$ 8,169,973

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Saugus Union School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Other Information
June 30, 2024

Saugus Union School District

ORGANIZATION

The Saugus Union School District was established on November 12, 1908 and consists of an area comprising approximately 99 square miles. The District operates fifteen elementary schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Matthew Watson	President	2024
Christopher Trunkey	Clerk	2026
Katherine Cooper	Member	2024
Patricia Garibay	Member	2024
Anna Griesse	Member	2026

ADMINISTRATION

Dr. Colleen Hawkins, Ed.D.	Superintendent
Nick Heinlein	Assistant Superintendent of Business Services
Edwin T. Clement	Assistant Superintendent of Education Services
Dr. Jennifer Stevenson, Ed.D	Assistant Superintendent of Human Resources
Michelle Barries	Assistant Superintendent of Student Support Services
Roseann Zarasua	Director of Business Services



Independent Auditor's Reports
June 30, 2024

Saugus Union School District



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

To the Governing Board
Saugus Union School District
Santa Clarita, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Saugus Union 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 December 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 11, 2024



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

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
December 11, 2024



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

To the Governing Board
Saugus Union School District
Santa Clarita, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 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 *2023-2024 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:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed ¹
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed ¹
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because average daily attendance reported did not exceed ADA thresholds required for testing.

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

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

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.

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 11, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Saugus Union School District

Financial Statements

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

Federal Awards

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

Identification of major programs

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

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.