

Financial Statements
June 30, 2025

Saugus Union School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities.....	16
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds.....	24
Fiduciary Fund Financial Statements	
Statement of Net Position – Fiduciary Funds	25
Statement of Changes in Net Position – Fiduciary Funds	26
Notes to Financial Statements	27
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	69
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	70
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program	71
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalSTRS	72
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalPERS	73
Schedule of the District’s Contributions - CalSTRS	74
Schedule of the District’s Contributions - CalPERS	75
Notes to Required Supplementary Information	76
Supplementary Information	
Schedule of Expenditures of Federal Awards	78
Schedule of Average Daily Attendance.....	79
Schedule of Instructional Time	80
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	81
Schedule of Financial Trends and Analysis	82
Combining Balance Sheet – Non-Major Governmental Funds	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds.....	84
Notes to Supplementary Information.....	85
Other Information	
Local Education Agency Organization Structure (Unaudited)	87

Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	88
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	90
Independent Auditor's Report on State Compliance and on Internal Control Over Compliance	93
Schedule of Findings and Questioned Costs	
Summary of Auditor's Results.....	97
Financial Statement Findings	98
Federal Awards Findings and Questioned Costs.....	99
State Compliance Findings and Questioned Costs.....	100
Summary Schedule of Prior Audit Findings.....	101



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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position and business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's 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.

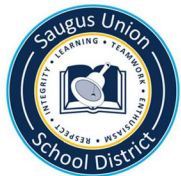
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 4, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 4, 2025



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, 2025, with comparative information for the fiscal year ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by 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.

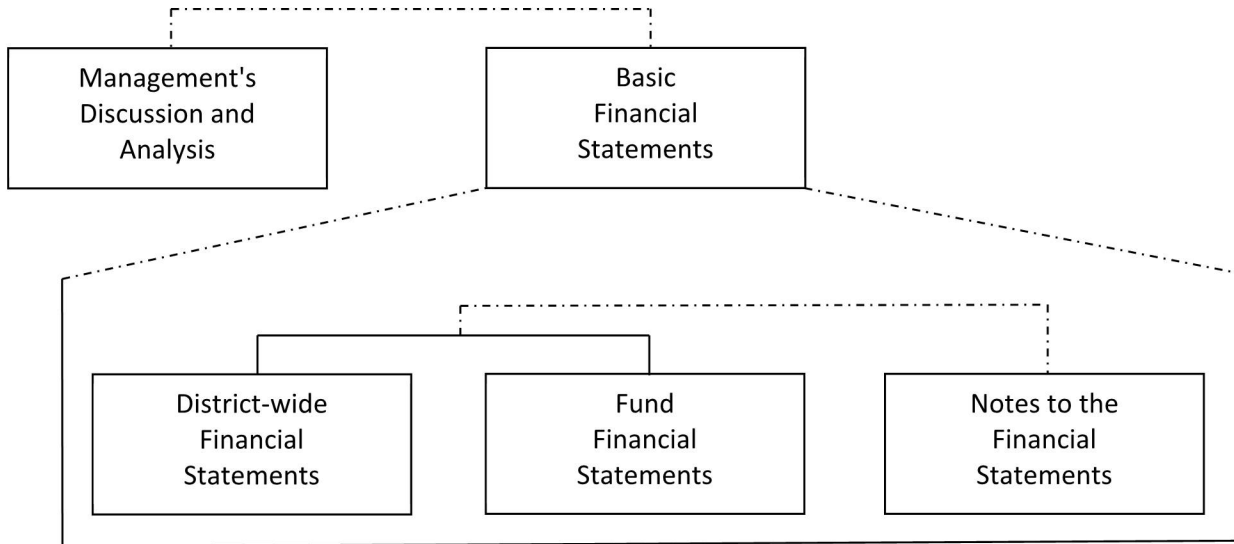
The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- 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 decreased by \$140,238 over the prior year for a new net position of \$171,800,471.
- Revenues and other financing sources for all governmental funds totaled \$158,321,546. Expenditures totaled \$174,336,818.
- The General Fund audited ending balance totaled \$42,208,746. This is an increase of \$899,044 from the prior year.
- Based on three-year prior average, the funded ADA was 8,886.17.
- The District filed a positive status with both its First and Second Interim reports in 2024-2025.

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 net position. 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 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 financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position – 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 financial 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 Fiduciary Financial Statements. 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 \$171,800,471 for the fiscal year ended June 30, 2025. Of this amount, \$(126,682,988) 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	
	2025	2024*	2025	2024*	2025	2024*
Assets						
Current and other assets	\$ 125,303,262	\$ 140,811,222	\$ 2,580,061	\$ 2,308,318	\$ 127,883,323	\$ 143,119,540
Capital assets	337,676,877	320,306,081	2,860,603	3,014,188	340,537,480	323,320,269
Total assets	462,980,139	461,117,303	5,440,664	5,322,506	468,420,803	466,439,809
Deferred outflows of resources	33,843,731	37,459,735	498,067	478,154	34,341,798	37,937,889
Liabilities						
Current liabilities	17,244,795	16,777,317	673,951	318,335	17,918,746	17,095,652
Long-term liabilities other than OPEB and pensions	140,416,982	133,790,410	61,969	-	140,478,951	133,790,410
Other postemployment benefits (OPEB) liability	42,151,120	43,823,135	-	-	42,151,120	43,823,135
Aggregate net pension liability	90,722,069	101,296,475	1,576,231	1,039,460	92,298,300	102,335,935
Total liabilities	290,534,966	295,687,337	2,312,151	1,357,795	292,847,117	297,045,132
Deferred inflows of resources	38,049,345	35,312,032	65,668	79,825	38,115,013	35,391,857
Net Position						
Net investment in capital assets	235,579,994	221,604,344	2,860,603	3,014,188	238,440,597	224,618,532
Restricted	60,042,862	72,016,428	-	-	60,042,862	72,016,428
Unrestricted (deficit)	(127,383,297)	(126,043,103)	700,309	1,348,852	(126,682,988)	(124,694,251)
Total net position	\$ 168,239,559	\$ 167,577,669	\$ 3,560,912	\$ 4,363,040	\$ 171,800,471	\$ 171,940,709

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

The \$(126,682,988) in unrestricted net position (deficit) 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 – increased \$1,988,737, or 1.6% 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	
	2025	2024*	2025	2024*	2025	2024*
Revenues						
Program revenues						
Charges for services and sales	\$ 712,243	\$ 607,744	\$ 2,257,989	\$ 2,196,283	\$ 2,970,232	\$ 2,804,027
Operating grants and contributions	31,670,817	35,367,324	-	-	31,670,817	35,367,324
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Federal and State aid not restricted	71,866,355	72,625,942	-	-	71,866,355	72,625,942
Property taxes	41,144,512	40,256,143	-	-	41,144,512	40,256,143
Other general revenues	9,937,902	8,785,371	100,875	87,044	10,038,777	8,872,415
Total revenues	<u>155,331,829</u>	<u>157,642,524</u>	<u>2,358,864</u>	<u>2,283,327</u>	<u>157,690,693</u>	<u>159,925,851</u>
Expenses						
Instruction-related	96,947,174	101,576,136	-	-	96,947,174	101,576,136
Pupil services	13,077,162	12,119,352	-	-	13,077,162	12,119,352
Administration	14,056,371	11,787,641	-	-	14,056,371	11,787,641
Plant services	13,862,817	13,592,616	-	-	13,862,817	13,592,616
All other services	4,985,028	7,557,870	3,053,318	2,028,547	8,038,346	9,586,417
Total expenses	<u>142,928,552</u>	<u>146,633,615</u>	<u>3,053,318</u>	<u>2,028,547</u>	<u>145,981,870</u>	<u>148,662,162</u>
Change in net position	<u>\$ 12,403,277</u>	<u>\$ 11,008,909</u>	<u>\$ (694,454)</u>	<u>\$ 254,780</u>	<u>\$ 11,708,823</u>	<u>\$ 11,263,689</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all governmental activities in 2024-2025 was \$142,928,552. The amount that our taxpayers ultimately financed for these activities through local taxes was \$41,144,512. Other costs were paid by other governments and organizations who subsidized certain programs with \$31,670,817 in grants and contributions, and \$712,243 in charges for services and sales. The remaining "public benefit" portion of our governmental activities were paid with \$71,866,355 in Federal and State aid and \$9,937,902 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	
	2025	2024*	2025	2024*
Instruction-related	\$ 96,947,174	\$ 101,576,136	\$ (78,124,074)	\$ (80,378,815)
Pupil services	13,077,162	12,119,352	(10,618,941)	(9,642,127)
Administration	14,056,371	11,787,641	(8,212,715)	(7,978,641)
Plant services	13,862,817	13,592,616	(9,110,827)	(7,462,261)
All other services	4,985,028	7,557,870	(4,478,935)	(5,196,703)
Total	<u>\$ 142,928,552</u>	<u>\$ 146,633,615</u>	<u>\$ (110,545,492)</u>	<u>\$ (110,658,547)</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

THE DISTRICT'S FUNDS

Upon completion of the 2024-2025 fiscal year, the District's governmental funds reported a combined fund balance of \$109,684,157, a decrease of \$16,015,272, or 12.7% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	\$ 41,309,702	\$ 142,559,829	\$ 141,660,785	\$ 42,208,746
Child Development	281,525	666,048	535,532	412,041
Building	31,906,574	1,781,255	8,382,542	25,305,287
Capital Facilities	20,620,126	2,981,565	8,366,725	15,234,966
Special Reserve Fund for Capital Outlay Projects	2,054,645	124,994	1,337,610	842,029
Capital Project Component Unit	23,693,054	4,051,321	6,504,168	21,240,207
Bond Interest and Redemption	5,833,803	6,156,534	7,549,456	4,440,881
Total	<u>\$ 125,699,429</u>	<u>\$ 158,321,546</u>	<u>\$ 174,336,818</u>	<u>\$ 109,684,157</u>

The primary reasons for these changes are the following:

1. The fund balance of the General Fund increased by \$899,044 compared to the previous year due to slight increase in LCFF funding.
2. The Child Development Fund increased by \$130,516 due to higher revenue.
3. The Building Fund decreased by \$6,601,287 due to multi-year facilities projects.
4. The Capital Facilities Fund decreased by \$5,385,160 due to facilities projects.
5. The Special Reserve Fund for Capital Outlay Projects decreased by \$1,212,616 due to multi-year facilities projects.
6. The Capital Projects Fund for Blended Component Units decreased by \$2,452,847 due to an increase 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 24, 2025. (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 69.)

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2025, the District had \$340,537,480 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 \$17,217,211, or 5.3%, from last year (Table 5).

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and construction in progress	\$ 70,896,358	\$ 90,731,691	\$ -	\$ -	\$ 70,896,358	\$ 90,731,691
Land improvements	43,695,595	39,136,791	475,877	490,575	44,171,472	39,627,366
Buildings and improvements	208,744,199	179,664,457	2,382,464	2,520,242	211,126,663	182,184,699
Furniture and equipment	11,549,043	9,250,371	2,262	3,371	11,551,305	9,253,742
Right-to-use leased assets	1,255,271	1,294,223	-	-	1,255,271	1,294,223
Right-to-use subscription IT assets	1,536,411	228,548	-	-	1,536,411	228,548
Total	<u>\$ 337,676,877</u>	<u>\$ 320,306,081</u>	<u>\$ 2,860,603</u>	<u>\$ 3,014,188</u>	<u>\$ 340,537,480</u>	<u>\$ 323,320,269</u>

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 \$140,478,951 in long-term liabilities outstanding versus \$132,646,373 last year, an increase of \$7,832,578, or 5.9%.

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Long-Term Liabilities						
General obligation bonds	\$ 116,820,000	\$ 120,346,017	\$ -	\$ -	\$ 116,820,000	\$ 120,346,017
Premium on issuance	9,362,065	9,834,313	-	-	9,362,065	9,834,313
Finance purchase agreement (private placement debt)	-	91,008	-	-	-	91,008
Leases	1,061,838	1,096,450	-	-	1,061,838	1,096,450
Subscription-based IT arrangements	158,267	217,292	-	-	158,267	217,292
Supplemental employee retirement plan	-	-	-	-	-	-
Compensated absences	13,014,812	1,061,293	61,969	-	13,076,781	1,061,293
Total	<u>\$ 140,416,982</u>	<u>\$ 132,646,373</u>	<u>\$ 61,969</u>	<u>\$ -</u>	<u>\$ 140,478,951</u>	<u>\$ 132,646,373</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

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 \$42,151,120 in the governmental activities versus \$44,967,172 in the previous year. This represents a decrease of \$2,816,052 or 6.3%, for the governmental activities.

In addition, at year-end, the District has an aggregate net pension liability of \$90,722,069 in the governmental activities and \$1,576,231 in the business-type activities versus \$101,296,475 and \$1,039,460 in the previous year. This represents a decrease of \$10,574,406, or 10.4%, and an increase of \$536,771, or 51.6%, 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 2025-2026 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 2025. 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 2025-2026 budget, which includes site and department allocations for both staffing and operating budgets:

Table 7

Enrollment	9,163
Enrollment Growth	0.47%
ADA – Average Daily Attendance	8,842.67
ADA – Funded	8,876.67
ADA Percentage	96.50%
Certificated Salary Increase	1.65%
Classified Salary Increase	1.95%
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)	9,163	9,163	9,163
P2 ADA	8,842.67	8,842.67	8,842.67
Lottery Revenue-Unrestricted; per ADA	\$ 1,774,168	\$ 1,764,139	\$ 1,764,139
Lottery Revenue-Restricted; per ADA	\$ 761,685	\$ 757,379	\$ 757,379
Certificated Step and Column Movement	1.65%	1.65%	1.65%
Classified Step and Column Movement	1.95%	1.95%	1.95%
STRS	19.10%	19.10%	19.10%
PERS	26.81%	26.90%	27.80%

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@saugusUSD.org), Saugus Union School District, 24930 Avenue Stanford, Santa Clarita, California, 91355.

Saugus Union School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 116,930,816	\$ 2,563,528	\$ 119,494,344
Receivables	8,372,446	16,533	8,388,979
Capital assets not depreciated or amortized	70,896,358	-	70,896,358
Capital assets, net of accumulated depreciation and amortization	266,780,519	2,860,603	269,641,122
Total assets	462,980,139	5,440,664	468,420,803
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	3,618,688	-	3,618,688
Deferred outflows of resources related to pensions	30,225,043	498,067	30,723,110
Total deferred outflows of resources	33,843,731	498,067	34,341,798
Liabilities			
Accounts payable	14,969,750	625,351	15,595,101
Accrued interest payable	1,625,690	-	1,625,690
Unearned revenue	649,355	48,600	697,955
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	6,356,153	53,629	6,409,782
OPEB liability due within one year	959,824	-	959,824
Long-term liabilities other than OPEB and pensions due in more than one year	134,060,829	8,340	134,069,169
Other postemployment benefits (OPEB) liability due in more than one year	41,191,296	-	41,191,296
Aggregate net pension liability	90,722,069	1,576,231	92,298,300
Total liabilities	290,534,966	2,312,151	292,847,117
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	26,137,269	-	26,137,269
Deferred inflows of resources related to pensions	11,912,076	65,668	11,977,744
Total deferred inflows of resources	38,049,345	65,668	38,115,013
Net Position			
Net investment in capital assets	235,579,994	2,860,603	238,440,597
Restricted for			
Debt service	2,815,191	-	2,815,191
Capital projects	37,317,202	-	37,317,202
Educational programs	19,498,428	-	19,498,428
Other activities	412,041	-	412,041
Unrestricted (deficit)	(127,383,297)	700,309	(126,682,988)
Total net position	\$ 168,239,559	\$ 3,560,912	\$ 171,800,471

Saugus Union School District

Statement of Activities

Year Ended June 30, 2025

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	\$ 86,877,186	\$ 347,310	\$ 16,998,316	\$ (69,531,560)	\$ -	\$ (69,531,560)
Instruction-related activities						
Supervision of instruction	2,713,737	18,203	1,070,806	(1,624,728)	-	(1,624,728)
Instructional library, media, and technology	379,593	213	7,882	(371,498)	-	(371,498)
School site administration	6,976,658	-	380,370	(6,596,288)	-	(6,596,288)
Pupil services						
Home-to-school transportation	2,315,888	-	15,373	(2,300,515)	-	(2,300,515)
All other pupil services	10,761,274	135,036	2,307,812	(8,318,426)	-	(8,318,426)
Administration						
Data processing	1,698,521	-	-	(1,698,521)	-	(1,698,521)
All other administration	12,357,850	43,211	5,800,445	(6,514,194)	-	(6,514,194)
Plant services	13,862,817	147,866	4,604,124	(9,110,827)	-	(9,110,827)
Ancillary services	3,950	626	1,148	(2,176)	-	(2,176)
Enterprise services	16,261	-	16,575	314	-	314
Interest on long-term liabilities	3,619,259	-	-	(3,619,259)	-	(3,619,259)
Other outgo	1,345,558	19,778	467,966	(857,814)	-	(857,814)
Total governmental activities	142,928,552	712,243	31,670,817	(110,545,492)	-	(110,545,492)
Business-Type Activities						
Enterprise services	3,053,318	2,257,989	-	-	(795,329)	(795,329)
Total primary government	\$ 145,981,870	\$ 2,970,232	\$ 31,670,817	(110,545,492)	(795,329)	(111,340,821)
General Revenues and Subventions						
Property taxes, levied for general purposes				35,390,740	-	35,390,740
Property taxes, levied for debt service				5,665,148	-	5,665,148
Taxes levied for other specific purposes				88,624	-	88,624
Federal and State aid not restricted to specific purposes				71,866,355	-	71,866,355
Interest, investment earnings and change in fair market valuations				6,672,694	94,999	6,767,693
Miscellaneous				3,265,208	5,876	3,271,084
Subtotal, general revenues and subventions				122,948,769	100,875	123,049,644
Change in Net Position				12,403,277	(694,454)	11,708,823
Net Position - Beginning, as previously reported				167,577,669	4,363,040	171,940,709
Adjustments (Note 16)				(11,741,387)	(107,674)	(11,849,061)
Net Position - Beginning, as restated				155,836,282	4,255,366	160,091,648
Net Position - Ending				\$ 168,239,559	\$ 3,560,912	\$ 171,800,471

Saugus Union School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units	Total Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 46,134,889	\$ 26,506,881	\$ 16,068,186	\$ 22,228,197	\$ 5,992,663	\$ 116,930,816
Receivables	<u>7,793,565</u>	<u>252,757</u>	<u>154,276</u>	<u>34,415</u>	<u>137,433</u>	<u>8,372,446</u>
Total assets	<u>\$ 53,928,454</u>	<u>\$ 26,759,638</u>	<u>\$ 16,222,462</u>	<u>\$ 22,262,612</u>	<u>\$ 6,130,096</u>	<u>\$ 125,303,262</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 11,462,953	\$ 1,454,351	\$ 987,496	\$ 1,022,405	\$ 42,545	\$ 14,969,750
Unearned revenue	<u>256,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,600</u>	<u>649,355</u>
Total liabilities	<u>11,719,708</u>	<u>1,454,351</u>	<u>987,496</u>	<u>1,022,405</u>	<u>435,145</u>	<u>15,619,105</u>
Fund Balances						
Restricted	19,498,428	25,305,287	15,234,966	21,240,207	5,694,951	86,973,839
Assigned	2,772,046	-	-	-	-	2,772,046
Unassigned	<u>19,938,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,938,272</u>
Total fund balances	<u>42,208,746</u>	<u>25,305,287</u>	<u>15,234,966</u>	<u>21,240,207</u>	<u>5,694,951</u>	<u>109,684,157</u>
Total liabilities and fund balances	<u>\$ 53,928,454</u>	<u>\$ 26,759,638</u>	<u>\$ 16,222,462</u>	<u>\$ 22,262,612</u>	<u>\$ 6,130,096</u>	<u>\$ 125,303,262</u>

Saugus Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds		\$ 109,684,157
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	\$ 437,928,431	
Accumulated depreciation and amortization is	<u>(100,251,554)</u>	
Net capital assets		337,676,877
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.		
		(1,625,690)
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	3,618,688	
Aggregate net pension liability	<u>30,225,043</u>	
Total deferred outflows of resources		33,843,731
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		
OPEB liability	(26,137,269)	
Aggregate net pension liability	<u>(11,912,076)</u>	
Total deferred inflows of resources		(38,049,345)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(90,722,069)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(42,151,120)
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	(116,820,000)	
Premium on issuance	(9,362,065)	
Leases	(1,061,838)	
Subscription-based IT arrangements	(158,267)	
Compensated absences	<u>(13,014,812)</u>	
Total long-term liabilities		<u>(140,416,982)</u>
Total net position - governmental activities		<u>\$ 168,239,559</u>

Saugus Union School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula (LCFF)	\$ 104,355,545	\$ -	\$ -	\$ -	\$ -	\$ 104,355,545
Federal sources	4,847,613	-	-	-	-	4,847,613
Other State sources	18,601,836	-	-	-	660,803	19,262,639
Other local sources	14,387,207	1,781,255	2,981,565	4,051,321	6,286,773	29,488,121
Total revenues	142,192,201	1,781,255	2,981,565	4,051,321	6,947,576	157,953,918
Expenditures						
Current						
Instruction	89,570,659	-	-	-	431,943	90,002,602
Instruction-related activities						
Supervision of instruction	2,621,017	-	-	-	68,665	2,689,682
Instructional library, media, and technology	401,367	-	-	-	-	401,367
School site administration	7,237,368	-	-	-	-	7,237,368
Pupil services						
Home-to-school transportation	2,318,479	-	-	-	-	2,318,479
All other pupil services	10,564,657	-	-	-	-	10,564,657
Administration						
Data processing	1,798,139	-	-	-	-	1,798,139
All other administration	12,331,640	-	-	-	34,924	12,366,564
Plant services	12,672,944	520,235	297,988	47,899	189,931	13,728,997
Ancillary services	3,950	-	-	-	-	3,950
Other outgo	1,279,283	-	-	66,275	-	1,345,558
Enterprise services	5,650	-	-	-	-	5,650
Facility acquisition and construction	195,457	7,862,307	8,068,737	6,389,994	1,147,679	23,664,174
Debt service						
Principal	552,273	-	-	-	3,600,000	4,152,273
Interest and other	107,902	-	-	-	3,949,456	4,057,358
Total expenditures	141,660,785	8,382,542	8,366,725	6,504,168	9,422,598	174,336,818
Excess (Deficiency) of Revenues						
Over Expenditures	531,416	(6,601,287)	(5,385,160)	(2,452,847)	(2,475,022)	(16,382,900)
Other Financing Sources						
Other sources - leases	360,207	-	-	-	-	360,207
Other sources - SBITAs	7,421	-	-	-	-	7,421
Net Financing Sources	367,628	-	-	-	-	367,628
Net Change in Fund Balances	899,044	(6,601,287)	(5,385,160)	(2,452,847)	(2,475,022)	(16,015,272)
Fund Balance - Beginning	41,309,702	31,906,574	20,620,126	23,693,054	8,169,973	125,699,429
Fund Balance - Ending	\$ 42,208,746	\$ 25,305,287	\$ 15,234,966	\$ 21,240,207	\$ 5,694,951	\$ 109,684,157

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, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (16,015,272)

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	\$ 26,497,001
Depreciation and amortization expense	<u>(9,059,592)</u>

Net expense adjustment 17,437,409

A gain on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.

(66,613)

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.

(360,207)

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.

(7,421)

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

(212,132)

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

6,132,869

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, 2025

In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and OPEB liability during the year.

\$ 904,272

Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Premium amortization

472,248

Payments of principal on long-term liabilities is an expenditure in the governmental funds, but it reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds

3,600,000

Finance purchase agreement (private placement debt)

91,008

Leases

394,819

Subscription-based IT arrangements

66,446

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.

(34,149)

Change in net position of governmental activities

\$ 12,403,277

Saugus Union School District
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-Type Activities <u>Childcare Enterprise Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 2,563,528
Receivables	<u>16,533</u>
Total current assets	<u>2,580,061</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>2,860,603</u>
Total assets	<u>5,440,664</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>498,067</u>
Liabilities	
Current liabilities	
Accounts payable	625,351
Unearned revenue	48,600
Current portion of long-term liabilities other than pension	<u>53,629</u>
Total current liabilities	<u>727,580</u>
Noncurrent liabilities	
Noncurrent liabilities other than pension	8,340
Aggregate net pension liability	<u>1,576,231</u>
Total noncurrent liabilities	<u>1,584,571</u>
Total liabilities	<u>2,312,151</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>65,668</u>
Net Position	
Net investment in capital assets	2,860,603
Unrestricted	<u>700,309</u>
Total net position	<u><u>\$ 3,560,912</u></u>

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

	Business-Type Activities <u>Childcare</u> <u>Enterprise Fund</u>
Operating Revenues	
Charges for services	\$ 2,257,989
Operating Expenses	
Payroll costs	2,885,339
Depreciation	<u>167,979</u>
Total operating expenses	<u>3,053,318</u>
Operating Loss	<u>(795,329)</u>
Nonoperating Revenues	
State and local grants	5,876
Unrealized loss on investments	26,398
Interest income	<u>68,601</u>
Total nonoperating revenues	<u>100,875</u>
Change in Net Position	(694,454)
Total Net Position - Beginning, as previously reported	4,363,040
Adjustments (Note 16)	(107,674)
Total Net Position - Beginning, as restated	<u>4,255,366</u>
Total Net Position - Ending	<u><u>\$ 3,560,912</u></u>

Saugus Union School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Business-Type Activities <u>Childcare</u> <u>Enterprise Fund</u>
Operating Activities	
Cash receipts from customers	\$ 2,273,438
Cash receipts to other suppliers of goods or services	337,916
Cash payments to employees for services	<u>(2,428,343)</u>
Net Cash From Operating Activities	<u>183,011</u>
Noncapital Financing Activities	
State and local grants	<u>5,876</u>
Capital and Related Financing Activities	
Acquisition of capital assets	<u>(14,394)</u>
Investing Activities	
Gain on investments	26,398
Interest income	<u>67,863</u>
Net Cash From Investing Activities	<u>94,261</u>
Net Change in Cash and Cash Equivalents	268,754
Cash and Cash Equivalents, Beginning	<u>2,294,774</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,563,528</u></u>
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating Loss	\$ (795,329)
Adjustments to reconcile operating loss	
to net cash from operating activities	
Depreciation expense	167,979
Pension expense	502,701
Changes in assets and liabilities	
Receivables	(2,251)
Accounts payable	337,916
Unearned revenue	17,700
Long-term liabilities other than pension	<u>(45,705)</u>
Net Cash From Operating Activities	<u><u>\$ 183,011</u></u>

Saugus Union School District
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 25,255,862
Receivables	50,149
Other assets	<u>6,760</u>
Total assets	<u>25,312,771</u>
Liabilities	
Accounts payable	<u>226,288</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u><u>\$ 25,086,483</u></u>

Saugus Union School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2025

	<u>Custodial Funds</u>
Additions	
Contributions	
Special tax assessments	\$ 13,363,720
Other local revenues	<u>141,217</u>
Total contributions	<u>13,504,937</u>
Investment earnings	
Interest	875,289
Unrealized loss on investments	<u>25,896</u>
Total investment earnings	<u>901,185</u>
Total additions	<u>14,406,122</u>
Deductions	
Payments to bondholders	10,853,320
Payments to other governments	<u>3,100,049</u>
Total deductions	<u>13,953,369</u>
Net Increase in Fiduciary Net Position	452,753
Net Position - Beginning	<u>24,633,730</u>
Net Position - Ending	<u><u>\$ 25,086,483</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 activities are 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 \$6,160,335.

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 by 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 and amortization of capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. 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 financial statements and the revenue is recognized.

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

Cash and Cash Equivalents

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

Investments

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

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

Capital Assets, Depreciation, and Amortization

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.

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

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

Depreciation 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. Land is not depreciated.

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

Debt premiums, discounts, and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities, 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, discounts, and debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the 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.

Lease Liabilities

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

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

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

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District currently does not have any nonspendable funds.

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. The District currently does not have any committed funds.

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 related to net of investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$60,042,862 of net position restricted by enabling legislation.

Operating Revenues and Expenses - Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges 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.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 116,930,816
Proprietary funds	2,563,528
Fiduciary funds	<u>25,255,862</u>
Total deposits and investments	<u><u>\$ 144,750,206</u></u>

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

Cash with fiscal agent	\$ 364,681
Cash in revolving	10,000
Investments	<u>144,375,525</u>
Total deposits and investments	<u><u>\$ 144,750,206</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	\$ 41,495,926	31
Los Angeles County Investment Pool	102,879,599	556
Total	<u>\$ 144,375,525</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, 2025, 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, 2025, the District's bank balance of \$1,814,932 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, 2025:

Investment Type	Reported Amount	Fair Value Measurement Using Level 1 Inputs
Fidelity Investments Money Market Government Portfolio - Class III	\$ 41,495,926	\$ 41,495,926

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

Note 4 - Receivables

Receivables at June 30, 2025, 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 Projects Fund for Blended Component Units
Federal Government				
Categorical aid	\$ 2,897,278	\$ -	\$ -	\$ -
State Government				
LCFF apportionment	210,978	-	-	-
Categorical aid	3,222,216	-	-	-
Lottery	689,900	-	-	-
Local Government				
Interest	347,789	252,757	154,276	34,415
Other local sources	425,404	-	-	-
	<u>\$ 7,793,565</u>	<u>\$ 252,757</u>	<u>\$ 154,276</u>	<u>\$ 34,415</u>
	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Federal Government				
Categorical aid	\$ -	\$ 2,897,278	\$ -	\$ -
State Government				
LCFF apportionment	-	210,978	-	-
Categorical aid	121,283	3,343,499	-	-
Lottery	-	689,900	-	-
Local Government				
Interest	16,150	805,387	14,282	50,149
Other local sources	-	425,404	2,251	-
	<u>\$ 137,433</u>	<u>\$ 8,372,446</u>	<u>\$ 16,533</u>	<u>\$ 50,149</u>

Note 5 - Capital Assets

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 50,583,601	\$ -	\$ -	\$ 50,583,601
Construction in progress	40,148,090	10,618,100	(30,453,433)	20,312,757
Total capital assets not being depreciated or amortized	90,731,691	10,618,100	(30,453,433)	70,896,358
Capital assets being depreciated or amortized				
Land improvements	49,411,478	5,555,798	-	54,967,276
Buildings and improvements	251,482,925	34,425,971	(536,816)	285,372,080
Furniture and equipment	18,487,372	3,897,292	(190,134)	22,194,530
Right-to-use leased furniture and equipment	2,094,593	360,207	(377,823)	2,076,977
Right-to-use subscription IT assets	428,144	2,093,066	(100,000)	2,421,210
Total capital assets being depreciated or amortized	321,904,512	46,332,334	(1,204,773)	367,032,073
Total capital assets	412,636,203	56,950,434	(31,658,206)	437,928,431
Accumulated depreciation and amortization				
Land improvements	(10,274,687)	(996,994)	-	(11,271,681)
Buildings and improvements	(71,818,468)	(5,281,090)	471,677	(76,627,881)
Furniture and equipment	(9,237,001)	(1,597,146)	188,660	(10,645,487)
Right-to-use leased furniture and equipment	(800,370)	(399,159)	377,823	(821,706)
Right-to-use subscription IT assets	(199,596)	(785,203)	100,000	(884,799)
Total accumulated depreciation and amortization	(92,330,122)	(9,059,592)	1,138,160	(100,251,554)
Net depreciable and amortizable capital assets	229,574,390	37,272,742	(66,613)	266,780,519
Governmental activities capital assets, net	\$ 320,306,081	\$ 47,890,842	\$ (30,520,046)	\$ 337,676,877

Saugus Union School District
Notes to Financial Statements
June 30, 2025

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Business-Type Activities				
Capital assets being depreciated				
Land improvements	\$ 751,556	\$ -	\$ -	751,556
Buildings and improvements	5,421,827	14,394	-	5,436,221
Furniture and equipment	74,023	-	-	74,023
	<u>6,247,406</u>	<u>14,394</u>	<u>-</u>	<u>6,261,800</u>
Total capital assets being depreciated				
	<u>6,247,406</u>	<u>14,394</u>	<u>-</u>	<u>6,261,800</u>
Accumulated depreciation				
Land improvements	(260,981)	(14,698)	-	(275,679)
Buildings and improvements	(2,901,585)	(152,172)	-	(3,053,757)
Furniture and equipment	(70,652)	(1,109)	-	(71,761)
	<u>(3,233,218)</u>	<u>(167,979)</u>	<u>-</u>	<u>(3,401,197)</u>
Total accumulated depreciation				
	<u>(3,233,218)</u>	<u>(167,979)</u>	<u>-</u>	<u>(3,401,197)</u>
Business-type activities capital assets, net	<u>\$ 3,014,188</u>	<u>\$ (153,585)</u>	<u>\$ -</u>	<u>\$ 2,860,603</u>

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

Governmental Activities	
Instruction	\$ 6,726,546
Supervision of instruction	99,733
All other pupil services	611,857
All other administration	826,012
Plant services	795,444
	<u>9,059,592</u>
Total depreciation and amortization expense governmental activities	9,059,592
Business-Type Activities	
Enterprise services	167,979
	<u>167,979</u>
Total depreciation and amortization expense all activities	<u>\$ 9,227,571</u>

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units
Vendor payables	\$ 1,205,747	\$ 1,443,098	\$ 982,333	\$ 1,022,405
LCFF apportionment	4,926,686	-	-	-
Salaries and benefits	5,330,520	11,253	5,163	-
Total	\$ 11,462,953	\$ 1,454,351	\$ 987,496	\$ 1,022,405
	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Vendor payables	\$ 24,878	\$ 4,678,461	\$ 505,216	\$ 226,288
LCFF apportionment	-	4,926,686	-	-
Salaries and benefits	17,667	5,364,603	120,135	-
Total	\$ 42,545	\$ 14,969,750	\$ 625,351	\$ 226,288

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds
Federal financial assistance	\$ 181,476	\$ -	\$ 181,476	\$ -
State categorical aid	75,279	392,600	467,879	-
Other local	-	-	-	48,600
Total	\$ 256,755	\$ 392,600	\$ 649,355	\$ 48,600

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, 2025, is shown below:

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Governmental Activities					
Long-Term Liabilities					
General obligation bonds	\$ 120,346,017	\$ 73,983	\$ (3,600,000)	\$ 116,820,000	\$ 1,885,000
Premium on issuance	9,834,313	-	(472,248)	9,362,065	-
Finance purchase agreement (private placement debt)	91,008	-	(91,008)	-	-
Leases	1,096,450	360,207	(394,819)	1,061,838	426,130
Subscription-based IT arrangements	217,292	7,421	(66,446)	158,267	70,627
Compensated absences	12,802,680	212,132	-	13,014,812	3,974,396
Total	<u>\$ 144,387,760</u>	<u>\$ 653,743</u>	<u>\$ (4,624,521)</u>	<u>\$ 140,416,982</u>	<u>\$ 6,356,153</u>
Business-Type Activities					
Long-Term Liabilities					
Compensated absences	<u>\$ 107,674</u>	<u>\$ -</u>	<u>\$ (45,705)</u>	<u>\$ 61,969</u>	<u>\$ 53,629</u>

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

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.

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, 2024	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2025
8/23/2006	8/1/2024	4.50-5.25%	\$ 38,256,729	\$ 1,136,017	\$ 73,983	\$ (1,210,000)	\$ -
6/11/2015	8/1/2044	3.00-5.00%	20,000,000	12,110,000	-	(90,000)	12,020,000
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	89,210,000	-	(2,300,000)	86,910,000
				<u>\$ 120,346,017</u>	<u>\$ 73,983</u>	<u>\$ (3,600,000)</u>	<u>\$ 116,820,000</u>

Debt Service Requirements to Maturity

The bonds mature through fiscal year 2045 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	3,160,000	3,473,731	6,633,731
2031-2035	22,225,000	15,042,375	37,267,375
2036-2040	35,280,000	10,005,856	45,285,856
2041-2045	46,895,000	3,212,092	50,107,092
Total	<u>\$ 116,820,000</u>	<u>\$ 46,664,753</u>	<u>\$ 163,484,753</u>

Leases

The District has entered into agreements to lease equipment. As of June 30, 2025, the District recognized right-to-use assets totaling \$1,255,271 and lease liabilities totaling \$1,061,838 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, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 426,130	\$ 68,454	\$ 494,584
2027	449,359	40,123	489,482
2028	141,729	10,403	152,132
2029	44,620	1,100	45,720
Total	<u>\$ 1,061,838</u>	<u>\$ 120,080</u>	<u>\$ 1,181,918</u>

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, 2025, the District has recognized a right-to-use subscriptions IT assets totaling \$1,536,411 and SBITA liabilities totaling \$158,267 related to these agreements. During the fiscal year, the District recorded \$785,203 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, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 70,627	\$ 13,143	\$ 83,770
2027	43,252	5,883	49,135
2028	44,388	2,070	46,458
Total	<u>\$ 158,267</u>	<u>\$ 21,096</u>	<u>\$ 179,363</u>

Note 9 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2025, 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	\$ 41,860,969	\$ 3,618,688	\$ 26,137,269	\$ 720,287
Medicare Premium Payment (MPP) Program	290,151	-	-	(54,662)
Total	<u>\$ 42,151,120</u>	<u>\$ 3,618,688</u>	<u>\$ 26,137,269</u>	<u>\$ 665,625</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	238
Active employees	<u>1,024</u>
Total	<u><u>1,262</u></u>

Benefits Provided

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

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, 2025, the District paid \$1,569,897 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$41,860,969 was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2024 and rolling forward the total OPEB liability to June 30, 2025 . The following assumptions were applied to all periods included in the measurement, unless otherwise specified::

Salary increases	2.80% average, including inflation
Discount rate	5.20% for 2025
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, 2024	\$ 44,622,359
Service cost	2,760,902
Interest	1,962,130
Changes of benefit terms	(845,750)
Differences between expected and actual experience	(398,620)
Changes of assumptions	(4,670,155)
Benefit payments	(1,569,897)
Net change in total OPEB liability	(2,761,390)
Balance, June 30, 2025	\$ 41,860,969

Changes of benefit terms reflects the updating of union contracts to reflect no increases to the District's maximum contribution amount for certificated retirees effective until Jun 30, 2027.

Changes of assumptions reflects a change in the discount rate from 4.21% in 2024 to 5.20% in 2025.

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 (4.20%)	\$ 46,826,508
Current discount rate (5.20%)	41,860,969
1% increase (6.20%)	37,668,776

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%)	\$ 37,063,694
Current healthcare cost trend rate (8.00%)	41,860,969
1% increase (9.00%)	47,935,054

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$720,287. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,650,432
Changes of assumptions	3,618,688	17,486,837
Total	<u>\$ 3,618,688</u>	<u>\$ 26,137,269</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
2025	\$ (3,814,896)
2026	(3,814,896)
2027	(3,814,896)
2028	(3,814,901)
2029	(2,188,698)
Thereafter	(5,070,294)
Total	<u>\$ (22,518,581)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$290,151 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.1089%, and 0.1136%, resulting in a net decrease in the proportionate share of 0.0047%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(54,662).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 313,066
Current discount rate (3.93%)	290,151
1% increase (4.93%)	270,002

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 268,794
Current Medicare costs trend rate (5.00% Part A and 6.50% Part B)	290,151
1% increase (6.00% Part A and 7.50% Part B)	313,996

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 \$134,190,000 as of June 30, 2025, 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 Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Restricted						
Legally restricted programs	\$ 19,498,428	\$ -	\$ -	\$ -	\$ 412,041	\$ 19,910,469
Capital projects	-	25,305,287	15,234,966	21,240,207	842,029	62,622,489
Debt services	-	-	-	-	4,440,881	4,440,881
Total restricted	<u>19,498,428</u>	<u>25,305,287</u>	<u>15,234,966</u>	<u>21,240,207</u>	<u>5,694,951</u>	<u>86,973,839</u>
Assigned						
Deferred maintenance	<u>2,772,046</u>	-	-	-	-	<u>2,772,046</u>
Unassigned						
Reserve for economic uncertainties	<u>19,938,272</u>	-	-	-	-	<u>19,938,272</u>
Total	<u>\$ 42,208,746</u>	<u>\$ 25,305,287</u>	<u>\$ 15,234,966</u>	<u>\$ 21,240,207</u>	<u>\$ 5,694,951</u>	<u>\$ 109,684,157</u>

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 50,116,652	\$ 16,416,453	\$ 10,939,088	\$ 3,476,612
CalPERS	42,181,648	14,306,657	1,038,656	7,241,881
Total	<u>\$ 92,298,300</u>	<u>\$ 30,723,110</u>	<u>\$ 11,977,744</u>	<u>\$ 10,718,493</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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, 2025, are presented above and the District's total contributions were \$9,532,094.

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

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

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 50,116,652
State's proportionate share of the net pension liability	<u>22,993,692</u>
Total	<u><u>\$ 73,110,344</u></u>

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.0746% and 0.0768%, resulting in a net decrease in the proportionate share of 0.0022%.

For the year ended June 30, 2025, the District recognized pension expense of \$3,476,612. In addition, the District recognized pension expense and revenue of \$2,093,307 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,532,094	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	996,140	5,122,503
Differences between projected and actual earnings on pension plan investments	-	202,218
Differences between expected and actual experience in the measurement of the total pension liability	5,668,838	2,191,573
Changes of assumptions	<u>219,381</u>	<u>3,422,794</u>
Total	<u><u>\$ 16,416,453</u></u>	<u><u>\$ 10,939,088</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (3,359,678)
2027	4,046,301
2028	(330,128)
2029	(558,713)
	<u> </u>
Total	<u>\$ (202,218)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (1,315,282)
2027	(1,131,300)
2028	(673,947)
2029	(97,023)
2030	(164,649)
Thereafter	(470,310)
	<u> </u>
Total	<u>\$ (3,852,511)</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

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

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%)	\$ 89,141,125
Current discount rate (7.10%)	50,116,652
1% increase (8.10%)	17,529,598

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS 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, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

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, 2025, are presented above and the total District contributions were \$6,816,567.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$42,181,648. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.1180% and 0.1211%, resulting in a net decrease in the proportionate share of 0.0031%.

For the year ended June 30, 2025, the District recognized pension expense of \$7,241,881. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,816,567	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,382,905	736,763
Differences between projected and actual earnings on pension plan investments	1,638,513	-
Differences between expected and actual experience in the measurement of the total pension liability	3,536,315	301,893
Changes of assumptions	932,357	-
Total	<u>\$ 14,306,657</u>	<u>\$ 1,038,656</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
2026	\$ (14,125)
2027	2,547,516
2028	(376,428)
2029	(518,450)
Total	<u>\$ 1,638,513</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>
2026	\$ 2,707,215
2027	1,522,938
2028	582,768
Total	<u>\$ 4,812,921</u>

Actuarial Methods and Assumptions

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

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

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

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

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 SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 62,661,191
Current discount rate (6.90%)	42,181,648
1% increase (7.90%)	25,263,916

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 \$124,316.

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 \$4,642,907 (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, 2025.

Litigation

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

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Bouquet Canyon - Activity & Turf Areas	\$ 147,040	2025-2026
Cedarcreek - Activity & Turf Areas	392,871	2025-2026
Cedarcreek - Flex Classroom (Science Lab) Phase II	1,120	2025-2026
Cedarcreek - Landscaping - Edible Schoolyard	6,359	2025-2026
Cedarcreek - Solar	82,834	2025-2026
Emblem - Asphalt Concrete Pavement-Play Courts	6,469	2025-2026
Emblem - Flooring	113,362	2025-2026
Emblem - Single Point of Entry	100,127	2025-2026
Highlands - Roof Replacement	2,354	2025-2026
James Foster - Activity & Turf Areas	77,372	2025-2026
James Foster - Asphalt/Concrete/Pavement-Play Courts	43,950	2025-2026
James Foster - Classroom Building Addition 2-Story	2,903,232	2025-2026
James Foster - Flex Classroom (Science Lab)	271,208	2025-2026
James Foster - Interior/Exterior Paint	42,434	2025-2026
James Foster - Shade Structure - Play Equipment	40,952	2025-2026
James Foster - Solar (Cancelled) Total	510	2025-2026
James Foster - Walk Track - Addition (In Process) Total	708,230	2025-2026
Maintenance & Operations - Parking Lot	74,301	2025-2026
Mountainview - Activity & Turf Areas	67,434	2025-2026
Mountainview - Asphalt Concrete Pavement-Parking Lot	948,292	2025-2026
Mountainview - Asphalt Concrete Pavement-Play Courts	831,225	2025-2026
Mountainview - Interior/Exterior Paint	120,171	2025-2026
Mountainview - Modernization - Kindergarten RR	656,260	2025-2026
Mountainview - Shade Structure	225,996	2025-2026
Mountainview - Solar (Completed) Total	31,267	2025-2026
North Park - Asphalt Concrete Pavement-Play Courts	842,112	2025-2026
North Park - Flooring	46,551	2025-2026
Plum Canyon - Single Point of Entry	110,140	2025-2026
Plum Canyon - Solar	92,509	2025-2026
Plum Canyon - Walk Track - Addition	896,340	2025-2026
Rio Vista - Activity & Turf Areas	235,374	2025-2026
Rio Vista - Shade Structure	146,383	2025-2026
Rio Vista - Walk Track - Addition	5,000	2025-2026

Construction Commitments (Continued)

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Rosedell - Asphalt Concrete Pavement-Parking Lot	\$ 205,257	2025-2026
Rosedell - Roofing Replacement	570,987	2025-2026
Rosedell - Track & Playground Addition	980,699	2025-2026
Santa Clarita - Activity & Turf Areas	44,226	2025-2026
Skyblue Mesa - Solar (Completed) Total	60,890	2025-2026
Tesoro - Interior/Exterior Paint	161,841	2025-2026
West Creek - Asphalt Concrete Pavement - Parking Lot	1,818,568	2025-2026
West Creek - Lobby Remodel Single Point of Entry	119,626	2025-2026
West Creek - Shade Structure	417,710	2025-2026
West Creek - Site Fencing	606,280	2025-2026
Bouquet Canyon - Modernization MPR Restrooms	37,821	2026-2027
Highlands - Shade Structure	18,816	2026-2027
Highlands - Track & Playground Addition	148,344	2026-2027
Mountainview - Track & Playground Addition/Improv	29,512	2026-2027
Total	<u>\$ 15,490,356</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, 2025, the District made payments of \$2,918,213 and \$2,234,640 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.

Note 16 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$3,686,107 and \$8,162,954, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2024	\$ 167,577,669
Change in accounting principle	<u>(11,741,387)</u>
Net Position - Beginning, as restated on July 1, 2024	<u>\$ 155,836,282</u>
Business-Type Activities	
Net Position - Beginning, as previously reported on June 30, 2024	\$ 4,363,040
Change in accounting principle	<u>(107,674)</u>
Net Position - Beginning, as restated on July 1, 2024	<u>\$ 4,255,366</u>

Required Supplementary Information
June 30, 2025

Saugus Union School District

Saugus Union School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 103,944,865	\$ 104,241,935	\$ 104,355,545	\$ 113,610
Federal sources	3,707,073	5,013,914	4,847,613	(166,301)
Other State sources	17,093,546	17,152,520	18,601,836	1,449,316
Other local sources	11,138,643	13,395,825	14,387,207	991,382
Total revenues ¹	135,884,127	139,804,194	142,192,201	2,388,007
Expenditures				
Current				
Certificated salaries	51,234,810	51,145,554	51,274,847	(129,293)
Classified salaries	25,944,956	25,869,087	25,825,776	43,311
Employee benefits	35,476,528	34,945,125	34,447,708	497,417
Books and supplies	5,429,878	5,942,516	4,760,702	1,181,814
Services and operating expenditures	18,379,007	22,770,249	22,504,578	265,671
Other outgo	1,476,641	1,599,154	1,244,359	354,795
Capital outlay	1,209,022	1,216,458	942,640	273,818
Debt service				
Debt service - principal	87,078	87,078	552,273	(465,195)
Debt service - interest and other	6,010	6,010	107,902	(101,892)
Total expenditures ¹	139,243,930	143,581,231	141,660,785	1,920,446
Excess (Deficiency) of Revenues Over Expenditures	(3,359,803)	(3,777,037)	531,416	4,308,453
Other Financing Sources (Uses)				
Transfers in	88,708	-	-	-
Other sources - leases	-	-	360,207	360,207
Other sources - SBITAs	-	-	7,421	7,421
Transfers out	(372,151)	(372,151)	-	372,151
Net Financing Sources (Uses)	(283,443)	(372,151)	367,628	739,779
Net Change in Fund Balances	(3,643,246)	(4,149,188)	899,044	5,048,232
Fund Balance - Beginning	41,309,702	41,309,702	41,309,702	-
Fund Balance - Ending	\$ 37,666,456	\$ 37,160,514	\$ 42,208,746	\$ 5,048,232

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, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 2,760,902	\$ 2,682,634	\$ 2,456,022	\$ 3,681,521
Interest	1,962,130	2,070,787	2,188,411	1,444,499
Changes of benefit terms	(845,750)	-	2,339,683	283,380
Difference between expected and actual experience	(398,620)	(3,780,561)	(3,863,665)	(351,390)
Changes of assumptions	(4,670,155)	(3,024,262)	(5,148,377)	(14,864,073)
Benefit payments	(1,569,897)	(1,551,731)	(1,578,056)	(1,272,700)
Net change in total OPEB liability	(2,761,390)	(3,603,133)	(3,605,982)	(11,078,763)
Total OPEB Liability - Beginning	44,622,359	48,225,492	51,831,474	62,910,237
Total OPEB Liability - Ending	<u>\$ 41,860,969</u>	<u>\$ 44,622,359</u>	<u>\$ 48,225,492</u>	<u>\$ 51,831,474</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, 2025	June 30, 2024	June 30, 2023	June 30, 2022
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 3,132,175	\$ 3,040,640	\$ 2,683,879	\$ 2,656,393
Interest	1,873,066	1,771,214	1,686,381	1,549,920
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(5,660,444)	-	1,722,518	-
Changes of assumptions	8,142,053	-	2,882,795	(651,267)
Benefit payments	(1,799,773)	(1,554,124)	(1,017,142)	(955,063)
Net change in total OPEB liability	5,687,077	3,257,730	7,958,431	2,599,983
Total OPEB Liability - Beginning	57,223,160	53,965,430	46,006,999	43,407,016
Total OPEB Liability - Ending	<u>\$ 62,910,237</u>	<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	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, 2021	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, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.1089%	0.1136%	0.1218%	0.1165%
Proportionate share of the net OPEB liability	\$ 290,151	\$ 344,813	\$ 401,227	\$ 464,620
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1360%	0.1445%	0.1464%	0.1480%
Proportionate share of the net OPEB liability	\$ 576,392	\$ 538,125	\$ 560,515	\$ 622,058
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the 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, 2025

CalSTRS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	<u>0.0746%</u>	<u>0.0768%</u>	<u>0.0812%</u>	<u>0.0775%</u>	<u>0.0781%</u>
Proportionate share of the net pension liability	\$ 50,116,652	\$ 58,511,564	\$ 56,393,332	\$ 35,265,880	\$ 75,644,022
State's proportionate share of the net pension liability	<u>22,993,692</u>	<u>28,034,536</u>	<u>28,241,560</u>	<u>17,744,423</u>	<u>38,994,502</u>
Total	<u>\$ 73,110,344</u>	<u>\$ 86,546,100</u>	<u>\$ 84,634,892</u>	<u>\$ 53,010,303</u>	<u>\$ 114,638,524</u>
Covered payroll	<u>\$ 49,281,115</u>	<u>\$ 47,033,209</u>	<u>\$ 46,030,313</u>	<u>\$ 42,854,588</u>	<u>\$ 43,615,281</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>101.70%</u>	<u>124.40%</u>	<u>122.51%</u>	<u>82.29%</u>	<u>173.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84%</u>	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	<u>0.0817%</u>	<u>0.0816%</u>	<u>0.0817%</u>	<u>0.0815%</u>	<u>0.0881%</u>
Proportionate share of the net pension liability	\$ 73,775,269	\$ 75,529,650	\$ 75,529,650	\$ 65,896,728	\$ 59,316,881
State's proportionate share of the net pension liability	<u>40,249,334</u>	<u>44,682,703</u>	<u>44,682,703</u>	<u>37,513,832</u>	<u>31,372,091</u>
Total	<u>\$ 114,024,603</u>	<u>\$ 120,212,353</u>	<u>\$ 120,212,353</u>	<u>\$ 103,410,560</u>	<u>\$ 90,688,972</u>
Covered payroll	<u>\$ 43,926,357</u>	<u>\$ 43,153,299</u>	<u>\$ 42,638,219</u>	<u>\$ 40,489,795</u>	<u>39,971,250</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>167.95%</u>	<u>175.03%</u>	<u>177.14%</u>	<u>162.75%</u>	<u>148.40%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

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

CalPERS	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	<u>0.1180%</u>	<u>0.1211%</u>	<u>0.1139%</u>	<u>0.1073%</u>	<u>0.1177%</u>
Proportionate share of the net pension liability	<u>\$ 42,181,648</u>	<u>\$ 43,824,371</u>	<u>\$ 39,197,564</u>	<u>\$ 21,820,189</u>	<u>\$ 36,127,011</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>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>180.77%</u>	<u>208.23%</u>	<u>229.54%</u>	<u>141.51%</u>	<u>212.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	<u>0.1293%</u>	<u>0.1280%</u>	<u>0.1289%</u>	<u>0.1249%</u>	<u>0.1297%</u>
Proportionate share of the net pension liability	<u>\$ 37,687,573</u>	<u>\$ 34,134,257</u>	<u>\$ 30,770,226</u>	<u>\$ 24,671,198</u>	<u>\$ 19,110,558</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>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>224.94%</u>	<u>203.13%</u>	<u>185.90%</u>	<u>166.76%</u>	<u>134.36%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Saugus Union School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 9,532,094	\$ 9,412,693	\$ 8,983,343	\$ 7,788,329	\$ 6,921,016
Less contributions in relation to the contractually required contribution	9,532,094	9,412,693	8,983,343	7,788,329	6,921,016
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 49,906,251	\$ 49,281,115	\$ 47,033,209	\$ 46,030,313	\$ 42,854,588
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 7,458,213	\$ 7,151,211	\$ 6,227,021	\$ 5,363,888	\$ 4,344,555
Less contributions in relation to the contractually required contribution	7,458,213	7,151,211	6,227,021	5,363,888	4,344,555
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,615,281	\$ 43,926,357	\$ 43,153,299	\$ 42,638,219	\$ 40,489,795
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

Saugus Union School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 6,816,567	\$ 6,225,563	\$ 5,339,345	\$ 3,912,214	\$ 3,191,781
Less contributions in relation to the contractually required contribution	<u>6,816,567</u>	<u>6,225,563</u>	<u>5,339,345</u>	<u>3,912,214</u>	<u>3,191,781</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 25,199,878</u>	<u>\$ 23,334,194</u>	<u>\$ 21,045,901</u>	<u>\$ 17,076,447</u>	<u>\$ 15,419,232</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,346,785	\$ 3,026,220	\$ 2,609,829	\$ 2,298,685	\$ 1,752,722
Less contributions in relation to the contractually required contribution	<u>3,346,785</u>	<u>3,026,220</u>	<u>2,609,829</u>	<u>2,298,685</u>	<u>1,752,722</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,970,666</u>	<u>\$ 16,754,623</u>	<u>\$ 16,803,998</u>	<u>\$ 16,551,591</u>	<u>\$ 14,794,648</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison 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.

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* – Changes of benefit terms reflects the updating of union contracts to reflect no increases to the District's maximum contribution amount for certificated retirees effective until June 30, 2027.
- *Change of Assumptions* – Changes of assumptions reflects a change in the discount rate from 4.21% in 2024 to 5.20% in 2025.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2025

Saugus Union School District

Saugus Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	\$ 1,048,774
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	902,559
Title III, English Learner Student Program	84.365	14346	83,501
Title III, Immigrant Education Program	84.365	15146	<u>10,633</u>
Subtotal			<u>94,134</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	142,300
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	69,654
Passed through Santa Clarita Valley SELPA			
Special Education Cluster (IDEA)			
Local Assistance, Part B, Sec 611, Private School Individual Service Plans	84.027	10115	1,306
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,158,663
Quality Assurance & Focused Monitoring	84.027A	13693	15,720
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>112,094</u>
Subtotal			<u>2,287,783</u>
Preschool Grants, Part B, Sec 619	84.173	13430	99,441
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>901</u>
Subtotal			<u>100,342</u>
Subtotal Special Education Cluster (IDEA)			<u>2,388,125</u>
Early Intervention Grants	84.181	23761	<u>187,175</u>
Total U.S. Department of Education			<u>4,832,721</u>
U.S. Department of Agriculture			
Passed through California State Controller			
Forest Service Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	<u>14,892</u>
Subtotal Forest Service Schools and Roads Cluster			<u>14,892</u>
Total U.S. Department of Agriculture			<u>14,892</u>
Total Federal Financial Assistance			<u><u>\$ 4,847,613</u></u>

Saugus Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	Final Report	
	Second Period Report DDA6303C	Annual Report 5EA01D98
Regular ADA		
Transitional kindergarten through third	5,041.43	5,032.11
Fourth through sixth	3,835.42	3,827.48
Total Regular ADA	8,876.85	8,859.59
Extended Year Special Education		
Transitional kindergarten through third	4.91	4.91
Fourth through sixth	2.70	2.70
Total Extended Year Special Education	7.61	7.61
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.66	1.57
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.05	0.05
Total ADA	8,886.17	8,868.82

Saugus Union School District

Schedule of Instructional Time

Year Ended June 30, 2025

All sites other than Mountainview Elementary, Tesoro del Valle Elementary, and West Creek Academy

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	51,492	-	51,492	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		51,252	-	51,252	180	-	180	-	-	-	Complied
Grade 2		51,252	-	51,252	180	-	180	-	-	-	Complied
Grade 3		57,765	-	57,765	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,765	-	57,765	180	-	180	-	-	-	Complied
Grade 5		57,765	-	57,765	180	-	180	-	-	-	Complied
Grade 6		57,765	-	57,765	180	-	180	-	-	-	Complied

Mountainview Elementary, Tesoro del Valle Elementary, and West Creek Academy

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	
Kindergarten	36,000	51,198	294	51,492	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		51,198	294	51,492	179	1	180	-	-	-	Complied
Grade 2		51,198	294	51,492	179	1	180	-	-	-	Complied
Grade 3		57,421	344	57,765	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,421	344	57,765	179	1	180	-	-	-	Complied
Grade 5		57,421	344	57,765	179	1	180	-	-	-	Complied
Grade 6		57,421	344	57,765	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, 2025

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

Saugus Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 139,270,739	\$ 141,870,971	\$138,993,796	\$141,558,436
Other sources	-	\$367,628	397,038	1,565,457
Total revenues and other sources	139,270,739	142,238,599	139,390,834	143,123,893
Expenditures	144,586,023	\$141,272,251	138,498,516	129,665,263
Other uses and transfers out	372,151	372,151	372,151	1,833,620
Total expenditures and other uses	144,958,174	141,644,402	138,870,667	131,498,883
Increase/(Decrease) in Fund Balance	(5,687,435)	594,197	520,167	11,625,010
Ending Fund Balance	\$ 30,360,976	\$ 36,048,411	\$ 35,454,214	\$34,934,047
Available Reserves ²	\$ 10,886,547	\$ 19,938,272	\$13,847,364	\$13,020,282
Available Reserves as a Percentage of Total Outgo	7.51%	14.08%	9.97%	9.90%
Long-Term Liabilities ⁴	N/A	\$ 273,290,171	\$278,910,020	\$ 289,386,221
K-12 Average Daily Attendance at P-2	8,884	8,886	8,865	8,674

The General Fund balance has increased by \$1,114,364 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$5,687,435 (15.8%). 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 2025-2026 fiscal year. Total long-term liabilities have decreased by \$16,096,050 over the past two years.

Average daily attendance has increased by 212 over the past two years. A decrease of 2 ADA is anticipated during fiscal year 2025-2026.

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

² Available reserves consist of all unassigned fund balances 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.

⁴ Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

Saugus Union School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 692,195	\$ 859,587	\$ 4,440,881	\$ 5,992,663
Receivables	<u>128,490</u>	<u>8,943</u>	<u>-</u>	<u>137,433</u>
Total assets	<u>\$ 820,685</u>	<u>\$ 868,530</u>	<u>\$ 4,440,881</u>	<u>\$ 6,130,096</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 16,044	\$ 26,501	\$ -	\$ 42,545
Unearned revenue	<u>392,600</u>	<u>-</u>	<u>-</u>	<u>392,600</u>
Total liabilities	<u>408,644</u>	<u>26,501</u>	<u>-</u>	<u>435,145</u>
Fund Balances				
Restricted	<u>412,041</u>	<u>842,029</u>	<u>4,440,881</u>	<u>5,694,951</u>
Total liabilities and fund balances	<u>\$ 820,685</u>	<u>\$ 868,530</u>	<u>\$ 4,440,881</u>	<u>\$ 6,130,096</u>

Saugus Union School District

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

	Child Development Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Other State sources	\$ 634,415	\$ -	\$ 26,388	\$ 660,803
Other local sources	31,633	124,994	6,130,146	6,286,773
Total revenues	666,048	124,994	6,156,534	6,947,576
Expenditures				
Current				
Instruction	431,943	-	-	431,943
Instruction-related activities				
Supervision of instruction	68,665	-	-	68,665
Administration				
All other administration	34,924	-	-	34,924
Plant services	-	189,931	-	189,931
Facility acquisition and construction	-	1,147,679	-	1,147,679
Debt service				
Principal	-	-	3,600,000	3,600,000
Interest and other	-	-	3,949,456	3,949,456
Total expenditures	535,532	1,337,610	7,549,456	9,422,598
Net Change in Fund Balances	130,516	(1,212,616)	(1,392,922)	(2,475,022)
Fund Balance - Beginning	281,525	2,054,645	5,833,803	8,169,973
Fund Balance - Ending	\$ 412,041	\$ 842,029	\$ 4,440,881	\$ 5,694,951

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, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, 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. 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, 2025

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
Patricia Garibay	President	2028
Anna Griese	Clerk	2026
Katherine Cooper	Member	2028
Matthew Watson	Member	2028
Christopher Trunkey	Member	2026

ADMINISTRATION

NAME	TITLE
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
Jo Anne Downen	Director of Business Services

Independent Auditor's Reports
June 30, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2025.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position and business-type activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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 4, 2025



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

To the Governing Board
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, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over*

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Rancho Cucamonga, California
December 4, 2025



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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	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
Kindergarten Continuance	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 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 4, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

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>
Title I, Part A, Basic Grants Low Income and Neglected Special Education Cluster (IDEA)	84.010 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?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Other matters to be reported	No
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.