Financial Statements
June 30, 2024

Santa Ana Unified School District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Santa Ana Unified School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net 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 proportionate share of the net pension liability - CalPERS: Safety Risk Pool, schedule of the District's contributions - CalSTRS, schedule of the District's contributions - CalPERS, and schedule of the District's contributions - CalPERS: Safety Risk Pool 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 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2024

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. 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 measurement focus and the accrual basis of accounting.

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds receipt of special taxes and assessments used to pay principal and interest on non-obligatory bonds of the financial reporting entity. The District's fiduciary activities are reported in the *Statement of Net Position*. 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 $424,793,055 for the fiscal year ended June 30, 2024, reflecting a decrease of 3.9% since June 30, 2023. Of this amount, $(587,091,839) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	$ 704,363,727	$ 806,558,562
Capital assets	1,118,099,151	1,048,069,123
Total assets	1,822,462,878	1,854,627,685
Deferred Outflows of Resources	330,116,841	278,952,723
Liabilities		
Current liabilities	108,175,826	122,682,443
Long-term liabilities	1,562,008,000	1,477,999,736
Total liabilities	1,670,183,826	1,600,682,179
Deferred Inflows of Resources	57,602,838	91,053,839
Net Position		
Net investment in capital assets	699,039,662	628,908,036
Restricted	312,845,232	343,820,449
Unrestricted (deficit)	(587,091,839)	(530,884,095)
Total net position	$ 424,793,055	$ 441,844,390

Unrestricted net position (deficit) – 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 to $(587,091,839) compared to $(530,884,095).

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 20. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	$ 10,548,307	$ 7,422,981
Operating grants and contributions	299,141,537	315,055,476
Capital grants and contributions	9,017,892	7,294,359
General revenues		
Federal and State aid not restricted	417,056,476	367,886,991
Property taxes	249,624,250	229,018,126
Other general revenues	37,106,905	9,178,581
Total revenues	1,022,495,367	935,856,514
Expenses		
Instruction-related	703,886,975	551,101,988
Pupil services	140,506,385	114,975,923
Administration	54,325,834	38,886,195
Plant services	95,587,830	72,226,743
Interest on long-term liabilities	25,949,909	22,933,445
All other functional expenses	19,289,769	15,452,004
Total expenses	1,039,546,702	815,576,298
Change in net position	$ (17,051,335)	$ 120,280,216

Governmental Activities

As reported in the *Statement of Activities* on page 20, the cost of all of our governmental activities this year was $1,039,546,702. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $249,624,250 because the cost was paid by those who benefited from the programs ($10,548,307) or by other governments and organizations who subsidized certain programs with grants and contributions ($308,159,429). We paid for the remaining "public benefit" portion of our governmental activities with $454,163,381 in State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	$ 703,886,975	$ 551,101,988	$ (511,303,190)	$ (275,909,073)
Pupil services	140,506,385	114,975,923	(82,878,762)	(48,171,988)
Administration	54,325,834	38,886,195	(47,124,761)	(36,668,319)
Plant services	95,587,830	72,226,743	(59,802,590)	(57,666,426)
Interest on long-term liabilities	25,949,909	22,933,445	(25,949,909)	(26,897,237)
All other functional expenses	19,289,769	15,452,004	6,220,246	(3,257,283)
Total	$ 1,039,546,702	$ 815,576,298	$ (720,838,966)	$ (448,570,326)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $566,453,214, which is a decrease of $94,242,418 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	$ 419,851,765	$ 892,896,933	$ 948,574,372	$ 364,174,326
Building Fund	72,143,708	23,117,816	39,241,152	56,020,372
Student Activity Fund	2,093,838	2,904,467	2,716,444	2,281,861
Charter School Fund	3,342,870	6,833,797	7,024,733	3,151,934
Child Development Fund	1,270,283	23,285,760	20,015,273	4,540,770
Cafeteria Fund	10,318,423	42,146,001	43,157,671	9,306,753
Deferred Maintenance Fund	7,313,963	302,137	7,123,518	492,582
Capital Facilities Fund	49,975,635	17,738,856	24,155,386	43,559,105
County School Facilities Fund	35,442,959	9,017,892	19,489,802	24,971,049
Special Reserve Fund for Capital Outlay Projects	9,694,264	3,075,759	4,000,226	8,769,797
Capital Project Fund for Blended Component Units	637,706	55,579	60,224	633,061
Bond Interest and Redemption Fund	48,517,566	30,350,468	30,538,098	48,329,936
Debt Service Fund for Blended Component Units	92,652	7,990,566	7,861,550	221,668
Total	$ 660,695,632	$ 1,059,716,031	$ 1,153,958,449	$ 566,453,214

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 25, 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 84.)

The key differences between the original budget, final budget, and actual results is attributable to:

- Re-allocation of categorical program carryover from the prior year.
- Adjusted revenue and expenditures to project spending amounts and carryovers for current year.
- The District spent 78.14% on the personnel costs including certificated salaries, classified salaries, and employee benefits.
- Salary increases for the following employees:
    - California School Employees Association (CSEA) and Santa Ana School Police Officers (SASPOA):
        - Effective July 1, 2023, three percent ongoing from the 2022-2023 salary schedules for all unit members on paid status, including unit members who retired anytime during the 2023-2024 school year.
        - All active unit members who are on paid status at the time of board approval of this Agreement (April 23, 2024), and those members who retired anytime during the 2023-2024 school year received a one-time off schedule payment of $800.00.
        - Effective July 1, 2023, a seventh column was added to the 2023-2024 CSEA Salary Schedule with an increase of four percent over the sixth column.
    - Management, Supervisory, and Confidential:
        - 3% salary increases to the Extended Management Salary Schedule, retroactive to July 1, 2023, and a one-time off schedule of 3% based on placement on the March 14, 2023, Board approved Extended Management Salary Schedule.
    - Communications Workers of America (CWA):
        - Effective July 1, 2023, substitute teachers received $230 per day for each full day of substitute work. Upon completion of 20 days of substitute service within one fiscal year, the individual daily rate increased to $260 per day for the remainder of the fiscal year.
- The District spent 21.86% on the non-personnel costs.
- Approximately 5.83% was spent with one-time COVID-19 funds (ESSER III, ARP-Homeless Children and Youth, SB117, Expanded Learning Opportunity (ELO) Grant, ELO-Para Professional Grant, Arts, Music, and Instructional Materials Discretionary Block Grant, and Learning Recovery Emergency Block Grant funds).

As has been the practice of the District, Santa Ana Unified School District does not reallocate categorical program carryover from the prior year until the financial records for the prior year are closed. Consequently, the original budget does not include revenues or expenditures related to categorical carryover, while the final budget and actual results reflects these carryovers.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had $1,118,099,151 in a broad range of capital assets (net of depreciation and amortization), 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, and depreciation and amortization) of $70,030,028, or 6.7%, from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	$ 350,248,639	$ 341,189,985
Land improvements	50,310,636	49,422,874
Buildings and improvements	686,293,974	645,928,373
Furniture and equipment	26,139,528	6,483,035
Right-to-use leased assets	471,130	653,380
Right-to-use subscription IT assets	4,635,244	4,391,476
Total	$ 1,118,099,151	$ 1,048,069,123

This year's addition of $111.9 million included new furniture, equipment, right-to-use leased assets, right-to-use subscription IT assets, and several construction projects.

We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 7 to Financial Statements.

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

At the end of this year, the District had $613,455,632 in long-term liabilities other than OPEB and pension versus $630,116,873 last year. The obligations consisted of:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	$ 500,577,034	$ 506,276,822
Premium on issuance	20,879,581	22,729,202
Certificates of participation	52,968,240	56,064,108
Premium on issuance	1,668,945	1,798,993
Construction loan	5,401,719	7,038,702
Leases	496,503	667,121
Subscription-based IT arrangements	735,943	1,045,414
Compensated absences	5,056,172	5,703,359
Supplemental early retirement plan (SERP)	7,874,556	11,811,834
Claims liability	17,796,939	16,981,318
Total	$ 613,455,632	$ 630,116,873

The State limits the amount of general obligation debt that unified school districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $500.6 million is below the statutorily-imposed limit.

We present more detailed information regarding our long-term liabilities in Note 11 to Financial Statements.

OPEB and Pension Liabilities

At year-end, the District had $219,263,315 in net OPEB liability versus $214,243,440 last year, an increase of $5,019,875 or 2.3%. We present more detailed information regarding our pension liability in Note 12 to Financial Statements.

At year-end, the District had $729,289,053 in aggregate net pension liability versus $633,639,423 last year, an increase of $95,649,630 or 15.1%. We present more detailed information regarding our pension liability in Note 16 to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

Student Achievement and Wellbeing

During the 2022-2023 school year, metrics were developed and approved by the Board as part of SAUSD's Strategic three-Year Plan. (The following is derived from the Board Priority Metrics: SAUSD's Strategic three-Year Plan (April 11, 2023, Executive Summary)

I. Student Achievement	2021-22	2022-23	2023-24	2024-25 Goals	2025-26 Goals
a. Preschool					
i. DRDP: % of 4 & 5 years old preschool students scoring at Building Middle, Building Later, and Integrating (Levels 2, 3 & 4) in Literacy and Language Development	82%	79%	77%	80%	85%
b. Grades K-1					
i. DIBELS: % of students at core/core+ Spring (K only)	49%	61%	56%	61%	67%
ii. DIBELS: % of students at core/core+ Spring (1st only)	54%	59%	63%	65%	67%
c. Grades 3 - 5					
i. MAP Reading: % Met Fall to Spring Growth Projection (3rd only)	40%	44%	42%	45%	50%
ii. MAP Math: % Met Fall to Spring Growth Projection (4th only)	47%	45%	39%	45%	50%
iii. MAP Math: % Met Fall to Spring Growth Projection (5th only)	49%	44%	38%	45%	50%
d. Grades 6-8					
i. Grades: % of D&F grades given in ELA in 2nd semester (6th-8th only)	15%	23%	24%	20%	15%
ii. Grades: % of D&F grades given in Math in 2nd semester (6th-8th only)	23%	29%	30%	26%	23%
e. Grades 12 Only					
i. Grades: % of D&F grades given in ELA in 2nd semester (12th only)	21%	26%	25%	21%	17%
ii. Grades: % of D&F grades given in Math in 2nd semester (12th only)	34%	31%	30%	26%	22%

II. Wellbeing	2021-22	2022-23	2023-24	2024-25 Goals	2025-26 Goals
a. Grades K-5					
i. Attendance: Chronic absence rate (2nd only)	34%	19%	16%	13%	10%
ii. Attendance: High absence rate (2nd only)	32%	33%	30%	27%	24%
b. Grades 6-8					
i. Attendance: Chronic absence rate (7th only)	28%	21%	17%	14%	11%
ii. Attendance: High absence rate (7th only)	29%	26%	24%	21%	18%
c. Grades 9-12					
i. Attendance: Chronic absence rate (11th only)	29%	27%	24%	21%	18%
ii. Attendance: High absence rate (11th only)	25%	23%	21%	18%	15%

Organizational Efficiency & Effectiveness

I. Create & Build a Culture of Safety and Awareness

Enhanced Training and Education Programs

- Staff Training: Implemented regular, mandatory training sessions focused on safety protocols, compliance with District policies, and risk management.
- Staff Awareness: Educated staff on safety and responsible behavior.
- Staff Involvement: Engaged staff in understanding the District's safety policies and encouraged them to reinforce these practices at work and home.

Policy and Procedure Review

- Regular Audits: Conducted regular audits of District policies and procedures to ensure they are up-to-date with current laws and best practices.
- Clear Communication: Ensured all employees are fully informed of District policies and established clear channels for reporting concerns or incidents.
- Streamlined Procedures: Simplified and standardized procedures to reduce the likelihood of errors or omissions that could lead to claims.

Improved Incident Reporting and Response

- Efficient Reporting System: Provided an incident reporting system that allows staff to quickly and accurately report incidents, ensuring timely responses and documentation.
- Root Cause Analysis: After each incident, performed a root cause analysis to identify contributing factors and implemented corrective actions to prevent recurrence.
- Responsive Action Plans: Created and regularly updated action plans for responding to different types of incidents, ensuring swift and appropriate responses that mitigate liability.

II. Increase Student Participation in Breakfast and Lunch Programs

- Define Goal: Participation shall be measured as a function of Average Daily Participation (ADP) in meal programs divided by Average Daily Attendance (ADA).
- Collect and Analyze Data: Established baseline data by assessing participation rates from the 2023-2024 school year.
- Research and Planning: Reviewed current program offerings and identified opportunities for growing participation.
- Incorporate Diverse Voices into Planning: Ongoing collection, analysis, and incorporation of student, parent, and staff feedback.
- Established targets and identified strategies for 2024-2025 and 2025-2026.

III. Workforce Optimization and Human Resources Efficiency

Time to Fill vacant positions

- Developed and implemented a step-by-step improvement plan with specific milestones aimed at reducing Time-to-Fill vacant positions.
- Time-to-Fill vacant classified positions was reduced by 35% and certificated positions by 30% as compared to base year.

Right-sizing the District

- A staffing structure will be achieved that is optimally aligned with student needs, supports effective program delivery, and adheres to budget constraints, ensuring both educational quality and fiscal responsibility.
- Partially completed a comprehensive staffing audit, with the goal of identifying at least 95% of all instances of over- or under-staffing across the District.
- Implemented a detailed position control system that provides accurate, real-time tracking of all staffing positions. This system has enabled the District to align staffing levels with current student enrollment and budget constraints, setting the foundation for achieving right-sizing by July 2025.
- Collaborated with the California School Employees Association (CSEA) to meticulously examine our list of job titles. As a result, outdated job titles were eliminated from the CSEA roster.

Timely resolve of employee complaints

- Achieved a 90% resolution rate of complaints within the applicable timelines by June 2024, following the implementation of a streamlined complaint process, updated regulations, and initial staff and supervisor training. This will be measured by quarterly audits of complaint resolution times, with the goal of reaching 100% resolution by June 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2024-2025 budget was adopted according to the statute prior to June 30, 2024. The District's revenue and expenditure projections are reflective of the Governor's May Revise Budget Proposal. In considering the District Budget for the 2024-2025 year, the Board of Education and District Management used the following criteria:

Revenues:

1. The District's major source of income is from the Local Control Funding Formula (LCFF). LCFF funding consists of Base, Supplemental, and Concentration grants, as well as Targeted Instructional Improvement Block Grant, Home-to School Transportation add-on programs, Transitional Kindergarten as well as the Education Protection Account.
2. Projected declining enrollment of –1,685 from 37,663 in 2023-2024 to 35,978 in 2024-2025.
3. Projected funded ADA of 37,332.12 to calculate LCFF funding. The District uses the average of three prior's average daily attendance (ADA) to calculate the budget year's LCFF funding.
4. Statutory COLA of 1.07%.
5. Unduplicated pupil count of 86.69%.
6. Reduction in Federal Revenue funding due to a combination of spending down the one-time ESSER funds and budget increases in ASSET grant funding, COPs Office School Violation Prevention grant funding, ESSA CSI grant funding as well as Title I grant funding.
7. Reduction in Other State Revenue funding due to removal of one-time funds such as ELO grant funding, ELO-Para Professional grant funding, and Literacy Coaches and Reading Specialists.
8. Reduction in Other Local Revenue funding due to budget reductions in interest income, local income, Medi-Cal billing, Title II CLSD grant, K12 Strong Workforce Program Pathway Improvement grant, CalOptima grant, CalShape Ventilation grant, and other local grants and donations.
9. One-time general fund contribution of $10 million for deferred maintenance.
10. One-time general fund contribution of $2 million for a computer room air conditioner (CRAC) unit.
11. Increased contribution mostly to Special Education and Ongoing and Major Maintenance Account.
12. Mandated Block Grant funding.
13. Unrestricted and Restricted Lottery funding.

Expenditures:

1. Step and column increase.
2. One-month cost of vacant positions.
3. New positions and frozen positions for both certificated and classified positions.
4. 3.00% ongoing salary increase for Santa Ana Educators Association (SAEA) employees.
5. Increased in employee benefits costs due to the PERS rate increase from 26.68% to 27.05% and, assumed increased rate of 15% in Health and Welfare benefits.

6. Continued budgeting facilities projects that address improved indoor air quality and/or outdoor learning environments with one-time COVID-19 ESSER III funds balance, expiring September 30, 2024.
7. Increased utility costs.
8. Technology Refresh funds for grades 3, 6, and 9.
9. Deferred maintenance contracts, chiller replacement, as well as asphalt, courtyard, and roofing projects.
10. A computer room air conditioner (CRAC) unit.
11. Adoption of textbooks for World Language.
12. PARS Supplemental Retirement Program (2021-2026): 4th of a 5-year payment schedule of $4,153,828.37.
13. Increased Special Education costs.
14. Removal of one-time expenditures includes ELO grant, ELO-Para Professional grant, SB117, ARP-Homeless Children and Youth.
15. Removal of carryover, however, it will be budgeted when the actual amounts are known.

Staffing ratios:

	Staffing Ratio	Enrollment
Transitional Kindergarten	12:1	957
Kindergarten through three	25:1	8,909
Grades four through five	30:1	5,038
Grades six through eight	31:1	8,167
Grades nine through twelve	31:1	12,276

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Santa Ana Unified School District, 1601 East Chestnut Avenue, Santa Ana, California, 92701-6322.

	Governmental Activities
Assets	
Deposits and investments	$ 642,087,351
Receivables	55,133,694
Prepaid expenses	1,033,001
Stores inventories	2,484,311
Lease receivables	398,713
Long-term receivables	3,226,657
Capital assets not depreciated or amortized	350,248,639
Capital assets, net of accumulated depreciation and amortization	767,850,512
Total assets	1,822,462,878
Deferred Outflows of Resources	
Deferred charge on refunding	396,562
Deferred outflows of resources related to OPEB	57,679,730
Deferred outflows of resources related to pensions	272,040,549
Total deferred outflows of resources	330,116,841
Liabilities	
Accounts payable	79,113,305
Accrued interest payable	6,263,895
Unearned revenue	22,798,626
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	29,032,696
Long-term liabilities other than OPEB and pensions due in more than one year	584,422,936
Net other postemployment benefits (OPEB) liability	219,263,315
Aggregate net pension liability	729,289,053
Total liabilities	1,670,183,826
Deferred Inflows of Resources	
Deferred amount on refunding	700,661
Deferred inflows of resources related to OPEB	12,474,888
Deferred inflows of resources related to pensions	44,051,818
Deferred inflows of resources related to leases	375,471
Total deferred inflows of resources	57,602,838
Net Position	
Net investment in capital assets	699,039,662
Restricted for	
Debt service	42,287,709
Capital projects	69,682,369
Educational programs	176,634,090
Other activities	24,241,064
Unrestricted (deficit)	(587,091,839)
Total net position	$ 424,793,055

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 570,317,739	$ 1,582,369	$ 144,044,385	$ 9,017,892	$ (415,673,093)
Instruction-related activities					
Supervision of instruction	68,834,363	215,667	29,965,289	-	(38,653,407)
Instructional library, media, and technology	7,132,413	43,274	1,415,653	-	(5,673,486)
School site administration	57,602,460	71,355	6,227,901	-	(51,303,204)
Pupil services					
Home-to-school transportation	16,553,921	-	-	-	(16,553,921)
Food services	42,890,374	933,004	40,199,289	-	(1,758,081)
All other pupil services	81,062,090	241,492	16,253,838	-	(64,566,760)
Administration					
Data processing	8,838,128	-	-	-	(8,838,128)
All other administration	45,487,706	75,281	7,125,792	-	(38,286,633)
Plant services	95,587,830	3,884,790	31,900,450	-	(59,802,590)
Ancillary services	14,156,312	443	7,520,630	-	(6,635,239)
Community services	331,349	-	34	-	(331,315)
Enterprise services	469,420	11,799	413,378	-	(44,243)
Interest on long-term liabilities	25,949,909	-	-	-	(25,949,909)
Other outgo	4,332,688	3,488,833	14,074,898	-	13,231,043
Total governmental activities	$ 1,039,546,702	$ 10,548,307	$ 299,141,537	$ 9,017,892	(720,838,966)
General Revenues and Subventions					
Property taxes, levied for general purposes					216,694,328
Property taxes, levied for debt service					26,712,151
Taxes levied for other specific purposes					6,217,771
Federal and State aid not restricted to specific purposes					417,056,476
Interest and investment earnings					26,195,632
Miscellaneous					10,911,273
Subtotal, general revenues and subventions					703,787,631
Change in Net Position					(17,051,335)
Net Position - Beginning					441,844,390
Net Position - Ending					$ 424,793,055

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 400,310,045	$ 59,853,566	$ 155,840,900	$ 616,004,511
Receivables	47,620,821	258,690	6,098,469	53,977,980
Due from other funds	4,537,333	525	4,912,347	9,450,205
Prepaid expenditures	216,472	-	651,867	868,339
Stores inventories	1,190,973	-	1,293,338	2,484,311
Lease receivables	398,713	-	-	398,713
Total assets	$ 454,274,357	$ 60,112,781	$ 168,796,921	$ 683,184,059
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$ 62,687,710	$ 4,035,369	$ 9,133,917	$ 75,856,996
Due to other funds	12,511,054	57,040	5,131,658	17,699,752
Unearned revenue	14,525,796	-	8,272,830	22,798,626
Total liabilities	89,724,560	4,092,409	22,538,405	116,355,374
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	375,471	-	-	375,471
Fund Balances				
Nonspendable	1,557,445	-	1,947,065	3,504,510
Restricted	170,366,336	56,020,372	134,776,337	361,163,045
Committed	124,814,690	-	492,582	125,307,272
Assigned	48,424,830	-	9,042,532	57,467,362
Unassigned	19,011,025	-	-	19,011,025
Total fund balances	364,174,326	56,020,372	146,258,516	566,453,214
Total liabilities, deferred inflows of resources, and fund balances	$ 454,274,357	$ 60,112,781	$ 168,796,921	$ 683,184,059

Total Fund Balance - Governmental Funds		$ 566,453,214
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	$ 1,720,656,555	
Accumulated depreciation and amortization is	(602,557,404)	
Net capital assets		1,118,099,151
Receivables related to the settlement are not received in the near term (within a year) and therefore, are not reported as receivables in the Governmental Funds.		3,226,657
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.		(6,263,895)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and property and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		14,599,515
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		
Deferred charge on refunding	396,562	
Net other postemployment benefits (OPEB) liability	57,679,730	
Aggregate net pension liability	272,040,549	
Total deferred outflows of resources		330,116,841
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		
Deferred charge on refunding	(700,661)	
Net other postemployment benefits (OPEB) liability	(12,474,888)	
Aggregate net pension liability	(44,051,818)	
Total deferred inflows of resources		(57,227,367)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(729,289,053)

The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (219,263,315)
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	$ (409,228,634)	
Unamortized premium on issuance of bonds	(20,879,581)	
Certificates of participation	(36,997,498)	
Unamortized premium on issuance of certificates	(1,668,945)	
Construction loan	(5,401,719)	
Leases	(496,503)	
Subscription-based IT arrangements	(735,943)	
Compensated absences (vacations)	(5,056,172)	
Supplemental early retirement plan (SERP)	(7,874,556)	
In addition, the District has issued 'capital appreciation' general obligation bonds and certificates of participation. The accretion of interest on those bonds and certificates to date is the following		
Accumulated accretion on general obligation bonds	(91,348,400)	
Accumulated accretion on certificates of participation	(15,970,742)	
Total long-term liabilities		(595,658,693)
Total net position - governmental activities		$ 424,793,055

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	$ 611,931,573	$ -	$ 4,952,182	$ 616,883,755
Federal sources	59,138,060	-	33,138,858	92,276,918
Other State sources	166,763,267	-	40,565,384	207,328,651
Other local sources	54,306,699	3,865,432	52,540,763	110,712,894
Total revenues	892,139,599	3,865,432	131,197,187	1,027,202,218
Expenditures				
Current				
Instruction	533,947,315	-	20,519,394	554,466,709
Instruction-related activities				
Supervision of instruction	65,653,455	-	1,478,154	67,131,609
Instructional library, media, and technology	8,051,036	-	1,273	8,052,309
School site administration	55,738,631	-	1,419,330	57,157,961
Pupil services				
Home-to-school transportation	16,548,340	-	-	16,548,340
Food services	971,902	-	41,848,103	42,820,005
All other pupil services	76,301,896	-	1,499,430	77,801,326
Administration				
Data processing	9,232,017	-	-	9,232,017
All other administration	45,584,858	-	1,482,009	47,066,867
Plant services	86,451,726	107,084	5,489,201	92,048,011
Ancillary services	11,319,318	-	2,786,231	14,105,549
Community services	328,473	-	-	328,473
Other outgo	4,332,688	-	-	4,332,688
Enterprise services	-	-	451,496	451,496
Facility acquisition and construction	27,198,343	39,134,068	24,682,241	91,014,652
Debt service				
Principal	1,146,336	-	21,528,983	22,675,319
Interest and other	97,974	-	16,870,665	16,968,639
Total expenditures	942,904,308	39,241,152	140,056,510	1,122,201,970
Deficiency of Revenues over Expenditures	(50,764,709)	(35,375,720)	(8,859,323)	(94,999,752)
Other Financing Sources (Uses)				
Transfers in	91,087	19,252,384	12,504,095	31,847,566
Other sources - SBITAs	666,247	-	-	666,247
Transfers out	(5,670,064)	-	(26,086,415)	(31,756,479)
Net Financing Sources (Uses)	(4,912,730)	19,252,384	(13,582,320)	757,334
Net Change in Fund Balances	(55,677,439)	(16,123,336)	(22,441,643)	(94,242,418)
Fund Balance - Beginning	419,851,765	72,143,708	168,700,159	660,695,632
Fund Balance - Ending	$ 364,174,326	$ 56,020,372	$ 146,258,516	$ 566,453,214

Total Net Change in Fund Balances - Governmental Funds		$ (94,242,418)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are 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 period.		
Capital outlay	$ 111,945,433	
Depreciation and amortization expense	(41,902,620)	
Net expense adjustment		70,042,813
Loss (Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds		(12,785)
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.		(666,247)
The collection of revenues related to the long-term receivable are revenues in the governmental funds, but reduce the long-term receivable in the Statement Net Position and do not affect the Statement of Activities.		(1,075,553)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) 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 year, special termination benefits paid were more than the amounts earned by $3,937,278. Vacation earned was less than the amounts used by $647,187.		4,584,465
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		(5,976,440)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(10,180,626)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances		
Amortization of debt premium	$ 1,979,669	
Amortization of deferred charge on refunding	(8,745)	
Combined adjustment		$ 1,970,924
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		
General obligation bonds	15,417,000	
Certificates of participation	4,475,000	
Construction loan	1,636,983	
Leases	170,618	
Subscription-based IT arrangements	975,718	
Combined adjustment		22,675,319
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of the two factors. First, accrued interest on the general obligation bonds and certificates of participation decreased by $144,150, and second, $11,096,344 of additional interest was accreted on the District's capital appreciation general obligation bonds and certificates of participation.		(10,952,194)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net change of the Internal Service Fund is reported with governmental activities.		6,781,407
Change in net position of governmental activities		$ (17,051,335)

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 26,082,840
Receivables	1,155,714
Due from other funds	8,314,468
Total current assets	35,717,684
Liabilities	
Current liabilities	
Accounts payable	3,256,309
Due to other funds	64,921
Current portion of long-term liabilities	3,896,709
Total current liabilities	7,217,939
Noncurrent liabilities	
Noncurrent portion of long-term liabilities	13,900,230
Net Position	
Restricted	$ 14,599,515

	Governmental Activities - Internal Service Fund
Operating Revenues	
Local and intermediate sources	$ 29,892,540
Operating Expenses	
Payroll costs	12,621,317
Supplies and materials	120,019
Other operating cost	11,561,883
Total operating expenses	24,303,219
Operating income	5,589,321
Nonoperating Revenues	
Interest income (including fair market valuations)	1,283,173
Income Before and Transfers	6,872,494
Transfers out	(91,087)
Change in Net Position	6,781,407
Total Net Position - Beginning	7,818,108
Total Net Position - Ending	$ 14,599,515

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 23,522,661
Other operating cash receipts	142,999
Cash payments to other suppliers of goods or services	(2,572,224)
Cash payments to employees for services	(12,589,919)
Other operating cash payments	(10,746,262)
Net Cash Used for Operating Activities	(2,242,745)
Investing Activities	
Interest on investments	1,250,340
Net Decrease in Cash and Cash Equivalents	(1,083,492)
Cash and Cash Equivalents - Beginning	27,166,332
Cash and Cash Equivalents - Ending	$ 26,082,840
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating income	$ 5,589,321
Adjustments to reconcile operating income to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	(143,068)
Due from other funds	(6,083,812)
Accounts payable	(2,287,543)
Due to other fund	31,398
Claims liability	815,621
Net Cash Used for Operating Activities	$ (2,242,745)

	Custodial Funds
Assets	
Deposits and investments	$ 1,272,418
Net Position	
Restricted for individuals, organizations, and other governments	$ 1,272,418

	Custodial Funds
Additions	
Contributions	
Special tax assessment	$ 839,936
Deductions	
Payments to investors	531,544
Other expenses	259,096
Total deductions	790,640
Change in Fiduciary Net Position	49,296
Total Net Position - Beginning	1,223,122
Net Position - Ending	$ 1,272,418

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Santa Ana Unified School District (the District) was organized in 1888 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates 31 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and four alternative high schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities 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 unit described below has 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 is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Santa Ana Unified School District Public Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain school facilities from the corporation under various lease-purchase agreements recorded in long-term liabilities.

The Corporation's financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Certificates of participation and qualified zone academy bonds issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

Other Related Entities

Charter School The District has approved Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, NOVA Academy Early College High, and Advanced Learning Academy pursuant to *Education Code* Section 47605. The Charters for Orange County Educational Arts Academy (OCEAA), Edward B. Cole Academy, El Sol Santa Ana Science and Arts Academy, and NOVA Academy Early College High are direct-funded and are not considered component units of the District. The Charter Schools are independent of the District, but subject to periodic charter renewal by the District. The Advanced Learning Academy is operated by the District, and its financial activity is presented in the Charter School Fund.

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 special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Other Postemployment Benefits, 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 extensions 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 $1,669,163.

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.

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing Districts General 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.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

- **Capital Projects Fund for Blended Component Units** The Capital Projects 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).

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

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units fund is used for the accumulation of resources for and the retirement of principal and interest on debt issued by entities that are considered blended component units of the District under GAAP.

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 fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a property and liability, dental, vision, and workers' compensation self-insurance fund that is accounted for in an internal service fund.

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. The District has no trust funds. 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 fund is used to account for property taxes received from the Community Facilities District (CFD).

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

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

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

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

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Cash and Cash Equivalents

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

Investments

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

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000 and $20,000 for federally funded and non-federally funded assets, respectively. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 25 to 50 years; furniture and equipment, 15 to 20; years, and vehicles, eight years.

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

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities or proprietary fund statement of Net Position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscriptions

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

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes 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 other action as approved by the governing board.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Stabilization Arrangement

In fiscal year 2010-2011, the governing board adopted a resolution for stabilization arrangements. Under the resolution, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The resolution states that, at fiscal year-end, an amount approximately equal to, but not less than, seven percent of the annual operating expenditures of the General Fund is to be committed for use in covering catastrophic losses, including natural and man-made disasters, insurance loss reserves, and limited operating expenses in a period of severe economic uncertainty. At June 30, 2024, $52,505,025 of the fund balance for the General Fund is reported as committed for economic stabilization. The resolution recognizes that under extreme conditions, the use of resources may result in the committed fund balance amount dropping below the established threshold. Such amounts are required to be reinstated by the end of the subsequent fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $312,845,232 of net position restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

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

Estimates

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

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 Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 642,087,351
Fiduciary funds	1,272,418
Total deposits and investments	$ 643,359,769

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

Cash on hand and in banks	$ 6,348,019
Cash with fiscal agent	1,292,338
Cash in revolving	851,860
Investments	634,867,552
Total deposits and investments	$ 643,359,769

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds and Notes	N/A	None	None
Registered State Bonds and Notes	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
U.S. Agency Securities	N/A	None	None
Farmer Credit System Bonds and Notes	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Federal Home Loan Bank System Obligations	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Obligations	N/A	None	None
U.S. Maritime Administration Obligations	N/A	None	None
U.S. Department of Housing and Urban Development Bonds and Notes	N/A	None	None
Money Market Funds	N/A	None	None
Deposit Accounts, Time Certificates of Deposit, Negotiable Certificates of Deposit	180 days	None	None
Commercial Paper	270 days	None	None
Federal Funds and Bankers Acceptance	365 days	None	None
Repurchase Agreement	30 days	None	None
Investment Agreement	N/A	None	None
Prefunded Municipal Bonds	N/A	None	None
State Investment Fund	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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days/ Maturity Date
Orange County Treasury Investment Pool	$ 634,855,428	407 days
Invesco Government and Agency Money Market Fund	12,124	28 days
Total	$ 634,867,552	

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. Presented below is the minimum rating required by the California *Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

The investment in the Orange County Treasury Investment Pool is not required to be rated nor have they been rated. The investment in Invesco Government and Agency Money Market Fund has been rated Aaa-mf by Moody's rating service as of June 30, 2024.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District's bank balance of $7,199,469 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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

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

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Invesco Government and Agency Money Market Fund	$ 12,124	$ 12,124
Investments not measured for fair value or subject to fair value hierarchy		
Orange County Treasury Investment Pool	634,855,428	
Total investments	$ 634,867,552	

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

Note 4 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 23,553,861	$ -	$ 3,991,055	$ -	$ 27,544,916
State Government					
LCFF apportionment	2,912,517	-	34,923	-	2,947,440
Categorical aid	8,982,855	-	1,119,943	-	10,102,798
Lottery	2,033,254	-	29,608	-	2,062,862
Local Government					
Interest	2,021,857	244,721	452,666	106,686	2,825,930
Other Local Sources	8,116,477	13,969	470,274	1,049,028	9,649,748
Total	$ 47,620,821	$ 258,690	$ 6,098,469	$ 1,155,714	$ 55,133,694

Note 5 - Lease Receivables

Cellular Tower Antenna Sites

The District leases a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with one optional renewal period of five years. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $96,101 in lease revenue and $28,183 in interest revenue related to these agreements. At June 30, 2024, the District recorded $398,713 in lease receivables and $375,471 deferred inflows of resources for these arrangements. The District used an interest rate of 6.24%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 6 - Long-Term Receivables

The long-term receivable relates to the legal settlement between the District and various charter schools for their equitable share contribution to the District-wide excess special education costs. The terms of the settlement require the charter schools to make installments equal to at least 20% of the total amount owed in January of 2023, 2024, 2025, 2026, and 2027. The balance of the long-term receivable as of June 30, 2024 is $3,226,657.

Note 7 - Capital Assets

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 152,003,691	$ -	$ -	$ 152,003,691
Construction in progress	189,186,294	87,256,187	(78,197,533)	198,244,948
Total capital assets not being depreciated or amortized	341,189,985	87,256,187	(78,197,533)	350,248,639
Capital assets being depreciated and amortized				
Land improvements	105,280,020	5,533,134	-	110,813,154
Buildings and improvements	1,140,153,219	72,664,398	-	1,212,817,617
Furniture and equipment	15,585,559	22,210,471	(311,080)	37,484,950
Right-to-use leased furniture and equipment	830,140	-	-	830,140
Right-to-use subscription IT assets	6,004,210	2,478,776	(20,931)	8,462,055
Total capital assets being depreciated and amortized	1,267,853,148	102,886,779	(332,011)	1,370,407,916
Total capital assets	1,609,043,133	190,142,966	(78,529,544)	1,720,656,555
Accumulated depreciation and amortization				
Land improvements	(55,857,146)	(4,645,372)	-	(60,502,518)
Buildings and improvements	(494,224,846)	(32,298,797)	-	(526,523,643)
Furniture and equipment	(9,102,524)	(2,541,193)	298,295	(11,345,422)
Right-to-use leased furniture and equipment	(176,760)	(182,250)	-	(359,010)
Right-to-use subscription IT assets	(1,612,734)	(2,235,008)	20,931	(3,826,811)
Total accumulated depreciation and amortization	(560,974,010)	(41,902,620)	319,226	(602,557,404)
Net depreciable and amortizable capital assets	706,879,138	60,984,159	(12,785)	767,850,512
Governmental activities capital assets, net	$ 1,048,069,123	$ 148,240,346	$ (78,210,318)	$ 1,118,099,151

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

Governmental Activities	
Instruction	$ 29,933,819
Supervision of instruction	1,960,640
Instructional library, media, and technology	310,332
School site administration	161,582
All other pupil services	2,197,234
Data processing	247,560
All other administration	2,922,314
Plant services	4,169,139
Total depreciation and amortization expense governmental activities	$ 41,902,620

Note 8 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 36,134	$ 4,436,278	$ 64,921	$ 4,537,333
Building Fund	-	-	525	-	525
Non-Major Governmental Funds	4,912,347	-	-	-	4,912,347
Internal Service Fund	7,598,707	20,906	694,855	-	8,314,468
Total	$ 12,511,054	$ 57,040	$ 5,131,658	$ 64,921	$ 17,764,673

A balance of $847,975 due to the General Fund from the Charter School Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $1,326,642 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from the reimbursement of operating costs.

A balance of $508,338 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from indirect costs and reimbursement of operating costs.

A balance of $1,753,323 due to the General Fund from the Deferred Maintenance Non-Major Governmental Fund resulted from reimbursement of project costs.

A balance of $1,929,289 due to the Charter School Non-Major Governmental Fund from the General Fund resulted from allocation of in-lieu property taxes and various categorical funds.

A balance of $239,112 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from reimbursement of operating costs.

A balance of $2,731,798 due to the Capital Facilities Non-Major Governmental Fund from the General Fund resulted from reimbursement of project costs.

A balance of $7,598,707 due to the Internal Service Fund from the General Fund resulted from insurance premiums.

A balance of $394,299 due to the Internal Service Fund from the Cafeteria Non-Major Governmental Fund resulted from insurance premiums.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

	Transfer From			
Transfer To	General Fund	Non-Major Governmental Fund	Internal Service Funds	Total
General Fund	$ -	$ -	$ 91,087	$ 91,087
Building Fund	-	19,252,384	-	19,252,384
Non-Major Governmental Funds	5,670,064	6,834,031	-	12,504,095
Total	$ 5,670,064	$ 26,086,415	$ 91,087	$ 31,847,566

The General Fund transferred to the Charter School Non-Major Governmental Fund for special education allocation.	$ 168,991
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for reimbursement of operating costs.	9,213
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for QZAB solar energy savings.	1,504,960
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	3,986,900
The Capital Facilities Non-Major Governmental Fund transferred to the Building Fund for reimbursement of project costs.	19,252,384
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for the reimbursement of interest payment on lease.	1,779,426
The County School Facilities Non-Major Governmental Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project costs.	2,780,573
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of project costs.	641,208
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for future debt service payments.	1,632,824
The Internal Service Fund transfer to the General Fund for reimbursement of operational costs.	91,087
Total	$ 31,847,566

Note 9 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 21,685,393	$ 153,725	$ 893,912	$ 4,190	$ 22,737,220
Due to CDE	25,000	-	-	-	25,000
Due to other LEAs	10,244,138	-	-	-	10,244,138
Other vendor payables	30,733,179	3,881,644	8,240,005	3,252,119	46,106,947
Total	$ 62,687,710	$ 4,035,369	$ 9,133,917	$ 3,256,309	$ 79,113,305

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 7,796,183	$ 13,341	$ 7,809,524
State categorical aid	3,053,679	8,259,489	11,313,168
Other local	3,675,934	-	3,675,934
Total	$ 14,525,796	$ 8,272,830	$ 22,798,626

Note 11 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 506,276,822	$ 9,717,212	$ (15,417,000)	$ 500,577,034	$ 14,119,000
Premium on issuance	22,729,202	-	(1,849,621)	20,879,581	-
Certificates of participation	56,064,108	1,379,132	(4,475,000)	52,968,240	4,580,049
Premium on issuance	1,798,993	-	(130,048)	1,668,945	-
Construction loan	7,038,702	-	(1,636,983)	5,401,719	1,698,618
Leases	667,121	-	(170,618)	496,503	146,152
Subscription-based IT arrangements	1,045,414	666,247	(975,718)	735,943	654,890
Compensated absences	5,703,359	-	(647,187)	5,056,172	-
Supplemental early retirement plan (SERP)	11,811,834	-	(3,937,278)	7,874,556	3,937,278
Claims liability	16,981,318	4,712,330	(3,896,709)	17,796,939	3,896,709
Total	$ 630,116,873	$ 16,474,921	$ (33,136,162)	$ 613,455,632	$ 29,032,696

Payments made on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the certificates of participation and the construction loan are made by the Debt Service Fund for Blended Component Units. The leases and subscription-based IT arrangements will be paid by the General Fund. The compensated absences will be paid by the following funds: General Fund, Charter School Fund, Child Development Fund, Cafeteria Fund, and Building Fund. The supplemental early retirement plan (SERP) will be paid by the General Fund. The claims liability is paid from the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Accreted	Redeemed	Bonds Outstanding June 30, 2024
10/30/02	08/01/32	2.68-5.53%	$ 50,828,156	$ 34,738,573	$ 1,844,169	$ (3,515,000)	$ 33,067,742
08/06/08	08/01/33	3.50-5.51%	99,997,856	7,946,368	603,155	(4,250,000)	4,299,523
11/20/09	08/01/47	6.54-7.337%	34,861,114	92,895,881	7,269,888	-	100,165,769
11/20/09	09/15/26	5.91%	19,240,000	19,240,000	-	-	19,240,000
12/02/10	08/01/28	6.45%	17,535,000	17,535,000	-	-	17,535,000
12/02/10	08/01/41	6.80-7.10%	19,775,000	19,775,000	-	-	19,775,000
04/18/18	08/01/33	3.00-5.00%	66,985,000	64,800,000	-	(230,000)	64,570,000
04/04/19	08/01/48	3.00-5.00%	60,000,000	46,600,000	-	-	46,600,000
04/04/19	08/01/29	3.00-5.00%	25,965,000	19,310,000	-	(2,395,000)	16,915,000
01/21/21	08/01/50	2.00-5.00%	80,000,000	75,000,000	-	(3,450,000)	71,550,000
05/13/22	08/01/33	2.16%	17,386,000	16,436,000	-	(1,577,000)	14,859,000
11/30/22	08/01/48	4.00-5.00%	92,000,000	92,000,000	-	-	92,000,000
				$ 506,276,822	$ 9,717,212	$ (15,417,000)	$ 500,577,034

1999 General Obligation Bonds, Series 2002B

On October 30, 2002, the District issued capital appreciation bonds in the amount of $50,828,156 (accreting to $110,565,000 at maturity) in order to finance the acquisition, construction, and improvement of school sites and facilities, including relieving overcrowding, improving student safety, repairing, and renovating schools, and replacing portables with permanent classrooms. The bonds have a final maturity to occur on August 1, 2032, with interest rates ranging from 2.68 to 5.53%. At June 30, 2024, the principal balance outstanding was $33,067,742 (including accreted interest to date).

2008 General Obligation Bonds, Series A

On August 6, 2008, the District issued $94,235,000 in current interest bonds and $5,762,856 in capital appreciation bonds (accreting to $22,700,000 at maturity) with an original premium of $6,022,280. The bonds were issued to finance the acquisition, construction, and improvement of school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.50 to 5.51%. At June 30, 2024, the principal balance outstanding was $4,299,523 (including accreted interest to date).

2008 General Obligation Bonds, Series B

On November 20, 2009, the District issued capital appreciation bonds in the amount of $34,861,114 (accreting to $418,255,000 at maturity) with an original premium of $1,809,422. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on August 1, 2047, with interest rate yields ranging from 6.54 to 7.337%. At June 30, 2024, the principal balance outstanding was $100,165,769 (including accreted interest to date).

2008 General Obligation Bonds, Series C

On November 20, 2009, the District issued $19,240,000 in qualified school construction bonds under the provisions of the American Recovery and Reinvestment Act of 2009. The bonds were issued to finance the acquisition, construction, and improvement of the school sites and facilities, improving student safety, repairing, and renovating schools, and replacing portables with modern classrooms. The bonds have a final maturity to occur on September 15, 2026, with an interest rate of 5.91%. At June 30, 2024, the principal balance outstanding was $19,240,000.

2008 General Obligation Bonds, Series F

On December 2, 2010, the District issued $17,535,000 in current interest bonds with Series F. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2028, with an interest rate of 6.45%. The District has designated the Series F Bonds as "qualified school construction bonds" under Section 54F of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2024, the principal balance outstanding was $17,535,000.

2008 General Obligation Bonds, Series E

On December 2, 2010, the District issued $19,775,000 in current interest bonds with Series E. The bonds were issued to finance new construction and additions to and modernization of school facilities for the District. The bonds have a final maturity to occur on August 1, 2041, with interest rates ranging from 6.80 to 7.10%. The District has designated the Series E Bonds as "Build America Bonds" under Section 55AA of the Internal Revenue Code of 1986, as amended, making the District eligible for cash subsidy payments from the United States Treasury. At June 30, 2024, the principal balance outstanding was $19,775,000.

2018 General Obligation Refunding Bonds

On April 18, 2018, the District issued $66,985,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $94,235,000 of the District's outstanding Election of 2008, General Obligation Bonds, Series A. The bonds have a final maturity to occur on August 1, 2033, with interest rates ranging from 3.00 to 5.00%. At June 30, 2024, the principal balance outstanding was $64,570,000.

2018 General Obligation Bonds, 2019 Series A

On April 4, 2019, the District issued $60,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2048, with interest rates ranging from 3.00 to 5.00%. At June 30, 2024, the principal balance outstanding was $46,600,000.

2019 General Obligation Refunding Bonds

On April 4, 2019, the District issued $25,965,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $49,775,000 of the District's outstanding 2009 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2029, with interest rates ranging from 3.00 to 5.00%. At June 30, 2024, the principal balance outstanding was $16,915,000.

2018 General Obligation Bonds, 2021 Series B

On January 21, 2021, the District issued $80,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing and equipping of District facilities. The bonds have a final maturity to occur on August 1, 2050, with interest rates ranging from 2.00 to 5.00%. At June 30, 2024, the principal balance outstanding was $71,550,000.

2022 General Obligation Refunding Bonds

On May 13, 2022, the District issued $17,386,000 in current interest bonds. The bonds were issued for the purpose of a partial refunding of $16,970,000 of the District's outstanding Election of 2012 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2033, with an interest rate yield of 2.16%. At June 30, 2024, the principal balance outstanding was $14,859,000.

2018 General Obligation Bonds, Series C

On November 30, 2022, the District issued $92,000,000 in current interest bonds. The bonds were issued to finance the acquisition, construction, furnishing, and equipping of District facilities and to pay certain costs of issuance associated therewith. The bonds have a final maturity to occur on August 1, 2048, with interest rate yields of 4.00 to 5.00%. At June 30, 2024, the principal balance outstanding was $92,000,000.

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Current Interest at Maturity	Total
2025	$ 13,824,768	$ 294,232	$ 14,826,052	$ 28,945,052
2026	12,556,692	274,308	14,487,017	27,318,017
2027	32,644,051	445,949	13,755,998	46,845,998
2028	14,392,184	609,816	13,163,318	28,165,318
2029	35,119,439	1,476,561	12,608,004	49,204,004
2030-2034	102,576,400	15,118,915	47,076,302	164,771,617
2035-2039	69,001,885	61,388,115	34,730,504	165,120,504
2040-2044	87,781,511	83,403,681	24,351,854	195,537,046
2045-2049	95,725,104	88,045,491	12,743,897	196,514,492
2050-2051	36,955,000	-	1,219,856	38,174,856
Total	$ 500,577,034	$ 251,057,068	$ 188,962,802	$ 940,596,904

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2023	Accreted	Redeemed	Outstanding June 30, 2024
10/1/99	04/01/36	3.60-6.25%	$ 17,691,700	$ 21,879,108	$ 1,379,132	$ (2,685,000)	$ 20,573,240
12/5/12	12/01/35	4.25-5.20%	30,000,000	17,315,000	-	(1,295,000)	16,020,000
4/25/18	04/01/37	3.50-5.00%	19,165,000	16,870,000	-	(495,000)	16,375,000
				$ 56,064,108	$ 1,379,132	$ (4,475,000)	$ 52,968,240

1999 Certificates of Participation

On October 1, 1999, the Corporation issued the 1999 Certificates of Participation in the amount of $17,691,700 with interest rates ranging from 3.60 to 6.25%. The certificates have a final maturity to occur on April 1, 2036. These certificates were issued for the construction of two elementary schools. At June 30, 2024, the principal balance outstanding was $20,573,240, including accreted interest on the capital appreciation certificates.

2012 Certificates of Participation

On December 5, 2012, the Corporation issued the 2012 Certificates of Participation in the amount of $30,000,000, pursuant to a lease agreement with the District and the Santa Ana Unified School District Public Facilities Corporation, with interest rates ranging from 4.25 to 5.20%. The certificates have a final maturity to occur on December 1, 2035. The certificates were issued to implement certain District's facilities projects. At June 30, 2024, the principal balance outstanding was $16,020,000.

2018 Refunding Certificates of Participation

On April 25, 2018, the Corporation issued the 2018 Refunding Certificates of Participation in the amount of $19,165,000 with interest rates ranging from 3.50 to 5.00%. The certificates have a have a final maturity to occur on April 1, 2037. The certificates were issued to refund the 2007 Certificates of Participation. At June 30, 2024, the principal balance outstanding was $16,375,000.

Debt Service Requirements to Maturity

The certificates of participation mature through 2037 as follows:

Year Ending June 30,	Principal Including Accreted Interest	Accreted Interest	Current Interest	Total
2025	$ 4,416,212	$ 163,837	$ 1,527,230	$ 6,107,279
2026	4,373,839	327,885	1,446,124	6,147,848
2027	4,326,465	491,867	1,363,305	6,181,637
2028	4,749,092	655,451	1,279,024	6,683,567
2029	4,735,404	819,596	1,164,830	6,719,830
2030-2034	20,787,733	4,353,131	3,918,865	29,059,729
2035-2037	9,579,495	767,459	686,850	11,033,804
Total	$ 52,968,240	$ 7,579,226	$ 11,386,228	$ 71,933,694

Construction Loan

In December 2016, the District obtained a long-term loan to fund various construction and modernization projects. The loan will mature on December 1, 2026, with interest rate of 2.29%. At June 30, 2024, the outstanding balance on the loan was $5,401,719.

Future payments are as follows:

Year Ending June 30,	Principal	Current Interest	Total
2025	$ 1,698,618	$ 104,250	$ 1,802,868
2026	1,800,532	64,185	1,864,717
2027	1,902,569	21,784	1,924,353
Total	$ 5,401,719	$ 190,219	$ 5,591,938

Leases

The District has entered into agreements to lease various equipment. As of June 30, 2024, the District recognized a net right-to-use asset of $471,130 and a lease liability of $496,503 related to these agreements. During the fiscal year, the District recorded $182,250 in amortization expense. The District is required to make principal and interest payments through April 2028. The lease agreements have an interest rate of 6.24%.

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

Year Ending June 30,	Principal	Interest	Total
2025	$ 146,152	$ 26,849	$ 173,001
2026	155,537	17,463	173,000
2027	165,525	7,475	173,000
2028	29,289	546	29,835
Total	$ 496,503	$ 52,333	$ 548,836

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2024, the District has recognized a net right-to-use subscriptions IT asset of $4,635,244 and a SBITA liability of $735,943 related to these agreements. During the fiscal year, the District recorded $2,235,008 in amortization expense. The District is required to make annual principal and interest payments through July 2025. The subscriptions have an interest rate of 6.24%.

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

Year Ending June 30,	Principal	Interest	Total
2025	$ 654,890	$ 8,942	$ 663,832
2026	81,053	422	81,475
Total	$ 735,943	$ 9,364	$ 745,307

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to $5,056,172.

Supplemental Early Retirement Plan

The District offered a supplemental early retirement incentive plan through the Public Agency Retirement System (PARS) in a prior year. The plan was offered to eligible employees who retired on or before June 30, 2018. The District purchased an annuity through PARS for the employees. Benefit payments are scheduled to be paid over five years beginning July 1, 2018. Future payments are as follows:

Year Ending June 30,	Total
2025	$ 3,937,278
2026	3,937,278
Total	$ 7,874,556

Claims Liability

Liabilities for claims for all injury and compensation cases are established by the District's independent administrator. These liabilities are based upon estimates, which are reviewed periodically for adequacy, adjusted if needed, and terminated upon the closing of each claim. Ending liabilities balances of $17,796,939 were discounted at a rate of 0.5% and were accepted as estimated by the District's administrator. See Note 15 for additional details.

Note 12 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 216,675,900	$ 57,679,730	$ 12,474,888	$ 39,400,010
Medicare Premium Payment (MPP) Program	2,587,415	-	-	(41,953)
Total	$ 219,263,315	$ 57,679,730	$ 12,474,888	$ 39,358,057

The details of each plan are as follows:

District Plan

Plan Administration

The California Public Employees' Retirement System (CalPERS) administers the District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide other postemployment benefits other than pensions (OPEB) for all permanent full-time employees of the District. Financial information for CalPERS can be found on the CalPERS website at https://www.calpers.ca.gov/page/forms-publications.

Plan Membership

As of June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	605
Active employees	4,359
	4,964

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the Santa Ana Educators' Association (SAEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions are based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits with the District, SAEA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2023, the District contributed $15,257,077 to the Plan, all of which was used for current premiums. The District contributed $13,920,354 to the Plan during the current fiscal year.

Net OPEB Liability of the District

The District's net OPEB liability of $216,675,900 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	$ 265,375,388
Plan fiduciary net position	(48,699,488)
District's net OPEB liability	$ 216,675,900
Plan fiduciary net position as a percentage of the total OPEB liability	18.35%

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% for 2023
Salary increases	2.75%, average, including inflation
Investment rate of return	4.65% for 2023, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Equities	23%	7.545%
All Fixed Income	51%	4.250%
Real Estate Investment Trusts	14%	7.250%
All Commodities	3%	7.545%
Treasury Inflation Protected Securitie	9%	3.000%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022 (Measurement Date)	$ 259,571,624	$ 47,957,552	$ 211,614,072
Service cost	10,389,611	-	10,389,611
Interest	12,020,933	-	12,020,933
Contributions-employer	-	15,257,077	(15,257,077)
Expected investment income	-	755,548	(755,548)
Differences between expected and actual experience in the measurement of the net OPEB liability	(1,763,277)	-	(1,763,277)
Changes of assumptions	413,574	-	413,574
Benefit payments	(15,257,077)	(15,257,077)	-
Administrative expense	-	(13,612)	13,612
Net change in total OPEB liability	5,803,764	741,936	5,061,828
Balance at June 30, 2023 (Measurement Date)	$ 265,375,388	$ 48,699,488	$ 216,675,900

The changes of assumptions reflects a change in investment rate of return from 4.66% in 2022 to 4.65% in 2023 and changes in the rates of termination, retirement, and mortality.

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

The following presents the net OPEB liability of the District, as well as what the District's 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 (3.65%)	$ 236,857,533
Current discount rate (4.65%)	216,675,900
1% increase (5.65%)	197,862,099

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

The following presents the net OPEB liability of the District, as well as what the District's net 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	Net OPEB Liability
1% decrease (3.00%)	$ 190,511,427
Current healthcare cost trend rate (4.00%)	216,675,900
1% increase (5.00%)	247,036,124

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

For the year ended June 30, 2024, the District recognized OPEB expense of $39,400,010 At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 13,920,354	$ -
Changes of assumptions	21,924,267	10,815,943
Difference between projected and actual earnings on OPEB plan investments	5,116,871	-
Differences between expected and actual experience in the measurement of the net OPEB liability	16,718,238	1,658,945
Total	$ 57,679,730	$ 12,474,888

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the net OPEB liability in the subsequent fiscal year. The remaining 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 outflow/(inflows) of Resources
2025	$ 4,596,693
2026	4,632,302
2027	5,503,244
2028	3,738,888
2029	3,338,564
Thereafter	9,474,797
	$ 31,284,488

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of $2,587,415 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.8527%, and 0.7982%, resulting in a net increase in the proportionate share of 0.0545%.

For the year ended June 30, 2024, the District recognized OPEB expense of $(41,953).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	$ 2,811,988
Current discount rate (3.65%)	2,587,415
1% increase (4.65%)	2,392,148

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 2,380,679
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	2,587,415
1% increase (5.50% Part A and 6.40% Part B)	2,820,813

Note 13 - 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 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 bondholders and may initiate foreclosure proceedings. Special assessment debt of $5,735,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 14 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 150,000	$ -	$ 1,860	$ 151,860
Stores inventories	1,190,973	-	1,293,338	2,484,311
Prepaid expenditures	216,472	-	651,867	868,339
Total nonspendable	1,557,445	-	1,947,065	3,504,510
Restricted				
Legally restricted programs	170,366,336	-	8,549,615	178,915,951
Cafeteria program	-	-	7,359,688	7,359,688
Capital projects	-	56,020,372	70,315,430	126,335,802
Debt services	-	-	48,551,604	48,551,604
Total restricted	170,366,336	56,020,372	134,776,337	361,163,045
Committed				
Mitigation for declining enrollment	60,309,665	-	-	60,309,665
Fiscal stabilization	52,505,025	-	-	52,505,025
Pending claims liability	12,000,000	-	-	12,000,000
Deferred maintenance program	-	-	492,582	492,582
Total committed	124,814,690	-	492,582	125,307,272
Assigned				
Capital projects	-	-	7,617,582	7,617,582
PARS	8,307,657	-	-	8,307,657
Family and community engagement (FACE)	60,940	-	-	60,940
Godinez rental fees	151,680	-	-	151,680
Walker and Roosevelt joint use	350,000	-	-	350,000
E-rate category 2	11,482,285	-	-	11,482,285
HVAC projects	4,454,570	-	-	4,454,570
GASB 31 - Fair market value adjustment of cash in county treasury	3,554,829	-	16,481	3,571,310
Instructional materials	13,835,381	-	-	13,835,381
Technology refresh	2,231,357	-	-	2,231,357
Special education early intervention	3,645,309	-	-	3,645,309
Fiscal stabilization	-	-	1,408,052	1,408,052
Other postemployment benefits	350,822	-	-	350,822
Other assignments	-	-	417	417
Total assigned	48,424,830	-	9,042,532	57,467,362
Unassigned				
Reserve for economic uncertainties	19,011,025	-	-	19,011,025
Total	$ 364,174,326	$ 56,020,372	$ 146,258,516	$ 566,453,214

Note 15 - Risk Management

The District's risk management activities are recorded in the Self-Insurance Fund. The General Fund, through the purchase of commercial insurance, administers employee life and health programs. The District self-insures its exposures for workers' compensation claims up to a $1 million self-insured retention (SIR) and has obtained excess coverage up to statutory limits through participation in the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The District also participates in ASCIP for property and liability coverage up to $5 million. Excess property and the liability coverage is obtained through the public entity risk pool, Schools Excess Liability Fund (SELF). See Note 18 for additional information relating to public entity risk pools.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2022 to June 30, 2024:

	Workers' Compensation	Property and Liability	Total
Liability Balance, June 30, 2022	$ 14,315,183	$ 845,904	$ 15,161,087
Claims and changes in estimates	4,445,376	867,369	5,312,745
Claims payments	(2,921,324)	(571,190)	(3,492,514)
Liability Balance, June 30, 2023	15,839,235	1,142,083	16,981,318
Claims and changes in estimates	4,229,058	483,272	4,712,330
Claims payments	(3,545,313)	(351,396)	(3,896,709)
Liability Balance, June 30, 2024	$ 16,522,980	$ 1,273,959	$ 17,796,939
Assets available to pay claims at June 30, 2024	$ 17,126,361	$ 1,401,232	$ 18,527,593

Note 16 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 439,060,491	$ 165,935,670	$ 38,076,161	$ 64,181,888
CalPERS	284,950,003	103,600,588	5,942,479	48,100,317
CalPERS - Safety Risk Pool	5,278,559	2,504,291	33,178	820,373
Total	$ 729,289,053	$ 272,040,549	$ 44,051,818	$ 113,102,578

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were $66,083,615.

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

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

Total Net Pension Liability, Including State Share:	
Proportionate share of net pension liability	$ 439,060,491
State's proportionate share of the net pension liability	210,366,227
Total	$ 649,426,718

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.5765% and 0.5319%, resulting in a net increase in the proportionate share of 0.0446%.

For the year ended June 30, 2024, the District recognized pension expense of $64,181,888. In addition, the District recognized pension expense and revenue of $28,615,618 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 66,083,615	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	60,927,455	14,584,196
Differences between projected and actual earnings on pension plan investments	1,879,357	-
Differences between expected and actual experience in the measurement of the total pension liability	34,502,922	23,491,965
Changes of assumptions	2,542,321	-
Total	$ 165,935,670	$ 38,076,161

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 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 of Resources
2025	$ (13,813,179)
2026	(21,647,677)
2027	35,574,714
2028	1,765,499
Total	$ 1,879,357

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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 6,251,171
2026	9,930,193
2027	9,292,199
2028	9,043,661
2029	14,568,813
Thereafter	10,810,500
Total	$ 59,896,537

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 736,488,937
Current discount rate (7.10%)	439,060,491
1% increase (8.10%)	192,011,499

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool 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 plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Safety Risk Pool Actuarial Valuation Report. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

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

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

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

	Safety Risk Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	9.00%	17.00%
Required employer contribution rate	29.090%	29.090%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $41,042,523 and $602,193, respectively.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liability totaling $284,950,003 and $5,278,559, respectively. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's CalPERS proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.7872% and 0.7539%, resulting in a net increase in the proportionate share of 0.0333%. The District's CalPERS Safety Risk Pool's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0706% and 0.0678%, resulting in a net increase in the proportionate share of 0.0028%.

For the year ended June 30, 2024, the District recognized pension expense of $48,100,317 for CalPERS and $820,373 for CalPERS Safety Risk Pool. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 41,042,523	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,595,167	1,566,066
Differences between projected and actual earnings on pension plan investments	30,436,734	-
Differences between expected and actual experience in the measurement of the total pension liability	10,398,631	4,376,413
Changes of assumptions	13,127,533	-
Total	$ 103,600,588	$ 5,942,479

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 602,193	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	484,120	-
Differences between projected and actual earnings on pension plan investments	722,370	-
Differences between expected and actual experience in the measurement of the total pension liability	387,544	33,178
Changes of assumptions	308,064	-
Total	$ 2,504,291	$ 33,178

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 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,	CalPERS Deferred Outflows of Resources
2025	$ 5,677,638
2026	3,363,575
2027	20,448,303
2028	947,218
Total	$ 30,436,734

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows of Resources
2025	$ 132,921
2026	81,686
2027	487,601
2028	20,162
Total	$ 722,370

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:

Year Ended June 30,	CalPERS Deferred Outflows/(Inflows) of Resources
2025	$ 11,234,107
2026	9,895,540
2027	5,049,205
Total	$ 26,178,852

The CalPERS' Safety Risk Pool's EARSL is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2025	$ 637,951
2026	390,604
2027	117,995
Total	$ 1,146,550

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	CalPERS Net Pension Liability
1% decrease (5.90%)	$ 411,964,048
Current discount rate (6.90%)	284,950,003
1% increase (7.90%)	179,975,784

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (5.90%)	$ 8,160,423
Current discount rate (6.90%)	5,278,559
1% increase (7.90%)	2,922,430

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 $33,660,142 (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 17 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
District Wide - Measure I Single PE/Security (Current & Future)	$ 318,212	October 2024
Hoover ES/4th Street - Measure I Optimization - Repurposing of Sites	1,387,863	December 2024
Jefferson Elementary - Measure I P2P/MPR/Parking	284,737	September 2024
Saddleback High - Measure I Sports Center	1,292,555	December 2024
Santa Ana High - Measure I Modernization	2,769,562	December 2024
Taft Elementary DHH - Measure I Interior Upgrades - Door Safety/Security	1,494,427	October 2024
Valley High - Measure I Auditorium Renovation	6,833,192	December 2024
Valley High - Measure I CTE Automotive	101,385	September 2024
Valley High - Measure I CTE Culinary Arts	131,999	September 2024
Villa Fundamental - Measure I Modernization	1,480,339	October 2024
Washington Elementary - Measure I Reconstruction	507,924	December 2024
Carr Intermediate - Roof Replacement	370,649	August 2024
Century High - HVAC Controls Upgrade	1,421,540	September 2024
District Wide - Cantilever Umbrella Structures at Various Sites	513,972	September 2024
Edison Elementary - Roof Replacement	109,583	July 2024
Hoover/4th Street Optimization Shade Structures	744,039	December 2024
Martin Elementary - Window Replacement & Path of Travel	1,818,888	August 2024
Santa Ana High - HVAC	631,834	December 2024
Valley High Auditorium - HVAC	9,503	December 2024
Villa Intermediate - HVAC	2,751	October 2024
Greenville Elementary - Library Renovation (ELOP)	76,750	March 2025
Heroes Elementary - Playground Improvements	476,288	August 2024
Lathrop Intermediate - HVAC	948,156	August 2024
MacArthur Fundamental - Roof Replacement	280,625	August 2024
Martin Elementary - Window Replacement & Path of Travel	136,094	August 2024
McFadden Institute of Technology - Media Center Expansion	423,642	August 2024
McFadden Institute of Technology - Spyder Lab Demo	35,330	August 2024
Nutrition Services - Replacement of Kitchen Equipment at Various Sites	800,598	December 2024
Santa Ana High - Roof Replacement	108,516	August 2024
Taft Elementary - Privacy Screen	40,000	December 2024
VAPA-Theather Renovations at Multiple Schools	1,126,532	June 2026
Villa Fundamental - Roof Replacement	459,019	August 2024
Willard Intermediate - CTE Office Repurpose	144,822	August 2024
Harvey Elementary - Restroom	595	June 2024
Thorpe Elementary - Portable Classroom	65,197	December 2024
Santa Ana High - Batting Cages	16,042	July 2024
	$ 27,363,160	

Note 18 - Participation in Public Entity Risk Pools

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF) public entity risk pools. The District pays an annual premium to the applicable entities for its property and liability coverage, and excess property and liability coverage, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of $3,270,421 and $1,417,009 to ASCIP and SELF, respectively, for property and liability coverage, and excess property and liability coverage.

Required Supplementary Information
June 30, 2024

Santa Ana Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 600,394,753	$ 611,897,708	$ 611,931,573	$ 33,865
Federal sources	52,478,028	60,047,636	59,138,060	(909,576)
Other State sources	146,311,916	176,054,216	166,763,267	(9,290,949)
Other local sources	17,255,404	48,646,276	54,306,699	5,660,423
Total revenues [1]	816,440,101	896,645,836	892,139,599	(4,506,237)
Expenditures				
Current				
Certificated salaries	357,394,785	364,643,933	353,079,323	11,564,610
Classified salaries	136,342,853	147,143,374	147,353,122	(209,748)
Employee benefits	236,234,382	246,348,220	242,366,015	3,982,205
Books and supplies	57,142,196	43,306,751	34,956,774	8,349,977
Services and operating expenditures	101,271,253	114,980,057	112,662,776	2,317,281
Other outgo	1,886,214	1,275,293	2,852,603	(1,577,310)
Capital outlay	16,562,295	36,257,073	48,389,385	(12,132,312)
Debt service - principal	-	64,921	1,146,336	(1,081,415)
Debt service - interest	-	4,528	97,974	(93,446)
Total expenditures [1]	906,833,978	954,024,150	942,904,308	11,119,842
Excess of Revenues over Expenditures	(90,393,877)	(57,378,314)	(50,764,709)	6,613,605
Other Financing Sources (Uses)				
Transfers in	-	234,171	91,087	(143,084)
Other sources - SBITAs	-	-	666,247	666,247
Transfers out	(5,697,560)	(5,813,148)	(5,670,064)	143,084
Net Financing Sources (Uses)	(5,697,560)	(5,578,977)	(4,912,730)	666,247
Net Change in Fund Balances	(96,091,437)	(62,957,291)	(55,677,439)	7,279,852
Fund Balances - Beginning	419,851,765	419,851,765	419,851,765	-
Fund Balances - Ending	$ 323,760,328	$ 356,894,474	$ 364,174,326	$ 7,279,852

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, 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, they are not included in the original and final General Fund budgets.

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 10,389,611	$ 11,352,108	$ 7,937,195	$ 7,724,764
Interest	12,020,933	10,565,454	13,069,542	12,602,874
Differences between expected and actual experience in the measurement of the net OPEB liability	(1,763,277)	-	7,588,365	(66,575)
Changes of assumptions	413,574	(13,000,983)	28,808,355	-
Benefit payments	(15,257,077)	(12,982,259)	(13,954,671)	(12,582,715)
Net change in total OPEB liability	5,803,764	(4,065,680)	43,448,786	7,678,348
Total OPEB Liability - Beginning	259,571,624	263,637,304	220,188,518	212,510,170
Total OPEB Liability - Ending (a)	$ 265,375,388	$ 259,571,624	$ 263,637,304	$ 220,188,518
Plan Fiduciary Net Position				
Contributions - employer	$ 15,257,077	$ 12,982,259	$ 2,537,222	$ 12,582,715
Expected Investment Income	755,548	(5,734,127)	7,471,853	3,255,043
Difference between projected and actual earnings on OPEB plan investments	-	-	-	178,042
Benefit payments	(15,257,077)	(12,982,259)	(13,954,671)	(12,582,715)
Administrative expense	(13,612)	(13,683)	(19,384)	(26,911)
Net change in plan fiduciary net position	741,936	(5,747,810)	(3,964,980)	3,406,174
Plan Fiduciary Net Position - Beginning	47,957,552	53,705,362	57,670,342	54,264,168
Plan Fiduciary Net Position - Ending (b)	$ 48,699,488	$ 47,957,552	$ 53,705,362	$ 57,670,342
Net OPEB Liability - Ending (a) - (b)	$ 216,675,900	$ 211,614,072	$ 209,931,942	$ 162,518,176
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.35%	18.48%	20.37%	26.19%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

[1] The District's OPEB Plan is administered through a trust; however, the contributions to the trust 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.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,572,723	$ 4,450,339	$ 4,331,230
Interest	11,112,079	10,824,443	10,574,943
Differences between expected and actual experience in the measurement of the net OPEB liability	18,504,337	-	-
Changes of assumptions or other inputs	-	-	-
Benefit payments	(9,852,624)	(10,566,691)	(11,167,212)
Net change in total OPEB liability	24,336,515	4,708,091	3,738,961
Total OPEB Liability - Beginning	188,173,655	183,465,564	179,726,603
Total OPEB Liability - Ending (a)	$ 212,510,170	$ 188,173,655	$ 183,465,564
Plan Fiduciary Net Position			
Contributions - employer	$ 9,852,624	$ 50,566,691	$ 21,167,212
Expected Investment Income	3,037,692	1,810,487	186,014
Difference between projected and actual earnings on OPEB plan investments	603,725	(1,341,717)	-
Benefit payments	(9,852,624)	(10,566,691)	(11,167,212)
Administrative expense	(10,901)	(19,810)	(1,322)
Net change in plan fiduciary net position	3,630,516	40,448,960	10,184,692
Plan Fiduciary Net Position - Beginning	50,633,652	10,184,692	-
Plan Fiduciary Net Position - Ending (b)	$ 54,264,168	$ 50,633,652	$ 10,184,692
Net OPEB Liability - Ending (a) - (b)	$ 158,246,002	$ 137,540,003	$ 173,280,872
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	25.53%	26.91%	5.55%
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] The District's OPEB Plan is administered through a trust; however, the contributions to the trust 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.

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.8527%	0.7982%	0.7295%	0.8727%
Proportionate share of the net OPEB liability	$ 2,587,415	$ 2,629,368	$ 2,909,729	$ 3,698,214
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 its covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018
Proportion of the net OPEB liability	0.8791%	0.8603%	0.9252%
Proportionate share of the net OPEB liability	$ 3,273,878	$ 3,292,968	$ 3,892,495
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

CalSTRS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.5765%	0.5319%	0.4853%	0.5008%	0.4970%
Proportionate share of the net pension liability	$ 439,060,491	$ 369,563,155	$ 220,856,254	$ 485,342,821	$ 448,838,459
State's proportionate share of the net pension liability associated with the District	210,366,227	185,075,784	111,126,301	250,194,282	244,871,344
Total	$ 649,426,718	$ 554,638,939	$ 331,982,555	$ 735,537,103	$ 693,709,803
Covered payroll	$ 357,733,942	$ 341,219,598	$ 273,350,291	$ 275,410,392	$ 270,410,392
Proportionate share of the net pension liability as a percentage of its covered payroll	122.73%	108.31%	80.80%	176.23%	165.98%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.4793%	0.5111%	0.5280%	0.5389%	0.5013%
Proportionate share of the net pension liability	$ 440,514,489	$ 472,622,449	$ 427,027,116	$ 362,799,016	$ 292,931,830
State's proportionate share of the net pension liability associated with the District	252,215,147	279,599,448	243,098,920	191,880,686	176,884,886
Total	$ 692,729,636	$ 752,221,897	$ 670,126,036	$ 554,679,702	$ 469,816,716
Covered payroll	$ 260,879,563	$ 270,435,684	$ 261,397,446	$ 245,668,908	$ 224,429,169
Proportionate share of the net pension liability as a percentage of its covered payroll	168.86%	174.76%	163.36%	147.68%	130.52%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.7872%	0.7539%	0.7628%	0.7470%	0.7277%
Proportionate share of the net pension liability	$ 284,950,003	$ 259,417,968	$ 155,115,782	$ 229,214,831	$ 212,082,945
Covered payroll	$ 138,283,985	$ 112,842,012	$ 110,011,396	$ 107,580,315	$ 101,186,851
Proportionate share of the net pension liability as a percentage of its covered payroll	206.06%	229.89%	141.00%	213.06%	209.60%
Plan fiduciary net position as a percentage of the total pension liability	71%	71%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.7089%	0.7446%	0.7557%	0.7186%	0.7462%
Proportionate share of the net pension liability	$ 189,006,297	$ 177,755,962	$ 149,251,038	$ 105,921,641	$ 84,713,519
Covered payroll	$ 95,150,718	$ 92,901,800	$ 90,150,755	$ 79,423,023	$ 74,554,979
Proportionate share of the net pension liability as a percentage of its covered payroll	198.64%	191.34%	165.56%	133.36%	113.63%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CalPERS: SAFETY RISK POOL	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.0706%	0.0678%	0.0451%	0.0561%	0.0523%
Proportionate share of the net pension liability	$ 5,278,559	$ 4,658,300	$ 1,581,070	$ 3,737,258	$ 3,261,844
Covered payroll	$ 2,070,103	$ 2,246,326	$ 2,032,958	$ 2,452,341	$ 2,473,738
Proportionate share of the net pension liability as a percentage of its covered payroll	254.99%	207.37%	77.77%	152.40%	131.86%
Plan fiduciary net position as a percentage of the total pension liability	76%	77%	88%	75%	75%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.0497%	0.0485%	0.0484%	0.0494%	0.0302%
Proportionate share of the net pension liability	$ 2,913,884	$ 2,899,401	$ 2,506,207	$ 2,034,198	$ 1,878,447
Covered payroll	$ 2,316,124	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Proportionate share of the net pension liability as a percentage of its covered payroll	125.81%	144.46%	124.09%	103.77%	109.55%
Plan fiduciary net position as a percentage of the total pension liability	75%	73%	74%	78%	81%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	$ 66,083,615	$ 68,327,183	$ 57,734,356	$ 44,146,072	$ 47,095,177
Contributions in relation to the contractually required contribution	66,083,615	68,327,183	57,734,356	44,146,072	47,095,177
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 345,987,513	$ 357,733,942	$ 341,219,598	$ 273,350,291	$ 275,410,392
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 44,067,102	$ 37,644,921	$ 34,020,809	$ 28,047,946	$ 21,815,399
Contributions in relation to the contractually required contribution	44,067,102	37,644,921	34,020,809	28,047,946	21,815,399
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 270,682,445	$ 260,879,563	$ 270,435,684	$ 261,397,446	$ 245,668,908
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	$ 41,042,523	$ 35,082,647	$ 25,852,105	$ 22,772,359	$ 21,215,914
Contributions in relation to the contractually required contribution	41,042,523	35,082,647	25,852,105	22,772,359	21,215,914
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 153,832,545	$ 138,283,985	$ 112,842,012	$ 110,011,396	$ 107,580,315
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 18,276,369	$ 14,777,858	$ 12,902,202	$ 10,680,160	$ 9,348,884
Contributions in relation to the contractually required contribution	18,276,369	14,777,858	12,902,202	10,680,160	9,348,884
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 101,186,851	$ 95,150,718	$ 92,901,800	$ 90,150,755	$ 79,423,023
Contributions as a percentage of covered payroll	18.062%	15.531%	13.888%	11.847%	11.771%

CalPERS: SAFETY RISK POOL	2024	2023	2022	2021	2020
Contractually required contribution	$ 602,193	$ 575,958	$ 520,234	$ 626,328	$ 585,138
Contributions in relation to the contractually required contribution	602,193	575,958	520,234	626,328	585,138
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,070,103	$ 2,246,326	$ 2,032,958	$ 2,452,341	$ 2,473,738
Contributions as a percentage of covered payroll	29.090%	25.640%	25.590%	25.540%	23.654%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 517,561	$ 402,541	$ 403,287	$ 371,309	$ 313,139
Contributions in relation to the contractually required contribution	517,561	402,541	403,287	371,309	313,139
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,316,124	$ 2,007,112	$ 2,019,608	$ 1,960,237	$ 1,714,755
Contributions as a percentage of covered payroll	22.346%	20.056%	19.969%	18.942%	18.261%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Change of Assumptions* –The changes of assumptions reflects a change in investment rate of return from 4.66% in 2022 to 4.65% in 2023 and changes in the rates of termination, retirement, and mortality.

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

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

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

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2024

Santa Ana Unified School District

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 (CDE)			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 9,939,563
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	39,558
Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	13,353
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	472,097
Alternate Dispute Resolution	84.027A	13007	14,807
Subtotal			10,479,378
Preschool Grants, Part B, Sec 619	84.173	13430	289,957
Preschool Staff Development, Part B, Sec 619	84.173A	13431	6,090
Subtotal			296,047
Subtotal Special Education (IDEA) Cluster			10,775,425
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	14,435,802
School Improvement Funding for LEAs	84.010	15438	464,464
Subtotal Title I, Part A			14,900,266
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	355,271
Title I, Part C, Migrant Education (MESRP)	84.011	10144	3,615
Subtotal Title I, Part C			358,886
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	705,868
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	14535	87,765
Subtotal Title IV, Part B			793,633
Title III, English Learner Student Program	84.365	14346	2,412,284
Title III, Immigrant Education Program	84.365	15146	127,198
Subtotal Title III			2,539,482
Public Health Workforce Development (WFD) Grant	84.184H	[1]	16,476
Safe and Drug-Free Schools and Communities - National Programs	84.184X	[1]	455,914
Subtotal			472,390

[1] Direct award – No Pass-Through Entity Identifying Number

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 (cont.)			
Passed through CDE (cont.)			
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	$ 9,491
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	19,853,855
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	759,056
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	46,121
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	663
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	29,892
COVID-19 ASES Rate Increase: ESSER III State Reserve Afterschool Programs	84.425U	15651	1,043,239
COVID-19 ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425U	15652	3,808,760
COVID-19 American Rescue Plan-Homeless Children and Youth (ARP - Homeless I)	84.425W	15564	27,032
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP-HCY II) Program	84.425W	15566	258,760
Subtotal Education Stabilization Fund			25,836,869
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,441,055
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	651,960
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	202,952
Early Intervention Grants	84.181	23761	282,678
Indian Education	84.060A	10011	4,229
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	418,278
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	377,573
Total U.S. Department of Education			59,055,676

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Breakfast Program Severe Need	10.553	13526	$ 5,285,219
School Lunch - Section 4	10.555	13523	2,359,126
School Lunch - Section 11	10.555	13524	17,023,557
Meal Supplements	10.555	13755	61,301
Commodities	10.555	13524	1,146,770
COVID 19 - Supply Chain Assistance for School Meals	10.555	15655	2,462,532
Local Food for Schools	10.555	15708	268,291
Subtotal			23,321,577
Subtotal Child Nutrition Cluster			28,606,796
Passed through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	1,462,316
Cash in Lieu of Commodities	10.558	13534	249,548
Subtotal Child and Adult Care Food Program			1,711,864
Total U.S. Department of Agriculture			30,318,660
U.S. Department of Defense			
Junior Reserve Officer Training Corps	12.000	[1]	94,357
Total U.S. Department of Defense			94,357
National Science Foundation			
Passed through Regents of the University of California, Irvine			
Irvine Mathematics Project	47.076	[2]	207,425
Total National Science Foundation			207,425
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	[1]	175,349
Total U.S. Department of Justice			175,349
Total Federal Financial Assistance			$ 89,851,467

[1] Direct award – No Pass-Through Entity Identifying Number
[2] Pass-Through Entity Identifying Number not available

	Final Report	
	Second Period Report 303B632C	Annual Report 14842258
Regular ADA		
Transitional kindergarten through third	9,854.26	9,914.93
Fourth through sixth	7,737.44	7,736.51
Seventh and eighth	5,386.28	5,371.42
Ninth through twelfth	12,165.59	12,043.05
Total Regular ADA	35,143.57	35,065.91
Extended Year Special Education		
Transitional kindergarten through third	51.73	51.73
Fourth through sixth	18.32	18.32
Seventh and eighth	2.42	2.42
Ninth through twelfth	17.87	17.87
Total Extended Year Special Education	90.34	90.34
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.39	0.46
Fourth through sixth	4.37	4.54
Seventh and eighth	7.44	7.41
Ninth through twelfth	15.43	15.46
Total Special Education, Nonpublic, Nonsectarian Schools	27.63	27.87
Extended Year Special Education, Nonpublic, and Nonsectarian Schools		
Fourth through sixth	0.14	0.14
Seventh and eighth	0.45	0.45
Ninth through twelfth	0.98	0.98
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.57	1.57
Community Day School		
Seventh and eighth	4.98	7.06
Ninth through twelfth	20.06	20.23
Total Community Day School	25.04	27.29
Total ADA	35,288.15	35,212.98

	Final Report	
	Second Period Report 9F3C5C40	Annual Report D9E2B07B
Advanced Learning Academy		
Regular ADA		
Transitional kindergarten through third	52.49	52.06
Fourth through sixth	66.24	66.15
Seventh and eighth	67.12	67.07
Ninth through twelfth	146.25	145.18
Total Regular ADA	332.10	330.46
Classroom based ADA		
Transitional kindergarten through third	52.49	52.06
Fourth through sixth	66.24	66.15
Seventh and eighth	67.12	67.07
Ninth through twelfth	146.25	145.18
Total Regular ADA	332.10	330.46

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A	Traditional Calendar Total Days Offered	Multitrack Calendar Number of Actual Days	Multitrack Calendar Number of Days Credited Form J-13A	Multitrack Calendar Total Days Offered	Status
Kindergarten	36,000	48,000	-	48,000	180		180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,620	-	50,620	180		180	N/A	N/A	N/A	Complied
Grade 2		50,620	-	50,620	180		180	N/A	N/A	N/A	Complied
Grade 3		50,620	-	50,620	180		180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,240	-	54,240	180		180	N/A	N/A	N/A	Complied
Grade 5		54,240	-	54,240	180		180	N/A	N/A	N/A	Complied
Grade 6		54,240	-	54,240	180		180	N/A	N/A	N/A	Complied
Grade 7		54,216	-	54,216	180		180	N/A	N/A	N/A	Complied
Grade 8		54,216	-	54,216	180		180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,800	-	64,800	180		180	N/A	N/A	N/A	Complied
Grade 10		64,800	-	64,800	180		180	N/A	N/A	N/A	Complied
Grade 11		64,800	-	64,800	180		180	N/A	N/A	N/A	Complied
Grade 12		64,800	-	64,800	180		180	N/A	N/A	N/A	Complied

Advanced Learning Academy

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	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	Status
Kindergarten	36,000	53,796	-	53,796	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,748	-	50,748	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 6		56,712	-	56,712	180	-	180	N/A	N/A	N/A	Complied
Grade 7		56,712	-	56,712	180	-	180	N/A	N/A	N/A	Complied
Grade 8		56,712	-	56,712	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,060	-	65,060	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,060	-	65,060	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,060	-	65,060	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,060	-	65,060	180	-	180	N/A	N/A	N/A	Complied

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

	Bond Interest and Redemption Fund
Fund Balance/Net Position	
Balance, June 30, 2024, Unaudited Actuals	$ 48,464,702
Decrease in Investments	(134,766)
Balance, June 30, 2024, Audited Financial Statement	$ 48,329,936

	(Budget) 2025 [1]	2024	2023 [1]	2022 [1]
General Fund [3]				
Revenues	$ 818,870,820	$ 892,058,857	$ 1,008,304,639	$ 846,059,991
Other sources	-	921,686	1,721,572	-
Total revenues and other sources	818,870,820	892,980,543	1,010,026,211	846,059,991
Expenditures	960,857,777	942,904,308	855,052,435	752,616,289
Other uses and transfers out	5,816,565	5,834,416	8,771,931	7,649,387
Total expenditures and other uses	966,674,342	948,738,724	863,824,366	760,265,676
Increase/(Decrease) in Fund Balance	$ (147,803,522)	$ (55,758,181)	$ 146,201,845	$ 85,794,315
Ending Fund Balance	$ 214,701,641	$ 362,505,163	$ 418,263,344	$ 272,061,499
Available Reserves [2]	$ 19,333,487	$ 71,516,050	$ 51,121,548	$ 106,810,000
Available Reserves as A Percentage of Total Outgo	2.00%	7.54%	5.92%	14.05%
Long-Term Liabilities	N/A	$ 1,562,008,000	$ 1,477,999,736	$ 1,140,811,859
K-12 Average Daily Attendance at P-2 [4]	34,282	35,288	36,657	35,865

The General Fund balance has increased by $90,443,664 over the past two years. The fiscal year 2024-2025 budget projects a decrease of $147,803,522 (40.8%). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years; however, the District anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by $421,196,141 over the past two years.

Average daily attendance has decreased by 577 over the past two years. An additional decrease of 1,006 ADA is anticipated during fiscal year 2024-2025.

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

[2] Available reserves consist of all amounts committed for fiscal stabilization and unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, as required by GASB Statement No. 54.

[4] Excludes charter ADA.

Name of Charter School	Charter Number	Included in Audit Report
Advanced Learning Academy	1765	Yes
Edward B. Cole Academy	0578	No
El Sol Santa Ana Science and Arts Academy	0365	No
Nova Academy Early College High	0632	No
Orange County Educational Arts Academy	0701	No

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Assets				
Deposits and investments	$ 2,281,861	$ 2,314,016	$ 15,355,752	$ 5,155,042
Receivables	-	162,501	46,528	5,177,733
Due from other funds	-	1,929,289	-	239,112
Prepaid expenditures	-	-	-	651,867
Stores inventories	-	-	-	1,293,338
Total assets	$ 2,281,861	$ 4,405,806	$ 15,402,280	$ 12,517,092
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 214,584	$ 1,166,136	$ 2,294,361
Due to other funds	-	953,649	1,521,524	902,637
Unearned revenue	-	85,639	8,173,850	13,341
Total liabilities	-	1,253,872	10,861,510	3,210,339
Fund Balances				
Nonspendable	-	-	-	1,947,065
Restricted	2,281,861	1,727,401	4,540,353	7,359,688
Committed	-	-	-	-
Assigned	-	1,424,533	417	-
Total fund balances	2,281,861	3,151,934	4,540,770	9,306,753
Total liabilities and fund balances	$ 2,281,861	$ 4,405,806	$ 15,402,280	$ 12,517,092

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Assets				
Deposits and investments	$ 4,326,489	$ 41,629,268	$ 26,498,603	$ 9,408,334
Receivables	17,056	152,567	104,459	100,495
Due from other funds	12,148	2,731,798	-	-
Prepaid expenditures	-	-	-	-
Stores inventories	-	-	-	-
Total assets	$ 4,355,693	$ 44,513,633	$ 26,603,062	$ 9,508,829
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 2,109,788	$ 954,528	$ 1,631,488	$ 739,032
Due to other funds	1,753,323	-	525	-
Unearned revenue	-	-	-	-
Total liabilities	3,863,111	954,528	1,632,013	739,032
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	43,559,105	24,971,049	1,152,215
Committed	492,582	-	-	-
Assigned	-	-	-	7,617,582
Total fund balances	492,582	43,559,105	24,971,049	8,769,797
Total liabilities and fund balances	$ 4,355,693	$ 44,513,633	$ 26,603,062	$ 9,508,829

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 654,644	$ 47,995,980	$ 220,911	$ 155,840,900
Receivables	2,417	333,956	757	6,098,469
Due from other funds	-	-	-	4,912,347
Prepaid expenditures	-	-	-	651,867
Stores inventories	-	-	-	1,293,338
Total assets	$ 657,061	$ 48,329,936	$ 221,668	$ 168,796,921
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 24,000	$ -	$ -	$ 9,133,917
Due to other funds	-	-	-	5,131,658
Unearned revenue	-	-	-	8,272,830
Total liabilities	24,000	-	-	22,538,405
Fund Balances				
Nonspendable	-	-	-	1,947,065
Restricted	633,061	48,329,936	221,668	134,776,337
Committed	-	-	-	492,582
Assigned	-	-	-	9,042,532
Total fund balances	633,061	48,329,936	221,668	146,258,516
Total liabilities and fund balances	$ 657,061	$ 48,329,936	$ 221,668	$ 168,796,921

	Student Activity Fund	Charter School Fund	Child Development Fund	Cafeteria Fund
Revenues				
Local Control Funding Formula (LCFF)	$ -	$ 4,952,182	$ -	$ -
Federal sources	-	385,254	-	31,161,465
Other State sources	-	998,905	22,881,295	9,290,072
Other local sources	2,904,467	328,465	404,465	1,685,251
Total revenues	2,904,467	6,664,806	23,285,760	42,136,788
Expenditures				
Current				
Instruction	-	4,578,456	15,940,938	-
Instruction-related activities				
Supervision of instruction	-	315,884	1,162,270	-
Instructional library, media, and technology	-	1,273	-	-
School site administration	-	1,005,570	413,760	-
Pupil services				
Food services	-	-	-	41,848,103
All other pupil services	-	347,737	1,151,693	-
Administration				
All other administration	-	341,376	1,038,235	86,620
Plant services	-	364,650	80,393	771,452
Ancillary services	2,716,444	69,787	-	-
Enterprise services	-	-	-	451,496
Facility acquisition and construction	-	-	227,984	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	2,716,444	7,024,733	20,015,273	43,157,671
Excess (Deficiency) of Revenues over Expenditures	188,023	(359,927)	3,270,487	(1,020,883)
Other Financing Sources (Uses)				
Transfers in	-	168,991	-	9,213
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	168,991	-	9,213
Net Change in Fund Balances	188,023	(190,936)	3,270,487	(1,011,670)
Fund Balances - Beginning	2,093,838	3,342,870	1,270,283	10,318,423
Fund Balances - Ending	$ 2,281,861	$ 3,151,934	$ 4,540,770	$ 9,306,753

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund For Capital Outlay Projects
Revenues				
Local Control Funding Formula (LCFF)	$ -	$ -	$ -	$ -
Federal sources	-	-	-	-
Other State sources	-	-	7,328,761	-
Other local sources	302,137	14,958,283	1,689,131	929,591
Total revenues	302,137	14,958,283	9,017,892	929,591
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
Instructional library, media, and technology	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
All other pupil services	-	-	-	-
Administration				
All other administration	-	15,778	-	-
Plant services	2,861,542	226,697	11,655	1,112,588
Ancillary services	-	-	-	-
Enterprise services	-	-	-	-
Facility acquisition and construction	4,261,976	2,881,101	16,056,366	1,254,814
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	7,123,518	3,123,576	16,068,021	2,367,402
Excess (Deficiency) of Revenues over Expenditures	(6,821,381)	11,834,707	(7,050,129)	(1,437,811)
Other Financing Sources (Uses)				
Transfers in	-	2,780,573	-	2,146,168
Transfers out	-	(21,031,810)	(3,421,781)	(1,632,824)
Net Financing Sources (Uses)	-	(18,251,237)	(3,421,781)	513,344
Net Change in Fund Balances	(6,821,381)	(6,416,530)	(10,471,910)	(924,467)
Fund Balances - Beginning	7,313,963	49,975,635	35,442,959	9,694,264
Fund Balances - Ending	$ 492,582	$ 43,559,105	$ 24,971,049	$ 8,769,797

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	$ -	$ -	$ -	$ 4,952,182
Federal sources	-	1,592,139	-	33,138,858
Other State sources	-	66,351	-	40,565,384
Other local sources	55,579	28,691,978	591,416	52,540,763
Total revenues	55,579	30,350,468	591,416	131,197,187
Expenditures				
Current				
Instruction	-	-	-	20,519,394
Instruction-related activities				
Supervision of instruction	-	-	-	1,478,154
Instructional library, media, and technology	-	-	-	1,273
School site administration	-	-	-	1,419,330
Pupil services				
Food services	-	-	-	41,848,103
All other pupil services	-	-	-	1,499,430
Administration				
All other administration	-	-	-	1,482,009
Plant services	60,224	-	-	5,489,201
Ancillary services	-	-	-	2,786,231
Enterprise services	-	-	-	451,496
Facility acquisition and construction	-	-	-	24,682,241
Debt service				
Principal	-	15,417,000	6,111,983	21,528,983
Interest and other	-	15,121,098	1,749,567	16,870,665
Total expenditures	60,224	30,538,098	7,861,550	140,056,510
Excess (Deficiency) of Revenues over Expenditures	(4,645)	(187,630)	(7,270,134)	(8,859,323)
Other Financing Sources (Uses)				
Transfers in	-	-	7,399,150	12,504,095
Transfers out	-	-	-	(26,086,415)
Net Financing Sources (Uses)	-	-	7,399,150	(13,582,320)
Net Change in Fund Balances	(4,645)	(187,630)	129,016	(22,441,643)
Fund Balances - Beginning	637,706	48,517,566	92,652	168,700,159
Fund Balances - Ending	$ 633,061	$ 48,329,936	$ 221,668	$ 146,258,516

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

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

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

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

Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District did not report any commodities in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207, 47612, and 47612.5.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Sections 46201 and 47612.5.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

Other Information
June 30, 2024

Santa Ana Unified School District

ORGANIZATION

The Santa Ana Unified School District (the District) was organized in 1888 and consists of an area comprising approximately 24 square miles. The District operates 31 elementary schools, nine middle schools, six high schools, one charter school, ten special schools/programs, and four alternative high schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Carolyn Torres	President	2024
Alfonso Alvarez, Ed.D.	Vice President	2024
Hector Bustos	Clerk	2026
Katelyn Brazer Aceves	Member	2026
Rigo Rodriguez, Ph.D.	Member	2024

ADMINISTRATION

Jerry Almendarez	Superintendent
Lorraine Perez, Ed.D.	Deputy Superintendent, Educational Services
Ron Hacker	Associate Superintendent/Chief Business Official, Business Services
Jennifer Flores	Associate Superintendent, Human Resources
Bianca Barquin, Ed.D.	Assistant Superintendent, K-12 Teaching and Learning
Gloria O. Olamendi, Ed.D.	Assistant Superintendent, Special Education/SELPA
Ted Walstrom	Assistant Superintendent, Facilities & Governmental Relations

Independent Auditor’s Reports
June 30, 2024

Santa Ana Unified School District

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Ana Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 16, 2024.

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santa Ana Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

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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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2024

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

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

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

Santa Ana Unified School District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
School Improvement Funding for LEAs	84.010
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19 ASES Rate Increase: ESSER III State Reserve Afterschool Programs	84.425U
COVID-19 ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425U
COVID-19 American Rescue Plan-Homeless Children and Youth (ARP - Homeless I)	84.425W
COVID-19 - American Rescue Plan - Homeless Children and Youth II (ARP-HCY II) Program	84.425W

Dollar threshold used to distinguish between Type A and Type B programs	$2,695,544
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

The following finding represents a significant deficiency and an instance of noncompliance that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2024-001 50000 – Reporting (Significant Deficiency in Internal Controls, Noncompliance)

Federal Agency: U.S. Department of Education
Pass-Through Agency: California Department of Education
Program Name: COVID-19 – Elementary and Secondary School Emergency Relief Funds
Assistance Listing Number: 84.425D, 84.425U
Compliance Requirement: Reporting

Criteria or Specific Requirements

Per Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334, financial records and supporting documents pertinent to a Federal award must be retained for a period of three years from the date of submission of expenditure reports to the awarding agency or pass-through entity.

Condition

The District misreported Full-Time Equivalent (FTE) positions, for multiple date ranges, on the ESSER Annual Data Collection: General ESSER Information Report that was submitted to the California Department of Education.

Cause

The identified condition appears to have materialized due to insufficient procedures related to the review process.

Effect

The District has not complied with the requirement identified in Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context/Sampling

The condition was identified through inquiry with District personnel and through the review of documentation used to prepare the reports.

Repeat Finding

Yes, see prior year finding 2023-001.

Recommendation

The District should ensure that all Full-Time Equivalent (FTE) positions are reported on the District's ESSER Annual Data Collection: General ESSER Information Report based on actual FTE positions.

Corrective Action Plan and Views of Responsible Officials

The Budget Manager will ensure that the corrected Full-Time Equivalent (FTE) positions will be reported in the 2025 District's ESSER Annual Data Collection.

None reported.

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

Federal Awards Findings

2023-001 50000 – Reporting (Significant Deficiency in Internal Controls, Noncompliance)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education (CDE)
Program Names: COVID-19 - Elementary and Secondary School Emergency Relief Funds
Assistance Listing Number: 84.425D, 84.425U
Compliance Requirement – Reporting

Criteria or Specific Requirements

Per Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334, financial records and supporting documents pertinent to a Federal award must be retained for a period of three years from the date of submission of expenditure reports to the awarding agency or pass-through entity.

Condition

The District misreported Full-Time Equivalent (FTE) positions, for multiple date ranges, on the ESSER Annual Data Collection: General ESSER Information Report that was submitted to the California Department of Education.

Cause

The identified condition appears to have materialized due to insufficient procedures related to the review process.

Effect

The District has not complied with the requirement identified in Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart D, Section 200.334.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

The condition was identified through inquiry with District personnel and through the review of documentation used to prepare the reports.

Recommendation

The District should ensure that all Full-Time Equivalent (FTE) positions are reported on the District's ESSER Annual Data Collection: General ESSER Information Report based on actual FTE positions.

Current Status

Not implemented, see current year finding 2024-001.

State Compliance Findings

2023-002 40000 – After School Education and Safety Program

Criteria or Specific Requirements

California *Education Code* Section 8483(a)(1) states that every after-school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after-school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. California *Education Code* Section 8483.1(a)(1) states that every before school component of a program established pursuant to this article shall in no instance operate for less than one and one-half hours per regular school day. Every program shall establish a policy regarding reasonable late daily arrival of pupils to the program.

Condition

While verifying the total students served at Andrew Jackson Elementary School after school program, a discrepancy was noted between the total number of students served per the attendance detail and the number of students served per the daily sign-in sheets.

While verifying the total students served at Carl Harvey Elementary School before school program, a discrepancy was noted between the total number of students served and the number of students reported to the California Department of Education (CDE) for the first half of the 2022-2023 fiscal year.

Cause

The condition appears to have materialized as a result of inadequate internal controls over compliance related to review of the compiled attendance information that was submitted to the California Department of Education (CDE).

Effect

The District was not compliant with California *Education Code* Sections 8483(a)(1) and 8483.1(a)(1) for the 2022-2023 fiscal year.

Questioned Costs

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

Recommendation

The District should review procedures related to reporting the number of students served to the CDE to ensure accurate attendance reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Current Status

Implemented.

Management
Santa Ana Unified School District
Santa Ana, California

In planning and performing our audit of the financial statements of Santa Ana Unified School District (the District) for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 16, 2024, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Romero-Cruz Academy

Observations

1. Cash collected by teachers, advisors, clubs, snack bar, or student store is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. Deposits tested did not have sufficient support or a paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
2. Based on the review of the disbursement procedures, it was noted that five of five disbursements tested could not be traced to appropriate pre-approval documentation. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Based on the review of the disbursement procedures, it was noted that five of five checks tested contained only one of two required signatures. Dual signatures are required as a safeguard against improperly written checks.

Recommendations

1. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

2. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. The site should review the cash disbursement procedures outlined in the Fiscal Crisis & Management Assistance Team's (FCMAT) manual titled, "The Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference", which states that "two signatures should be required on all checks, and all signers should be adults (i.e. not students)", and work to ensure that the required internal control procedure is in place at the site.

<u>Manuel Esqueda Elementary School</u>

Observations

1. Based on review of the cash receipting procedures, it was noted that two of two deposit counts were not conducted by two individuals simultaneously. Not having a second person present creates an opportunity for cash to be misappropriated.
2. Based on the review of the cash receipting procedures, it was noted that two of two deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 7 to 14 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
3. Revenue potential forms are not being used to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.
4. Based on the review of the disbursement procedures, it was noted that three of three disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
5. Based on the review of the disbursement procedures, it was noted that three of three disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
6. Based on the review of the disbursement procedures, it was noted that three of three checks tested contained only one of two required signatures. Dual signatures are required as a safeguard against improperly written checks.

Recommendations

1. It is recommended that the ASB revise their deposit count procedures to have two people perform the count together and both sign-off on the cash count sheet to deter misappropriation of cash.
2. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.

3. The revenue potential form is a vital internal control tool; it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. ASB personnel should ensure that all revenue potential forms contain supporting documentation and that the revenue amount indicated on the form agrees to the amount indicated on supporting documentation. Additionally, revenue potential forms should be completed and approved prior to collection of any fundraiser revenue.
4. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
5. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
6. The site should review the cash disbursement procedures outlined in the Fiscal Crisis & Management Assistance Team's (FCMAT) manual titled, "The Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference", which states that "two signatures should be required on all checks, and all signers should be adults (i.e. not students)", and work to ensure that the required internal control procedure is in place at the site.

<u>Hector Godinez Fundamental High School</u>

Observations

1. Cash collected by teachers, advisors, clubs, snack bar, or student store is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. Deposits tested did not have sufficient support or a paper trail; therefore the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
2. Based on the review of the disbursement procedures, it was noted that 1 out of 22 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Based on the review of the disbursement procedures, it was noted that 3 of 22 disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
4. Based on the review of the disbursement procedures, it was noted that 22 of 22 checks tested contained only one of two required signatures. Dual signatures are required as a safeguard against improperly written checks.

Recommendations

1. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
2. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
4. The site should review the cash disbursement procedures outlined in the Fiscal Crisis & Management Assistance Team's (FCMAT) manual titled, "The Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference", which states that "two signatures should be required on all checks, and all signers should be adults (i.e. not students)", and work to ensure that the required internal control procedure is in place at the site.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2024