

**GOLETA UNION SCHOOL DISTRICT
OF SANTA BARBARA COUNTY
GOLETA, CALIFORNIA**

AUDIT REPORT
June 30, 2023

GOLETA UNION SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2023

FINANCIAL SECTION

| | |
|---|----|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 22 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 24 |
| Statement of Net Position – Proprietary Fund | 25 |
| Statement of Revenues, Expenses, and Changes in Net Position– Proprietary Fund | 26 |
| Statement of Cash Flows – Proprietary Fund | 27 |
| Statement of Net Position – Fiduciary Funds | 28 |
| Statement of Changes in Net Position – Fiduciary Funds | 29 |
| Notes to Basic Financial Statements | 30 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Budgetary Comparison Schedule: | |
| General Fund | 57 |
| Schedule of Proportionate Share of Net Pension Liability | 58 |
| Schedule of Pension Contributions | 60 |
| Schedule of Proportionate Share of Net OPEB Liability and Related Ratios | 62 |

SUPPLEMENTARY INFORMATION SECTION

| | |
|---|----|
| Combining Fund Financial Statements and Individual Fund Schedules: | |
| Combining Statements – Nonmajor Governmental Funds: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 63 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 64 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 66 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds | 68 |
| Individual Nonmajor Fund Budgetary Comparison Schedules: | |
| Associated Student Body Fund | 70 |
| Child Development Fund | 71 |
| Cafeteria Fund | 72 |
| Deferred Maintenance Fund | 73 |
| Capital Facilities Fund | 74 |
| Organization | 75 |
| Schedule of Average Daily Attendance | 76 |
| Schedule of Instructional Time | 77 |
| Schedule of Financial Trends and Analysis | 78 |
| Schedule of Expenditures of Federal Awards | 79 |
| Note to Schedule of Expenditures of Federal Awards | 80 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 82 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 84 |

GOLETA UNION SCHOOL DISTRICT

TABLE OF CONTENTS (Continued)
JUNE 30, 2023

SUPPLEMENTARY INFORMATION SECTION (Continued)

Independent Auditors' Report on State Compliance 86
Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance in Required by
the Uniform Compliance 89

FINDINGS AND RECOMMENDATIONS SECTION

Schedule of Audit Findings and Questioned Costs 91
Schedule of Prior Fiscal Year Audit Findings and Questioned Costs 95

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Goleta Union School District
Goleta, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Goleta Union School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Goleta Union School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Goleta Union School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. 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 Goleta Union School 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 Goleta Union School 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.

Auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Goleta Union School 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 Goleta Union School 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 management's discussion and analysis, the budgetary information, the schedule of proportionate share of net pension liability, the schedule of pension contributions, and the schedule of proportionate share of net OPEB liability and related ratios, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Goleta Union School District's basic financial statements. The 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 of the Goleta Union School District. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administration Requirement for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements of the Goleta Union School District.

The supplementary information, listed in the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2024, on our consideration of the Goleta Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Reny & Hartgeim LLP

Santa Maria, California
February 2, 2024



GOLETA UNION SCHOOL DISTRICT
Fiscal Services

Board of Trustees

Dr. Vicki Ben-Yaacov, President
Sholeh Jahangir, Vice President
Ethan Bertrand, Clerk
Emily Zacarias, Member
Dr. Richard Mayer, Member

Assistant Superintendent

Conrad Tedeschi, CPA

This section of Goleta Union School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023 with comparative information for the year ended June 30, 2022. 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 the activities of the Goleta Union School District 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 and right-to-use leased 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 regard to interfund activity, payables and receivables.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

The *Governmental Funds* are prepared using the current financial resources measurement focus and the 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.

Goleta Union School District

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 Goleta Union School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in 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 present the District activities as follows:

Governmental Activities - The District reports all its services are reported in this category. This includes the education of kindergarten through grade six students, 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 Change in Fund Net Position. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Warehouse Revolving Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for pass through of special education funds to the Santa Barbara County Special Education Local Area Plan (SBCSELPA) and employee flexible spending accounts. The District's fiduciary activities are reported in the *Statement of Fiduciary 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.

FINANCIAL HIGHLIGHTS

Executive Summary

The 2022-23 fiscal year moved through year number three of the pandemic and the overall economy in California and locally appears to be rebounding well from the pandemic shut down. While consumer prices and inflation has risen significantly, revenues at the state level from the Big Three Taxes (personal income, sales and use, and corporate income) continue to exceed expectations.

As a Community Funded District, GUSD relies heavily on local property taxes which are driven by the local economy and housing market. Revenues from local property taxes in 2022-23 grew by 6.58%. Projections in growth included in the original budget for 2022-23 was 5.5%.

The 2023-24 First Interim Report with data through October 2023 projects a deficit of \$2.58 million in the General Fund and is prior to any negotiated settlements with the GUSD bargaining unions. The final net impact in the General Fund for the 2022-23 school year is a deficit of \$2,134,926. This deficit resulted in a considerable draw on the GUSD General Fund Reserve. Budget planning for 2023-24 resulted in \$1.5 million in budget reductions with additional reductions proposed for 2024-25. GUSD will carefully manage spending in an effort to eliminate the operating deficit and restore the reserve in the General Fund.

Total revenues in the District General Fund reached \$74,271,049. Total expenditures in the District General Fund for 2022-23 were \$75,876,403.

General Fund Balance at the end of the 2022-23 fiscal year totaled \$12,243,109 of which \$3,525,451 is restricted. The amount set aside for the required 3 percent Reserve for Economic Uncertainties is \$2,292,933. The total available fund balance reserve is \$8,695,550, which represents a 11.38% percent reserve in the General Fund at the end of 2022-23.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(12,376,043) for the fiscal year ended June 30, 2023. Of this amount, \$(41,393,594) was unrestricted net position (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limits 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

| | Government Activities | |
|--|------------------------|------------------------|
| | 2023 | 2022 |
| Assets | | |
| Current and other assets | \$ 60,604,286 | \$ 31,526,236 |
| Capital assets and right of use leased assets, net | 28,760,012 | 24,773,138 |
| Total assets | 89,364,298 | 56,299,374 |
| Deferred outflows of resources | 24,374,001 | 15,786,476 |
| Liabilities | | |
| Current liabilities | 11,833,158 | 2,959,880 |
| Long-term liabilities other than OPEB and pension | 40,197,979 | 16,606,812 |
| Net other postemployment benefits (OPEB) liability | 242,447 | 288,041 |
| Aggregate net pension liability | 66,450,566 | 38,547,765 |
| Total liabilities | 118,724,150 | 58,402,498 |
| Deferred inflows of resources | 7,390,192 | 27,144,508 |
| Net Position | | |
| Net investment in capital assets | 14,841,247 | 14,441,452 |
| Restricted | 14,176,304 | 10,786,856 |
| Unrestricted (deficit) | (41,393,594) | (38,689,464) |
| | <u>\$ (12,376,043)</u> | <u>\$ (13,461,156)</u> |

The \$(41,393,594) in unrestricted net position (deficit) of all governmental activities represents the accumulated results of all past years' operations. Unrestricted net position deficit decreased by \$2,704,130 (6.99%) compared to \$(38,689,464). The increase in the total net position deficit is largely due to the larger amount of cash available.

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 15. 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

| | <u>Government Activities</u> | |
|--------------------------------------|------------------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Revenues | | |
| Program revenues | | |
| Charges for services and sales | \$ 147,035 | \$ 98,905 |
| Operating grants and contributions | 16,084,559 | 16,303,431 |
| General revenues | | |
| Federal and State aid not restricted | 4,057,165 | 4,011,141 |
| Property taxes | 54,844,924 | 51,912,778 |
| Other general revenues | <u>3,232,645</u> | <u>3,060,039</u> |
| Total revenues | <u>78,366,328</u> | <u>75,386,294</u> |
| Expenses | | |
| Instruction-related | 53,626,340 | 47,062,187 |
| Pupil services | 7,189,890 | 6,218,867 |
| Administration | 4,898,267 | 6,293,364 |
| Plant services | 6,791,431 | 6,288,767 |
| All other services | <u>4,775,287</u> | <u>2,002,963</u> |
| Total expenses | <u>77,281,215</u> | <u>67,866,148</u> |
| Change in net position | <u>1,085,113</u> | <u>\$ 7,520,146</u> |

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$77,281,215. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$61,049,621 because the cost was paid by those who benefited from the programs (\$147,035) or by other governments and organizations who subsidized certain programs with grants and contributions (\$16,084,559). We paid for the remaining "public benefit" portion of our governmental activities with \$7,029,810 in Federal and State funds and other revenues, like interest and general entitlements.

In Table 3, we have presented the net cost of each of the District's largest functions – instruction-related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these

functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

| | Total Cost of Services | | Net Cost of Services | |
|---------------------|------------------------|---------------|----------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Instruction-related | \$ 53,626,340 | \$ 47,062,187 | \$ (44,198,197) | \$ (36,705,752) |
| Pupil services | 7,189,890 | 6,218,867 | (2,986,143) | (2,188,864) |
| Administration | 4,898,267 | 6,293,364 | (4,793,031) | (6,163,697) |
| Plant services | 6,791,431 | 6,288,767 | (6,650,588) | (5,893,620) |
| All other services | 4,775,287 | 2,002,963 | (2,421,662) | (511,879) |
| | | | | |
| Total | \$ 77,281,215 | \$ 67,866,148 | \$ (61,049,621) | \$ (51,463,812) |

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$53,443,940, which is an increase of \$24,726,616, or 86.1% from last year. (Table 4)

Table 4

| Governmental Fund | Balances and Activity | | | |
|-----------------------------------|-----------------------|--|---|---------------|
| | July 1, 2022 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2023 |
| General Fund | \$ 14,378,034 | \$ 74,296,160 | \$ 76,431,085 | \$ 12,243,109 |
| Building Fund | 5,282,804 | 29,445,642 | 5,001,613 | 29,726,833 |
| Capital Facilities Fund | 654,734 | 67,348 | 520,363 | 201,719 |
| Bond Interest and Redemption Fund | 5,050,538 | 6,295,351 | 4,332,902 | 7,012,987 |
| Child Development Fund | 23,400 | 718,449 | 741,849 | |
| Cafeteria Fund | 2,812,746 | 3,227,721 | 2,535,875 | 3,504,592 |
| ASB Fund | | 581,756 | 225,541 | 356,215 |
| Deferred Maintenance Fund | 515,068 | 161,032 | 277,615 | 398,485 |
| | | | | |
| Total | \$ 28,717,324 | \$ 114,793,459 | \$ 90,066,843 | \$ 53,443,940 |

The General Fund is our principal operating fund. The fund balance in the General Fund decreased \$2,134,925 to \$12,243,109. This decrease is due to the net effect negotiated increases in Salaries and Benefits along with increases in Property Tax Revenues. \$3,525,451 remains Restricted, and \$22,108 is Unspendable, leaving an Unassigned Unappropriated Fund Balance of \$8,695,550 for a reserve of 15.99%.

The Cafeteria Fund (Food Service) has done an incredible job feeding GUSD Students under the Free Meals for All program and maximizing revenue opportunities in 2022-23. The Federal Government eliminated the free meals program and meal applications were required for 2022-23. The State of California, however, wanted to make sure that healthy meals remained free for all students, so they supplemented the reimbursements to cover the meals for those that do not qualify for free meals. The Food Services Department has built up a significant reserve that will need to be spent down over the next few years, but it also will provide a safety net when the free meal supplement goes away.

The Deferred Maintenance Fund decreased \$116,583 to \$398,485 due to the spending of funds on many maintenance projects, such as HVAC unit replacements, roof repairs, plumbing issues, and other maintenance work.

The Building Fund saw an increase in activity during 2022-23. The first issue of bonds from the Measure M authorization was for a par value of \$5.7 million to be paid back over the next three years and will mature August 1, 2024. The second issue of \$30 million was executed during the 2022-23 fiscal year to fund the larger roofing, asphalt and HVAC projects. These projects were considered work in progress at fiscal year-end as they were not completed by June 30, 2023.

Our Capital Facilities Fund decreased \$453,016 to \$201,719 due to a reduction in Developer Fee Revenue and expenditures for the design and delivery of relocatable buildings at La Patera and planning for buildings at El Camino School during 2022-23. Developer Fees charged by the District in 2021-22 were based on rates of \$4.79/ft². residential, \$0.78/ft². commercial) and are shared 50/50 with Santa Barbara Unified School District.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2023. (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 51.

Some of the variations between the original and final budget amounts and between the final budget and actual result are explained below:

Revenue revisions made to the 2022-2023 Budget for Local Control Funding Formula revenues were due to increases in actual property taxes received. Original estimates were conservative as actual growth is not known as the Original Budget is Adopted. Final budget adjustments included unanticipated revenues received from the Goleta Redevelopment Agency above and beyond projections.

The increase in state revenues resulted from the reinstatement of one-time block grants. The 2022-23 State Budget established two block grants that would provide districts with much needed one-time funds to help smooth the transition out of the COVID pandemic. The Arts, Music, and Instructional Materials Block grant allocated \$2,112,653 to GUSD and the Learning Recovery Emergency Block Grant allocation of \$3,194,985 for a total \$5,309,238 in one-time funds for 2022-23. GUSD has received \$4,251,312 to date. The Governor proposed making up for state budget shortfalls by taking back an amount approximately \$2,251,311. We originally planned for the reduction in revenue, but the final budget approved by the state legislature and signed by the Governor included restoration of approximately 94% of the amount proposed take back.

Budgeted expenditures increased overall due to the 5.5% increase to salaries and benefits negotiated with both GUSD bargaining units as well as spending down the balances of COVID relief funds and other restricted accounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2023, the District had \$28,760,012 in a broad range of capital assets, including land and construction in process, land improvements, buildings and improvements, furniture and equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, and depreciation) of \$3,986,874, or 16.1% from last year (Table 5).

Table 5

| | Governmental Activities | |
|--|--------------------------|--------------------------|
| | 2023 | 2022 |
| Land and construction in progress | \$ 6,408,937 | \$ 1,497,209 |
| Land improvements, building and improvements | 21,496,971 | 22,259,904 |
| Furniture and equipment | 793,397 | 939,482 |
| Right-to-use leased assets | 60,707 | 76,543 |
| Total | <u>\$ 28,760,012</u> | <u>\$ 24,773,138</u> |

We provide more detailed information regarding capital assets in Note 6 of the financial statements.

Long-Term Liabilities Other than OPEB and Pension

At the end of this year, the District had \$44,550,565 in long-term liabilities other than OPEB and Pension outstanding versus \$16,606,812 last year, an increase of \$27,943,753, or 68%. Those obligations consisted of:

Table 6

| | Governmental Activities | |
|--------------------------|--------------------------|--------------------------|
| | 2023 | 2022 |
| Long-Term Liabilities | | |
| General obligation bonds | \$ 41,445,000 | \$ 15,075,000 |
| Unamortized debt premium | 2,469,981 | 790,025 |
| Financing arrangement | 161,385 | 247,315 |
| Lease | 56,614 | 68,532 |
| Compensated absences | 417,585 | 425,940 |
| Total | <u>\$ 44,550,565</u> | <u>\$ 16,606,812</u> |

We provide more detailed information regarding long-term liabilities in Note 14 of the financial statements.

The State limits the amount of general obligation debt that Districts can issue to 1.25% of the assessed value of all taxable property within the District's boundaries, which was over \$16.6 billion in 2022-23. The District's outstanding general obligation debt is significantly below the statutorily imposed limit of \$207 million.

OPEB and Pension Liabilities

At year-end, the District had a net OPEB liability of \$242,447 versus \$288,041 last year, a decrease of \$45,594, or 15.83%.

In addition, at year-end, the District had an aggregate net pension liability of \$66,450,566 versus \$38,547,765 last year, an increase of \$27,902,801, or 72.4%.

We provide more detailed information regarding OPEB and Pension liabilities in Note 9 and Note 13 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

The Goleta Union School District (GUSD) continues to focus on providing a robust educational experience for all students from Preschool through the Sixth Grade. While learning loss mitigation was a significant focus coming out of the COVID 19 shutdown, efforts have also focused on literacy, mental health of students and staff, diversity, equity and inclusion and maintaining the high standard of well-rounded instruction. A pilot program was extended to re-establish STEAM, art, and music instruction by hiring Content Specialists to provide direct instruction in those areas across all nine GUSD schools. LCAP goals remain strong, and budget and staff remain committed to the actions detailed in the plan. Investment continues in professional development in the Professional Learning Communities (PLC) initiative as well as a commitment to Positive Behavioral Intervention and Supports (PBIS) as the approach for handling behavior issues. GUSD continues to operate a robust afterschool program and has created the Summer Thrive program under the Expanded Learning Opportunity Grant and offered a one week Thrive program during the 2023 Winter Break. Both programs service hundreds of GUSD students after school, during intersession and the summer months while providing scholarships and reduced fees for income eligible students.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Community Funded: Property tax revenues were projected to increase by six percent for 2023-24 due to a healthy real estate market in the area.
2. Federal and State revenues were projected to grow slightly due to small COLA.
3. Other Local Revenues were increased to account for the growth in the fee-based Afterschool Programs that are almost at full capacity.

Expenditures are based on the following forecasts:

1. Salaries and benefits include amounts budgeted for filled positions and FTE along with mandated movement along salary schedules and do not include any projection of cost for negotiated settlements.
2. Benefits include the increase to the employer contribution for PERS and STRS
3. The Books and Supplies and Services and Supplies accounts are increased incrementally each year to account for inflation and other factors.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Conrad Tedeschi, CPA, Assistant Superintendent, Fiscal Services, at Goleta Union School District, 401 North Fairview Avenue, Goleta, California, 93117, or e-mail at ctedeschi@gusd.us. Financial reports can be found on the District website at www.gusd.us.

STATEMENT OF NET POSITION
 JUNE 30, 2023

| Assets | <u>Governmental Activities</u> |
|---|------------------------------------|
| Cash in county treasury | \$ 57,420,128 |
| Cash on hand and in banks | 66,523 |
| Revolving cash fund | 7,862 |
| Accounts receivable | 3,020,322 |
| Inventories, at cost | 72,343 |
| Prepaid expenses | 17,108 |
| Right to use asset | 79,182 |
| Less accumulated amortization | (18,475) |
| Land | 1,437,060 |
| Construction in progress | 4,971,877 |
| Buildings and improvements | 49,274,010 |
| Equipment | 4,859,364 |
| Less accumulated depreciation | <u>(31,843,006)</u> |
| Total assets | <u>89,364,298</u> |
| Deferred Outflows of Resources | |
| Deferred loss on refunding | 487,382 |
| Pensions | 23,886,619 |
| Total deferred outflows of resources | <u>24,374,001</u> |
| Liabilities | |
| Accounts payable | 6,093,271 |
| Due to grantor government | 460,078 |
| Interest payable | 378,422 |
| Unearned revenue | 548,801 |
| Long-term liabilities: | |
| Long-term liabilities other than OPEB and pensions due within one year | 4,352,586 |
| Long-term liabilities other than OPEB and pensions due in more than one year | 40,197,979 |
| Net other postemployment benefits (OPEB) liability | 242,447 |
| Net pension liability | <u>66,450,566</u> |
| Total liabilities | <u>118,724,150</u> |
| Deferred Inflows of Resources | |
| Pensions | 7,390,192 |
| Total deferred inflows or resources | <u>7,390,192</u> |
| Net Position | |
| Net investment in capital assets | 14,841,247 |
| Restricted for: | |
| Debt service | 6,634,565 |
| Educational programs | 2,878,296 |
| Capital projects | 201,719 |
| Nutrition | 4,105,509 |
| ASB | 356,215 |
| Unrestricted | <u>(41,393,594)</u> |
| Total net position | <u>\$ (12,376,043)</u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Instruction | \$ 45,931,201 | \$ 54,940 | \$ 7,792,907 | \$ - |
| Instruction-related services: | | | | |
| Instructional supervision and administration | 1,974,213 | 3,614 | 832,182 | |
| Instructional library, media, and technology | 628,734 | | | |
| School site administration | 5,092,192 | 5 | 744,495 | |
| Pupil services: | | | | |
| Home-to-school transportation | 1,722,917 | 74 | 4,792 | |
| Food services | 2,418,914 | | 3,868,261 | |
| All other pupil services | 3,048,059 | 7,868 | 322,752 | |
| General administration: | | | | |
| All other general administration | 4,898,267 | 1,230 | 104,006 | |
| Plant services | 6,791,431 | 34,302 | 106,541 | |
| Ancillary services | 1,816,840 | | 1,735,143 | |
| Community services | 634,216 | 40,050 | 487,931 | |
| Interest on long-term debt | 765,684 | | | |
| Other outgo | 310,379 | 4,952 | 85,549 | |
| Amortization (unallocated) | 15,836 | | | |
| Depreciation (unallocated) | 1,232,332 | | | |
| Total governmental activities | <u>\$ 77,281,215</u> | <u>\$ 147,035</u> | <u>\$ 16,084,559</u> | <u>\$ -</u> |

General revenues:

- Taxes and subventions:
 - Taxes levied for general purposes
 - Taxes levied for debt service
 - Federal and state aid not restricted to specific purposes
 - Interest and investment earnings
 - Interagency revenues
 - Miscellaneous
- Total general revenues

Change in net position

Net position, beginning of fiscal year

Net position, end of fiscal year

The accompanying notes are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | |
|--|----------------------------|
| \$ | (38,083,354) |
| | (1,138,417) |
| | (628,734) |
| | (4,347,692) |
| | (1,718,051) |
| | 1,449,347 |
| | (2,717,439) |
| | (4,793,031) |
| | (6,650,588) |
| | (81,697) |
| | (106,235) |
| | (765,684) |
| | (219,878) |
| | (15,836) |
| | <u>(1,232,332)</u> |
| | <u>(61,049,621)</u> |
| | 50,434,150 |
| | 4,410,774 |
| | 4,057,165 |
| | (169,804) |
| | 252,613 |
| | <u>3,149,836</u> |
| | <u>62,134,734</u> |
| | 1,085,113 |
| | <u>(13,461,156)</u> |
| \$ | <u><u>(12,376,043)</u></u> |

GOLETA UNION SCHOOL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2023

| | General Fund | Building Fund |
|---|--------------------------|--------------------------|
| | <u> </u> | <u> </u> |
| ASSETS: | | |
| Cash in County Treasury | \$ 12,993,275 | \$ 33,239,718 |
| Cash on Hand and in Banks | 66,258 | - |
| Cash in Revolving Fund | 5,000 | - |
| Accounts Receivable | 2,041,695 | 185,986 |
| Due from Other Funds | 295,034 | 649 |
| Stores Inventories | - | - |
| Prepaid Expenditures | 17,108 | - |
| Total Assets | <u>\$ 15,418,370</u> | <u>\$ 33,426,353</u> |
| LIABILITIES AND FUND BALANCES: | | |
| Liabilities: | | |
| Accounts Payable | \$ 2,261,142 | \$ 3,699,520 |
| Due to Grantor Governments | 460,078 | - |
| Due to Other Funds | - | - |
| Deferred Revenue | 454,041 | - |
| Total Liabilities | <u>3,175,261</u> | <u>3,699,520</u> |
| Fund Balances: | | |
| Nonspendable | 22,108 | - |
| Restricted | 3,525,451 | 29,726,833 |
| Assigned | - | - |
| Unassigned | 8,695,550 | - |
| Total Fund Balances | <u>12,243,109</u> | <u>29,726,833</u> |
| Total Liabilities and Fund Balances | <u>\$ 15,420,748</u> | <u>\$ 33,426,353</u> |

The accompanying notes are an integral part of this statement.

| Bond Interest & Redemption Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| \$ 6,977,418 | \$ 4,175,484 | \$ 57,385,895 |
| - | 265 | 66,523 |
| - | 2,862 | 7,862 |
| 35,569 | 757,072 | 3,020,322 |
| - | 8,976 | 304,659 |
| - | 43,376 | 43,376 |
| - | - | 17,108 |
| <u>\$ 7,012,987</u> | <u>\$ 4,988,035</u> | <u>\$ 60,845,745</u> |
| \$ - | \$ 127,841 | \$ 6,088,503 |
| - | - | 460,078 |
| - | 304,423 | 304,423 |
| - | 94,760 | 548,801 |
| <u>-</u> | <u>527,024</u> | <u>7,401,805</u> |
| - | 46,238 | 68,346 |
| 7,012,987 | 4,016,288 | 44,281,559 |
| - | 398,485 | 398,485 |
| - | - | 8,695,550 |
| <u>7,012,987</u> | <u>4,461,011</u> | <u>53,443,940</u> |
| <u>\$ 7,012,987</u> | <u>\$ 4,988,035</u> | <u>\$ 60,845,745</u> |

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GOLETA UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total fund balances - governmental funds \$ 53,443,940

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

| | | |
|-----------------------------------|----|-----------------|
| Capital assets at historical cost | \$ | 60,542,311 |
| Accumulated depreciation | | (31,843,006) |
| Lease assets at historical cost | | 79,182 |
| Accumulated amortization | | <u>(18,475)</u> |

Net 28,760,012

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

| | | |
|------------------------------|----|----------------|
| Bonds payable | \$ | 41,445,000 |
| Unamortized bond premium | | 2,469,981 |
| Lease payable | | 56,614 |
| Financing arrangements | | 161,385 |
| Compensated absences payable | | 417,585 |
| Net pension liability | | 66,450,566 |
| Net OPEB liability | | <u>242,447</u> |

(111,243,578)

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of activities, it is recognized in the period that it is incurred.

(378,422)

Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

| | | |
|---|----|-------------------|
| Deferred inflows of resources relating to pensions | \$ | (7,390,192) |
| Deferred outflows of resources relating to pensions | | <u>23,886,619</u> |

16,496,427

Internal service funds are used to charge the cost of services to the individual funds.

The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position.

58,196

In governmental funds, loss on refunding is recognized as expenditures in the period they are incurred. In the government-wide statements, loss on refunding, is amortized over the life of the debt.

487,382

Total net position - governmental activities

\$ (12,376,043)

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>General Fund</u> | <u>Building Fund</u> |
|--|-------------------------|--------------------------|
| Revenues: | | |
| LCFF Sources: | | |
| State Apportionment or State Aid | \$ 2,278,858 | \$ - |
| Education Protection Account Funds | 683,054 | - |
| Local Sources | 50,407,172 | - |
| Federal Revenue | 2,172,189 | - |
| Other State Revenue | 12,859,663 | - |
| Other Local Revenue | 5,870,113 | (554,358) |
| Total Revenues | <u>74,271,049</u> | <u>(554,358)</u> |
| Expenditures: | | |
| Current: | | |
| Instruction | 49,626,076 | - |
| Instruction - Related Services | 7,990,074 | - |
| Pupil Services | 5,078,027 | - |
| Ancillary Services | 1,603,080 | - |
| Community Services | 88,861 | - |
| General Administration | 4,850,896 | - |
| Plant Services | 6,242,353 | 193,079 |
| Other Outgo | 130,379 | 234,921 |
| Capital Outlay | 155,611 | 4,573,613 |
| Debt Service: | | |
| Principal | 89,461 | - |
| Interest | 21,585 | - |
| Total Expenditures | <u>75,876,403</u> | <u>5,001,613</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,605,354)</u> | <u>(5,555,971)</u> |
| Other Financing Sources (Uses): | | |
| Transfers In | - | - |
| Transfers Out | (554,682) | - |
| Proceeds From Sale of Bonds | - | 30,000,000 |
| Other Sources | 25,111 | - |
| Total Other Financing Sources (Uses) | <u>(529,571)</u> | <u>30,000,000</u> |
| Net Change in Fund Balances | (2,134,925) | 24,444,029 |
| Fund Balances, July 1 | 14,378,034 | 5,282,804 |
| Fund Balances, June 30 | <u>\$ 12,243,109</u> | <u>\$ 29,726,833</u> |

The accompanying notes are an integral part of this statement.

| Bond Interest & Redemption Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 2,278,858 |
| - | - | 683,054 |
| - | - | 50,407,172 |
| - | 1,369,741 | 3,541,930 |
| 13,997 | 2,470,471 | 15,344,131 |
| 4,410,017 | 361,412 | 10,087,184 |
| <u>4,424,014</u> | <u>4,201,624</u> | <u>82,342,329</u> |
| - | - | 49,626,076 |
| - | 136,189 | 8,126,263 |
| - | 2,403,117 | 7,481,144 |
| - | 225,541 | 1,828,621 |
| - | 563,912 | 652,773 |
| - | 133,621 | 4,984,517 |
| - | 333,045 | 6,768,477 |
| - | - | 365,300 |
| - | 505,818 | 5,235,042 |
| 3,630,000 | - | 3,719,461 |
| 702,902 | - | 724,487 |
| <u>4,332,902</u> | <u>4,301,243</u> | <u>89,512,161</u> |
| 91,112 | (99,619) | (7,169,832) |
| - | 554,682 | 554,682 |
| - | - | (554,682) |
| 1,871,337 | - | 31,871,337 |
| - | - | 25,111 |
| <u>1,871,337</u> | <u>554,682</u> | <u>31,896,448</u> |
| 1,962,449 | 455,063 | 24,726,616 |
| 5,050,538 | 4,005,948 | 28,717,324 |
| <u>\$ 7,012,987</u> | <u>\$ 4,461,011</u> | <u>\$ 53,443,940</u> |

GOLETA UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | |
|---|---------------------|
| Total net change in fund balances - governmental funds | \$ 24,726,616 |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$5,235,042 is less than depreciation expense of (\$1,232,332) and amortization expense of \$(15,836) in the period. | 3,986,874 |
| In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: | (161,964) |
| In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used was more than the amounts earned by \$8,355. | 8,355 |
| In governmental funds, OPEB costs are recognized when the employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contributions was: | 45,594 |
| In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of debt issue premium for the period is: | 191,381 |
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: | 518,039 |
| In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | 3,727,848 |
| Internal service funds are used by the District to charge the costs of service to individual funds. The net income of internal service funds is reported in governmental activities. | (7,293) |
| In governmental funds, loss on refunding is recognized as expenditures in the period they are incurred. In the government-wide financial statements, loss of funding costs is amortized over the life of the debt. Amortization for the period was: | (79,000) |
| In governmental funds, proceeds from debt are recognized as Other Financial Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: | <u>(31,871,337)</u> |
| Change in net position - governmental activities | <u>\$ 1,085,113</u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2023

Internal Service
Fund
Warehouse
Revolving
Fund

ASSETS:

Current Assets:

Cash in County Treasury

\$ 34,233

Store Inventories

28,967

Total Current Assets

63,200

Total Assets

63,200

LIABILITIES:

Current Liabilities:

Accounts Payable

4,768

Due to Other Funds

236

Total Current Liabilities

5,004

Total Liabilities

5,004

NET POSITION:

Unrestricted (Deficit)

58,196

Total Net Position

\$ 58,196

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Internal Service Fund |
|------------------------------------|--------------------------------|
| | Warehouse Revolving Fund |
| | <u> </u> |
| Operating Revenues: | |
| Local Revenue | \$ 226,382 |
| Total Revenues | <u>226,382</u> |
| Operating Expenses: | |
| Books and Supplies | <u>233,675</u> |
| Total Expenses | <u>233,675</u> |
| Change in Net Position | (7,293) |
| Total Net Position - Beginning | 65,489 |
| Total Net Position - Ending | <u>\$ 58,196</u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Internal Service Fund |
|--|---|
| | <u>Warehouse Revolving Fund</u> |
| Cash Flows from Operating Activities: | |
| Cash received for services | \$ 227,561 |
| Cash paid for supplies | <u>(253,880)</u> |
| Net cash provided by operating activities | (26,319) |
| Cash Flows from Investing Activities: | |
| Interest income | <u>(1,179)</u> |
| Net increase in cash and cash equivalents | (27,498) |
| Cash and cash equivalents at July 1, 2022 | <u>61,731</u> |
| Cash and cash equivalents at June 30, 2023 | <u><u>\$ 34,233</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating income (loss) | \$ (6,114) |
| Change in assets and liabilities | |
| Stores inventories | (11,438) |
| Accounts payable | (8,768) |
| Due to other funds | <u>1</u> |
| Net cash provided by operating activities | <u><u>\$ (26,319)</u></u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2023

| | <u>Custodial Funds</u> |
|-------------------------|----------------------------|
| ASSETS: | |
| Cash in County Treasury | \$ 112,821 |
| Cash in Bank | 58,726 |
| Total Assets | <u>\$ 171,547</u> |
| LIABILITIES: | |
| Accounts Payable | 112,821 |
| Due to employees | 58,726 |
| Total Liabilities | <u>\$ 171,547</u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Custodial Funds</u> |
|--|-----------------------------|
| Additions: | |
| Contributions | |
| Federal sources | \$ 20,757,909 |
| State sources | 46,730,482 |
| Interest | 14 |
| Total contributions | <u>67,488,405</u> |
| Deductions: | |
| Pass-thru to Special Education Local Plan Area (SELPA) | <u>67,488,405</u> |
| Net Increase (Decrease) in Fiduciary Net Position | <u> </u> |
| Net position, July 1, 2022 | <u> </u> |
| Net position, June 30, 2023 | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

The reporting entity is the Goleta Union School District. There are no component units included in this report which meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Internal Service Fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

Fund Financial Statements:

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

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

Proprietary funds, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within one year after fiscal year end.

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

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

Pensions:

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

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

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting (Continued)

Major Governmental Funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Nonmajor Governmental Funds:

Special Revenue Funds are established 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 activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund. The District maintains four nonmajor special revenue funds:

1. The Associated Student Body Fund is used to account for raising and expending of money to promote the general welfare, morale, and educational experience of the student body.
2. The Child Development Fund is used to account for resources committed to child development programs.
3. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.
4. The Deferred Maintenance Fund is used for the purpose of major repairs or replacement of the District's Property.

Capital Projects Funds are set up by the District to account for special revenues that are to be used to build new facilities. The District maintains one nonmajor capital project funds.

1. The Capital Facilities Fund issued to account for resources received from developer impact fees assessed under the provision of the California Environmental Quality Act (CEQA).

Proprietary Fund:

The Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund: the Warehouse Revolving Fund, which is used for stores inventory.

Fiduciary Funds

Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is composed of agency funds and trust funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's custodial funds account for pass thru of special education funds to the Santa Barbara County Special Education Local Area Plan (SBCSELPA) and the employee flexible spending account.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District Superintendent during the fiscal year to give consideration to unanticipated income and expenditures.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets and Budgetary Accounting (Continued)

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

G. Encumbrances

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

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq.. The funds maintained by the County are either secured by the Federal Depository Insurance Corporation or are collateralized.

Information regarding the amount of dollars invested in derivatives with the Santa Barbara County Treasury was not available.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

3. Inventories and Prepaid Items

Inventory is recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at the lower of cost (first-in, first out) or market and consists of expendable supplies held for consumption.

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period purchased.

4. Bond Premiums and Loss on Refunding

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and loss on refunding are deferred and amortized over the life of the bonds using the straight-line method.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

5. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed capital assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital assets' lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives.

| Asset Class | Examples | Estimated Useful Life in Years |
|---------------------------|---|--------------------------------|
| Land | | N/A |
| Site improvements | Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting | 20 |
| School buildings | | 50 |
| Portable classrooms | | 25 |
| HVAC systems | Heating, ventilation, and air conditioning systems | 20 |
| Roofing | | 20 |
| Interior construction | | 25 |
| Carpet replacement | | 7 |
| Electrical/plumbing | | 30 |
| Sprinkler/fire system | Fire suppression system | 25 |
| Outdoor equipment | Playground, radio towers, fuel tanks, pumps | 20 |
| Machinery and tools | Shop and maintenance equipment, tools | 15 |
| Kitchen equipment | Appliances | 15 |
| Custodial equipment | Floor scrubbers, vacuums, other | 15 |
| Science and engineering | Lab equipment, scientific apparatus | 10 |
| Furniture and accessories | Classroom and other furniture | 20 |
| Business machines | Fax, duplicating and printing equipment | 10 |
| Copiers | | 5 |
| Communication equipment | Mobile, portable radios, non-computerized | 10 |
| Computer hardware | PCs, printers, network hardware | 5 |
| Computer software | Instructional, other short-term | 5 to 10 |
| Computer software | Administrative long-term | 10 to 20 |
| Audio visual equipment | Projectors, cameras (still and digital) | 10 |
| Athletic equipment | Gymnastics, football, weight machines, wrestling mats | 10 |
| Musical instruments | Pianos, strings, brass, percussion | 10 |
| Library books | Collections | 5 to 7 |
| Licensed vehicles | Buses, other on-road vehicles | 8 |
| Contractors equipment | Major off-road vehicles, front-end loaders, large tractors, mobile air compressor | 10 |
| Grounds equipment | Mowers, tractors, attachments | 15 |

6. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceed qualified expenditures.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

7. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 11 and Note 13 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualify for reporting in this category; refer to Note 13 for a detailed list of the deferred inflows of revenues the District has recognized.

8. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

10. Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

11. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

11. Fund Balances (Continued)

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

12. Property Taxes

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately on October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

J. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

| | | |
|-------------------|--|---|
| Statement No. 99 | "Omnibus 2022" | The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023. |
| Statement No. 100 | "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" | The provisions of this statement are effective for fiscal years beginning after June 15, 2023. |
| Statement No. 101 | "Compensated Absences" | The provisions of this statement are effective for fiscal years beginning after December 15, 2023. |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments at June 30, 2023, consisted of the following:

| | |
|----------------------------|----------------------|
| Cash in County Treasury | \$ 57,532,949 |
| Cash on hand and in banks | 125,249 |
| Cash in revolving fund | 7,862 |
| Total cash and investments | <u>\$ 57,666,060</u> |

Cash and investments are presented on the accompanying basic financial statements, as follows:

| | |
|--|----------------------|
| Statement of net position: | |
| Cash in County Treasury | \$ 57,420,128 |
| Cash in revolving fund | 7,862 |
| Cash on hand and in banks | 66,523 |
| Statement of fiduciary assets and liabilities: | |
| Cash in County Treasury | 112,821 |
| Cash in bank | 58,726 |
| Total cash and investments | <u>\$ 57,666,060</u> |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have investments that are measured under Level 1, Level 2, or Level 3.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Santa Barbara County Treasury as part of the common investment pool (\$57,532,949 as of June 30, 2023). The fair value of this pool as of that date, as provided by the plan sponsor, was \$57,532,949. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, State registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash on Hand, in Banks, and in Revolving Fund

Cash balance on hand and in banks (\$125,249 as of June 30, 2023) and in the revolving fund (\$7,862) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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. One of the ways that the District manages its exposure to interest rate risk is by 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 fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

| Investment Type | Carrying Amount | 12 Months Or Less | 13-24 Months | 25-60 Months | More Than 60 Months |
|--------------------------------------|-----------------|-------------------|--------------|--------------|---------------------|
| Santa Barbara County Investment Pool | \$ 57,532,949 | \$ 57,532,949 | \$ - | \$ - | \$ - |
| Total | \$ 57,532,949 | \$ 57,532,949 | \$ - | \$ - | \$ - |

Disclosures Relating to Credit Risk

Generally, 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

| Investment Type | Carrying Amount | Minimum Legal Rating | Exempt From Disclosure | Rating as of Fiscal Year End | | |
|--------------------------------------|-----------------|----------------------|------------------------|------------------------------|------|---------------|
| | | | | AAA | Aa | Not Rated |
| Santa Barbara County Investment Pool | \$ 57,532,949 | N/A | \$ - | \$ - | \$ - | \$ 57,532,949 |
| Total | \$ 57,532,949 | | \$ - | \$ - | \$ - | \$ 57,532,949 |

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, none of the District's deposits with financial institutions in excess of the Federal Depository Insurance Corporation limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Santa Barbara County Investment Pool).

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations in any individual fund.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4 - RECEIVABLES

Receivables at June 30, 2023, consist of the following:

| | General Fund | Building Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Internal Service Fund | Fiduciary Funds |
|--------------------------|---------------------|-------------------|---|------------------------------------|-----------------------------|--------------------|
| Federal Government: | | | | | | |
| Categorical aid programs | \$ 969,253 | \$ - | \$ - | \$ 231,305 | \$ - | \$ - |
| State Government: | | | | | | |
| Categorical aid programs | 228,093 | | | 465,085 | | |
| Lottery | 206,901 | | | | | |
| Local Sources: | | | | | | |
| Interest | 95,935 | 185,986 | 35,569 | 21,650 | | |
| Goleta Ed Foundation | 37,606 | | | | | |
| After care program | 257,523 | | | | | |
| Miscellaneous | 246,384 | | | 39,032 | | |
| Totals | <u>\$ 2,041,695</u> | <u>\$ 185,986</u> | <u>\$ 35,569</u> | <u>\$ 757,072</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 5 - INTERFUND TRANSACTIONS

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

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2023, are as follows:

| Fund | Interfund Receivables | Interfund Payables |
|---------------------------|--------------------------|-----------------------|
| Major Fund: | | |
| General Fund | \$ 295,034 | \$ - |
| Building Fund | 649 | |
| Nonmajor Funds: | | |
| ASB Fund | 1,656 | |
| Child Development Fund | | 195,519 |
| Cafeteria Fund | | 108,904 |
| Deferred Maintenance Fund | 7,320 | |
| Proprietary Fund: | | |
| Internal Service Fund | | 236 |
| Totals | <u>\$ 304,659</u> | <u>\$ 304,659</u> |

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

Interfund transfers for the 2022-2023 fiscal year, are as follows:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------|---------------------|----------------------|
| Major Fund: | | |
| General Fund | \$ - | \$ 554,682 |
| Nonmajor Fund: | | |
| ASB Fund | 404,682 | |
| Deferred Maintenance Fund | 150,000 | |
| | <u>554,682</u> | <u>554,682</u> |
| Totals | <u>\$ 554,682</u> | <u>\$ 554,682</u> |

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the fiscal year ended June 30, 2023, is shown below:

| | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2023</u> |
|--|---------------------------------|---------------------|-------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,437,060 | \$ - | \$ - | \$ 1,437,060 |
| Construction in progress | 60,149 | 4,942,708 | 30,980 | 4,971,877 |
| | <u>1,497,209</u> | <u>4,942,708</u> | <u>30,980</u> | <u>6,408,937</u> |
| Total capital assets, not being depreciated | <u>\$ 1,497,209</u> | <u>\$ 4,942,708</u> | <u>\$ 30,980</u> | <u>\$ 6,408,937</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 49,016,692 | \$ 257,318 | \$ - | \$ 49,274,010 |
| Equipment | 4,793,368 | 65,996 | | 4,859,364 |
| Total capital assets, being depreciated | <u>53,810,060</u> | <u>323,314</u> | | <u>54,133,374</u> |
| Less accumulated depreciations | | | | |
| Buildings and improvements | 26,756,788 | 1,020,251 | | 27,777,039 |
| Equipment | 3,853,886 | 212,081 | | 4,065,967 |
| Total accumulated depreciation | <u>30,610,674</u> | <u>1,232,332</u> | | <u>31,843,006</u> |
| Total capital assets, being depreciated, net | <u>\$ 23,199,386</u> | <u>\$ (909,018)</u> | <u>\$ -</u> | <u>\$ 22,290,368</u> |
| Net capital assets | <u>\$ 24,696,595</u> | <u>\$ 4,033,690</u> | <u>\$ 30,980</u> | <u>\$ 28,699,305</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|---------------------|
| Governmental Activities: | |
| Unallocated | <u>\$ 1,232,332</u> |
| Total Depreciation Expense | <u>\$ 1,232,332</u> |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 7 - RIGHT TO USE ASSET

Right to use asset activity for the District for the fiscal year ended June 30, 2023, is shown below:

| | Balance July 1, 2022 | Additions | Deductions | Balance June 30, 2023 |
|------------------------------------|-------------------------|--------------------|-------------|--------------------------|
| Right to use assets | | | | |
| Vehicle | \$ 79,182 | \$ - | \$ - | \$ 79,182 |
| Total right to use assets | <u>\$ 79,182</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,182</u> |
| Less accumulated amortization for: | | | | |
| Vehicle | \$ 2,639 | \$ 15,836 | \$ - | \$ 18,475 |
| Total accumulated amortization | <u>2,639</u> | <u>15,836</u> | | <u>18,475</u> |
| Right to use assets, net | <u>\$ 76,543</u> | <u>\$ (15,836)</u> | <u>\$ -</u> | <u>\$ 60,707</u> |

NOTE 8 - BONDED DEBT

The outstanding general obligation bonded debt of the Goleta Union School District at June 30, 2023, is:

| Date of Issue | Maturity Date | Interest Rate | Original Issue | Bonds | | | Bonds Outstanding June 30, 2023 |
|-------------------|---------------|---------------|----------------------|--------------------------|----------------------|---------------------|---------------------------------|
| | | | | Outstanding July 1, 2022 | Issued | Redeemed | |
| Current Interest: | | | | | | | |
| July 2013 | August 2029 | 2.00-5.00% | \$ 17,650,000 | \$ 9,375,000 | \$ - | \$ 1,230,000 | \$ 8,145,000 |
| May 2021 | August 2024 | 1.00-1.50% | 5,700,000 | 5,700,000 | - | 2,400,000 | 3,300,000 |
| Nov 2022 | August 2027 | 4.00-5.00% | | | 30,000,000 | | 30,000,000 |
| | | | <u>\$ 23,350,000</u> | <u>\$ 15,075,000</u> | <u>\$ 30,000,000</u> | <u>\$ 3,630,000</u> | <u>\$ 41,445,000</u> |

2013 General Obligation Refunding Bonds

In July 2013, the District issued the 2013 General Obligation Refunding Bonds in the amount of \$17,650,000. The bonds mature through August 1, 2029, with interest rates ranging from 2.00% to 5.00%. The bonds were issued to refund the District's outstanding principal balance of the Golden West Schools Financing Authority 2005 General Obligation Bonds and pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$8,145,000, and the remaining unamortized premium was \$608,147. Deferred loss on the refunding amounted to \$487,382.

2020 Election General Obligation Bonds, 2021 Series A

In May 2021, the District issued the 2021 Election General Obligation Bonds, 2021 Series A in the amount of \$5,700,000. The 2021 Series A bonds represent the first in a series of bonds not to exceed \$80,000,000, approved by at least 55% of the voters in November 2020. The 2021 Series A bonds were issued as current interest bonds at an aggregate price of \$5,826,618, including the principal amount of \$5,700,000, plus an original issue premium of \$126,618 and costs of issuance of \$177,567.

The bonds have a final maturity of August 1, 2024, with interest rates ranging from 1.00 to 1.50%. Proceeds from the sale of the bonds will be used repair and renovate school facilities, including upgrading technology, improving handicap accessibility, increasing the use of renewable energy, and to pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$3,300,000, and the remaining unamortized premium was \$43,317.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 - BONDED DEBT (Continued)

2020 Election General Obligation Bonds, 2022 Series B

In November 2022, the District issued the 2020 Election General Obligation Bonds, 2022 Series B in the amount of \$30,000,000. The 2022 Series B bonds represent the second in a series of bonds not to exceed \$80,000,000, approved by at least 55% of the voters in November 2020. The 2022 Series B bonds were issued as current interest bonds at an aggregate price of \$31,871,337, including the principal amount of \$30,000,000, plus an original issue premium of \$1,871,337 and costs of issuance of \$242,461.

The bonds have a final maturity of August 1, 2043, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds will be used repair and renovate school facilities, including upgrading technology, improving handicap accessibility, increasing the use of renewable energy, and to pay costs of issuance for the bonds. At June 30, 2023, the principal balance outstanding was \$30,000,000, and the remaining unamortized premium was \$1,818,517.

The annual requirements to amortize general obligation bonds payable outstanding as of June 30, 2023, are as follows:

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|------------------------------|----------------------|----------------------|----------------------|
| 2024 | \$ 3,980,000 | \$ 1,823,769 | \$ 5,803,769 |
| 2025 | 3,455,000 | 1,695,643 | 5,150,643 |
| 2026 | 2,165,000 | 1,565,643 | 3,730,643 |
| 2027 | 2,335,000 | 1,453,143 | 3,788,143 |
| 2028 | 1,800,000 | 1,349,768 | 3,149,768 |
| 2029-2033 | 3,300,000 | 6,106,515 | 9,406,515 |
| 2034-2038 | 4,610,000 | 5,236,865 | 9,846,865 |
| 2039-2043 | 7,745,000 | 3,927,971 | 11,672,971 |
| 2044-2048 | 12,055,000 | 1,684,021 | 13,739,021 |
| | <u>\$ 41,445,000</u> | <u>\$ 24,843,338</u> | <u>\$ 66,288,338</u> |

NOTE 9 – FINANCING AGREEMENT

The District entered into an arrangement to purchase two school buses. Under the terms of the agreement, the District makes three annual payments of \$94,317, and a final payment of \$75,000, for total principal and interest of \$357,951. The annual interest rate charged on the arrangement is 3.39%.

The remaining annual payments are as follows:

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|------------------------------|-------------------|-----------------|-------------------|
| 2024 | \$ 88,844 | \$ 5,473 | \$ 94,317 |
| 2025 | 72,541 | 2,459 | 75,000 |
| | <u>\$ 161,385</u> | <u>\$ 7,932</u> | <u>\$ 169,317</u> |

NOTE 10 – LEASE PAYABLE

The District entered into an agreement to lease a maintenance vehicle for five years, beginning June 1, 2022. Under the terms of the lease, the District made an initial payment of \$9,698 and will make monthly payments of \$1,400, which amount to total principal and interest costs of \$93,693. The annual interest rate charged on the lease is 7.73%. At June 30, 2022, the District has recognized a right to use asset of \$79,182.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 10 – LEASE PAYABLE (Continued)

The remaining principal and interest payment requirements for the lease payable as of June 30, 2023 is as follows:

| Fiscal Year Ended June 30 | Principal | Interest to Maturity | Total |
|------------------------------|-----------|-------------------------|-----------|
| 2024 | \$ 12,873 | \$ 3,926 | \$ 16,799 |
| 2025 | 13,904 | 2,985 | 16,889 |
| 2026 | 15,017 | 1,782 | 16,799 |
| 2027 | 14,820 | 579 | 15,399 |
| | \$ 56,614 | \$ 9,272 | \$ 65,886 |

NOTE 11 - DEFERRED OUTFLOWS OF RESOURCES – DEBT REFUNDING

At June 30, 2023, deferred outflows of resources, relating to debt refunding, reported in the statement of net position, consisted of the following:

| | Governmental Activities |
|----------------------------|----------------------------|
| Deferred loss on refunding | \$ 487,382 |
| | \$ 487,382 |

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

CalSTRS administers a cost sharing multiple-employer other postemployment benefit plan (OPEB), the Medicare Premiums Payment Program (MPP) for all eligible members of the State Teachers’ Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided

The Medicare Premiums Payment Program (MPP) provides all employees’ Medicare Part A premiums and Medicare Part A and B late enrollment surcharges for eligible members of the State Teachers’ Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

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

At June 30, 2023, the District reported a liability of \$242,447 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. 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. At June 30, 2022, the District’s proportion was .0736%, which was an increase of .0014% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$(26,199).

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

| | |
|--|--|
| Discount Rate | 3.54% |
| Investment Rate of Return | 3.54% |
| Mortality Rate | 110% of ultimate improvement factor from MP-2016 tables issued by the Society of Actuaries |
| Medicare Part A Premium Costs Trend Rate | 4.50% |
| Medicare Part B Premium Costs Trend Rate | 5.40% |

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 our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016), issued by the Society of Actuaries.

Change in Assumptions

For the June 30, 2022 actuarial, the discount rate was increased from 2.16 percent to 3.54 percent.

Discount Rate

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

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

| | 1% Decrease 2.54% | Discount Rate 3.54% | 1% Increase 4.54% |
|--|----------------------|------------------------|----------------------|
| District's proportionate share of the net OPEB liability | \$ 264,313 | \$ 242,447 | \$ 223,513 |

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measure period ended June 30, 2022:

| | 1% Decrease (3.5% Part A and 4.4% Part B) | Trend Rate (4.5% Part A and 5.4% Part B) | 1% Increase (5.5% Part A and 6.4% Part B) |
|--------------------|---|--|---|
| Net OPEB Liability | \$ 222,454 | \$ 242,447 | \$ 265,110 |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

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, 2022, 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. For more information on the Surplus Money Investment Fund, see <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>.

Payables to the OPEB Plan

At June 30, 2023, the District had no amount outstanding for contributions to the OPEB plan required for the fiscal year ended June 30, 2023.

NOTE 13 - PENSION PLANS

State Teachers' Retirement System (CalSTRS)

A. General Information about the Pension Plan

Plan Descriptions – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

Benefits Provided – The CALSTRS Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefit.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

| Hire Date | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|-----------------------------|--------------------------------|
| Benefit formula | 2.0% @ 60 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-63 | 55-65 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.4% | 2.00% |
| Required employee contributions rates | 10.25% | 10.205% |
| Required employer contribution rates | 19.10% | 19.10% |
| Required state contribution rates | 10.828% | 10.828% |

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS Annual Comprehensive Financial Report (ACFR). The CalSTRS' ACFR is available online at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Contributions – Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

On-Behalf Payments – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

| | |
|-----------------------|--------------|
| Contribution-employer | \$ 4,937,935 |
| Contribution-State | \$ 2,728,846 |

At June 30, 2023, 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:

| | |
|---|----------------------|
| District's proportionate share of net pension liability | \$ 33,967,860 |
| State's proportionate share of the net pension liability associated with the District | 19,383,643 |
| Total | <u>\$ 53,351,503</u> |

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .0489%, which increased by .0009% from its proportion measured as of June 30, 2021.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$3,091,763. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 27,863 | \$ 2,546,400 |
| Changes of assumptions | 1,683,260 | |
| Net difference between projected and actual earning on pension plan investments | | 1,662,128 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 2,332,059 | 2,227,503 |
| District contributions subsequent to the measurement date | <u>5,613,012</u> | |
| Total | <u>\$ 9,656,194</u> | <u>\$ 6,436,031</u> |

\$5,613,012 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Fiscal Year Ended June 30</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2024 | \$ (260,692) |
| 2025 | (1,599,457) |
| 2026 | (2,204,157) |
| 2027 | 2,513,990 |
| 2028 | (498,780) |
| 2029 | (343,753) |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-----------------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 7.10% |
| Consumer Price Inflation | 2.75% |
| Wage Growth | 3.50% |
| Post-retirement Benefit Increases | 2.00% simple for DB Not applicable for DBS/CBB |

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. In January 31, 2020, the CalSTRS' retirement board changed the mortality assumptions based on the July 1, 2015 through June 30, 2018 Experience Analysis. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries. For further details, see CalSTRS July 1, 2015 through June 30, 2018 Experience Analysis on the CalSTRS website.

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 (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on January 31, 2020, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Long-Term* Expected Real Rate of Return</u> |
|---------------------|---------------------------------|--|
| Global Equity | 42 % | 4.80 % |
| Private Equity | 13 % | 6.30 % |
| Real Estate | 15 % | 3.60 % |
| Inflation Sensitive | 6 % | 3.30 % |
| Fixed Income | 12 % | 1.30 % |
| Cash/Liquidity | 2 % | -0.40 % |
| Absolute Return | 10 % | 1.80 % |
| | <u>100 %</u> | |

*10-year geometric average

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate– The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | | |
|-----------------------|----|------------|
| 1% Decrease | | 6.10% |
| Net Pension Liability | \$ | 57,690,024 |
| Current Discount Rate | | 7.10% |
| Net Pension Liability | \$ | 33,967,860 |
| 1% Increase | | 8.10% |
| Net Pension Liability | \$ | 14,271,331 |

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

C. Payable to the Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

California Public Employees' Retirement System (CalPERS)

A. General Information About the Pension Plan

Plan Description - The Goleta Union School District contributes to the School Employer 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. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liability for its proportionate shares of the net pension liability was \$32,482,706.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .0944%, which increased by .0123% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$5,406,935. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 146,803 | \$ 808,211 |
| Changes of assumptions | 2,402,886 | |
| Net difference between projected and actual earning on pension plan investments | 3,835,325 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 3,166,076 | 145,950 |
| District contributions subsequent to the measurement date | <u>4,679,335</u> | |
| | <u>\$ 14,230,425</u> | <u>\$ 954,161</u> |

\$4,679,335 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Fiscal Year Ended June 30</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2024 | \$ 2,395,860 |
| 2025 | 2,288,729 |
| 2026 | 1,573,693 |
| 2027 | 2,338,647 |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

| | |
|-----------------------------------|--|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 6.90% |
| Consumer Price Inflation | 2.30% |
| Wage Growth | Varies |
| Post-retirement Benefit Increases | Up to 2.00% until purchasing power protection Allowance flows purchasing power applies, 2.30% thereafter |

Change in Assumptions

For the measurement date of June 30, 2022, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing the plans, the tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account 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 project portfolio return.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 13 - PENSION PLANS (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The expected real rates of return by asset class are as followed:

| Asset Class | New Strategic Allocation | Expected Real Rate of Return Years 1-10(a)(b) |
|--------------------------------|--------------------------|---|
| Global Equity - cap weighted | 30% | 4.45% |
| 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% |
| Total | 100.0% | |

(a) An expected inflation of 2.30% was used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | |
|-----------------------|---------------|
| 1% Decrease | 5.90% |
| Net Pension Liability | \$ 46,922,913 |
| Current Discount Rate | 6.90% |
| Net Pension Liability | \$ 32,482,706 |
| 1% Increase | 7.90% |
| Net Pension Liability | \$ 20,548,405 |

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

C. Payable to the Pension Plan

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 14 - LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2023, is shown below:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Due within one year |
|-----------------------|-------------------------|----------------------|---------------------|--------------------------|------------------------|
| Bonds payable | \$ 15,075,000 | \$ 30,000,000 | \$ 3,630,000 | \$ 41,445,000 | \$ 3,980,000 |
| Bond premium | 790,025 | 1,871,337 | 191,381 | 2,469,981 | 229,110 |
| Compensated absences | 425,940 | 585,826 | 594,181 | 417,585 | 41,759 |
| Financing Agreement | 247,315 | | 85,930 | 161,385 | 88,844 |
| Lease | 68,532 | | 11,918 | 56,614 | 12,873 |
| Net pension liability | 38,547,765 | 27,902,801 | | 66,450,566 | |
| Net OPEB liability | 288,041 | | 45,594 | 242,447 | |
| Totals | \$ 55,442,618 | \$ 60,359,964 | \$ 4,559,004 | \$ 111,243,578 | \$ 4,352,586 |

NOTE 15 - NET POSITION

The government-wide and fiduciary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 16 - FUND BALANCES

Fund balances are composed of the following elements:

| | General Fund | Building Fund | Bond Interest & Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|-----------------------------|---------------------|----------------------|---------------------------------------|------------------------------------|--------------------------------|
| Nonspendable | | | | | |
| Revolving cash | \$ 5,000 | \$ - | \$ - | \$ 2,862 | \$ 7,862 |
| Stores inventory | | | | 43,376 | 43,376 |
| Prepaid Expenditures | 17,108 | | | | 17,108 |
| Restricted | | | | | |
| Legally restricted programs | 2,878,296 | | | | 2,878,296 |
| Food service | 647,155 | | | 3,458,354 | 4,105,509 |
| Capital projects | | 29,726,833 | | 201,719 | 29,928,552 |
| ASB | | | | 356,215 | 356,215 |
| Debt service | | | 7,012,987 | | 7,012,987 |
| Assigned | | | | | |
| Deferred maintenance | | | | 398,485 | 398,485 |
| Unassigned | | | | | |
| Remaining unassigned | 8,695,550 | | | | 8,695,550 |
| Total | \$12,243,109 | \$ 29,726,833 | \$ 7,012,987 | \$ 4,461,011 | \$53,443,940 |

GOLETA UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 17 - JOINT VENTURES

The District is a member of the Self-Insured Schools of California II and III (SISC II and SISC III), and the Santa Barbara County Schools Self-Insurance Program for Employees (SIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, health benefits, and workers' compensation coverage, respectively. The relationships between the District, the pools and the JPA 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 County are included in these statements. Audited financial statements are available from the respective entities.

Each JPA is governed by a board consisting of a representative from each member district. The Boards control the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in each JPA.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

According to the District's staff attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to unfinished capital projects:

| <u>Capital Project</u> | <u>Remaining Construction Commitment</u> |
|------------------------|--|
| La Patera Relocatable | \$ 335,700 |
| El Camino Relocatable | 373,902 |
| Brandon Roof & HVAC | 134,020 |
| El Camino Pavement | 433,679 |
| Ellwood HVAC & Roof | 2,364,189 |
| IV Roof & HVAC | 136,911 |
| La Patera Roof & HVAC | 2,139,909 |
| Mt View Pavement | 423,891 |
| Total | <u>\$ 6,342,201</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

GOLETA UNION SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|---------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | \$ 2,278,858 | \$ 2,278,858 | \$ 2,278,858 | \$ - |
| Education Protection Account Funds | 678,701 | 683,056 | 683,054 | (2) |
| Local Sources | 49,972,363 | 50,812,849 | 50,407,172 | (405,677) |
| Federal Revenue | 1,773,026 | 2,156,648 | 2,172,189 | 15,541 |
| Other State Revenue | 9,023,112 | 10,961,787 | 12,859,663 | 1,897,876 |
| Other Local Revenue | 7,333,458 | 6,248,203 | 5,870,113 | (378,090) |
| Total Revenues | <u>71,059,518</u> | <u>73,141,401</u> | <u>74,271,049</u> | <u>1,129,648</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Certificated Salaries | 27,439,103 | 29,297,566 | 29,250,369 | 47,197 |
| Classified Salaries | 16,260,671 | 19,996,865 | 19,996,863 | 2 |
| Employee Benefits | 16,729,522 | 18,146,224 | 18,146,236 | (12) |
| Books And Supplies | 3,179,181 | 3,867,347 | 2,922,547 | 944,800 |
| Services And Other Operating Expenditures | 4,306,281 | 5,918,559 | 5,296,974 | 621,585 |
| Other Outgo | 163,443 | 187,227 | 130,379 | 56,848 |
| Direct Support/Indirect Costs | - | (34,481) | (133,622) | 99,141 |
| Capital Outlay | 228,500 | 448,612 | 155,611 | 293,001 |
| Debt Service: | | | | |
| Principal | 94,317 | 96,207 | 97,848 | (1,641) |
| Interest | - | 8,300 | 13,198 | (4,898) |
| Total Expenditures | <u>68,401,018</u> | <u>77,932,426</u> | <u>75,876,403</u> | <u>2,056,023</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,658,500</u> | <u>(4,791,025)</u> | <u>(1,605,354)</u> | <u>3,185,671</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (350,000) | (554,682) | (554,682) | - |
| Other Sources | - | - | 25,111 | 25,111 |
| Total Other Financing Sources (Uses) | <u>(350,000)</u> | <u>(554,682)</u> | <u>(529,571)</u> | <u>25,111</u> |
| Net Change in Fund Balance | 2,308,500 | (5,345,707) | (2,134,925) | 3,210,782 |
| Fund Balance, July 1 | 14,378,034 | 14,378,034 | 14,378,034 | - |
| Fund Balance, June 30 | <u>\$ 16,686,534</u> | <u>\$ 9,032,327</u> | <u>\$ 12,243,109</u> | <u>\$ 3,210,782</u> |

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| Proportion of the net pension liability | .0944 % | .0821 % | .0777 % | .0768 % | .0746 % |
| Proportionate share of the net pension liability | \$ 32,482,706 | \$ 16,684,699 | \$ 23,845,168 | \$ 22,392,239 | \$ 19,895,351 |
| Covered payroll | \$ 14,536,945 | \$ 11,779,406 | \$ 11,226,784 | \$ 10,550,055 | \$ 9,847,724 |
| Proportionate share of the net pension liability as percentage of covered payroll | 223.45 % | 141.64 % | 212.40 % | 212.25 % | 202.03 % |
| Plan's total pension liability | \$ 113,794,594,060 | \$ 106,857,487,903 | \$ 102,289,672,089 | \$ 97,300,991,939 | \$ 91,459,283,785 |
| Plan's fiduciary net position | \$ 79,385,508,859 | \$ 86,523,055,855 | \$ 71,606,596,106 | \$ 68,156,740,617 | \$ 64,796,135,561 |
| Plan fiduciary net position as a percentage of the total pension liability | 69.76 % | 80.97 % | 70.00 % | 70.05 % | 70.85 % |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | |
| Proportion of the net pension liability | .0703 % | .0716 % | .0774 % | .0774 % | |
| Proportionate share of the net pension liability | \$ 16,776,727 | \$ 14,141,619 | \$ 11,403,925 | \$ 8,793,441 | |
| Covered payroll | \$ 8,961,362 | \$ 8,579,345 | \$ 8,607,969 | \$ 8,080,065 | |
| Proportionate share of the net pension liability as percentage of covered payroll | 187.21 % | 164.83 % | 132.48 % | 108.83 % | |
| Plan's total pension liability | \$ 84,871,025,628 | \$ 75,663,026,434 | \$ 71,651,164,353 | \$ 68,292,799,349 | |
| Plan's fiduciary net position | \$ 60,998,386,333 | \$ 55,912,964,588 | \$ 56,911,065,643 | \$ 56,940,364,500 | |
| Plan fiduciary net position as a percentage of the total pension liability | 71.87 % | 73.90 % | 79.43 % | 83.38 % | |

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Notes to Schedule

For fiscal year ending June 30, 2023, the discount rate was lowered from 7.15% to 6.90% and the inflation rate was decreased from 2.50% to 2.30%.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Proportion of the net pension liability | .0489 % | .0480 % | .0466 % | .0451 % | .0428 % |
| Proportionate share of the net pension liability | \$ 33,967,860 | \$ 21,863,066 | \$ 45,121,328 | \$ 40,745,052 | \$ 39,362,648 |
| State's proportionate share of net pension liability associated with the District | <u>19,383,643</u> | <u>11,000,647</u> | <u>23,260,050</u> | <u>22,229,146</u> | <u>22,536,957</u> |
| Total | <u>\$ 53,351,503</u> | <u>\$ 32,863,713</u> | <u>\$ 68,381,378</u> | <u>\$ 62,974,198</u> | <u>\$ 61,899,605</u> |
| Covered payroll | \$ 29,184,013 | \$ 25,946,520 | \$ 25,280,374 | \$ 24,029,177 | \$ 23,293,472 |
| Proportionate share of the net pension liability as percentage of covered payroll | 116.39 % | 84.26 % | 178.48 % | 169.56 % | 168.99 % |
| Plan's total pension liability | \$ 369,543,996,000 | \$ 355,802,665,000 | \$ 343,894,793,000 | \$ 329,179,470,000 | \$ 316,777,450,000 |
| Plan's fiduciary net position | \$ 300,056,284,995 | \$ 310,293,452,995 | \$ 246,983,743,955 | \$ 238,861,887,995 | \$ 224,868,634,995 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.20 % | 87.21 % | 71.82 % | 72.56 % | 70.99 % |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | |
| Proportion of the net pension liability | .0433 % | .0450 % | .0480 % | .0450 % | |
| Proportionate share of the net pension liability | \$ 40,035,990 | \$ 36,394,148 | \$ 32,285,352 | \$ 25,671,298 | |
| State's proportionate share of net pension liability associated with the District | <u>23,684,954</u> | <u>20,718,539</u> | <u>17,075,415</u> | <u>14,119,214</u> | |
| Total | <u>\$ 63,720,944</u> | <u>\$ 57,112,687</u> | <u>\$ 49,360,767</u> | <u>\$ 39,790,512</u> | |
| Covered payroll | \$ 22,915,334 | \$ 22,501,920 | \$ 21,723,547 | \$ 19,972,752 | |
| Proportionate share of the net pension liability as percentage of covered payroll | 174.71 % | 161.74 % | 148.62 % | 128.53 % | |
| Plan's total pension liability | \$ 302,770,146,000 | \$ 269,994,690,000 | \$ 259,146,248,000 | \$ 248,910,844,000 | |
| Plan's fiduciary net position | \$ 210,289,899,995 | \$ 189,113,486,995 | \$ 191,822,335,995 | \$ 190,474,016,000 | |
| Plan fiduciary net position as a percentage of the total pension liability | 69.46 % | 70.04 % | 74.02 % | 76.52 % | |

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Notes to Schedule

There were no changes in assumption for the fiscal year ended June 30, 2023.

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution (actuarially determined) | \$ 4,679,335 | \$ 3,330,414 | \$ 2,438,337 | \$ 2,214,034 | \$ 1,905,551 |
| Contribution in relation to the actuarially determined contributions | <u>(4,679,335)</u> | <u>(3,330,414)</u> | <u>(2,438,337)</u> | <u>(2,214,034)</u> | <u>(1,905,551)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 18,444,363 | \$ 14,536,945 | \$ 11,779,406 | \$ 11,226,784 | \$ 10,550,055 |
| Contributions as a percentage of covered payroll | 25.370 % | 22.910 % | 20.700 % | 19.721 % | 18.062 % |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | |
| Contractually required contribution (actuarially determined) | \$ 1,529,450 | \$ 1,244,554 | \$ 1,016,395 | \$ 1,013,244 | |
| Contribution in relation to the actuarially determined contributions | <u>(1,529,450)</u> | <u>(1,244,554)</u> | <u>(1,016,395)</u> | <u>(1,013,244)</u> | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Covered payroll | \$ 9,847,724 | \$ 8,961,362 | \$ 8,579,345 | \$ 8,607,969 | |
| Contributions as a percentage of covered payroll | 15.531 % | 13.888 % | 11.847 % | 11.771 % | |

Notes to Schedule

There were no changes in assumption for the fiscal year ended June 30, 2023.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2023

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution (actuarially determined) | \$ 5,613,012 | \$ 4,937,935 | \$ 4,190,363 | \$ 4,322,944 | \$ 3,911,950 |
| Contribution in relation to the actuarially determined contributions | <u>(5,613,012)</u> | <u>(4,937,935)</u> | <u>(4,190,363)</u> | <u>(4,322,944)</u> | <u>(3,911,950)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 29,387,497 | \$ 29,184,013 | \$ 25,946,520 | \$ 25,280,374 | \$ 24,029,177 |
| Contributions as a percentage of covered-employee payroll | 19.10 % | 16.92 % | 16.15 % | 17.10 % | 16.28 % |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | |
| Contractually required contribution (actuarially determined) | \$ 3,361,248 | \$ 2,882,749 | \$ 2,414,456 | \$ 1,929,051 | |
| Contribution in relation to the actuarially determined contributions | <u>(3,361,248)</u> | <u>(2,882,749)</u> | <u>(2,414,456)</u> | <u>(1,929,051)</u> | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Covered payroll | \$ 23,293,472 | \$ 22,915,334 | \$ 22,501,920 | \$ 21,723,547 | |
| Contributions as a percentage of covered-employee payroll | 14.43 % | 12.58 % | 10.73 % | 8.88 % | |

Notes to Schedule

There were no changes in assumption for the fiscal year ended June 30, 2023.

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2023

The following table provides required supplementary information regarding the District's OPEB Plan:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|------------------|------------------|
| District's proportion of the collective liability | .0736 % | .0722 % | .0811 % | .0798 % |
| District's proportionate share of the collective net OPEB liability | \$ 242,447 | \$ 288,041 | \$ 297,199 | \$ 297,199 |
| District's covered payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| District's 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 | -.8078 % | -.8021 % | -.7137 % | -.8039 % |
| | <u>2019</u> | <u>2018</u> | | |
| District's proportion of the collective liability | .0769 % | .0784 % | | |
| District's proportionate share of the collective net OPEB liability | \$ 294,247 | \$ 329,734 | | |
| District's covered payroll | N/A ¹ | N/A ¹ | | |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | N/A ¹ | N/A ¹ | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | -.4045 % | .0097 % | | |

¹ - As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not shown.
*- Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

SUPPLEMENTARY INFORMATION SECTION

GOLETA UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

| | Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---------------------------------------|-----------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS: | | | |
| Cash in County Treasury | \$ 3,933,792 | \$ 241,692 | \$ 4,175,484 |
| Cash on Hand and in Banks | 265 | - | 265 |
| Cash in Revolving Fund | 2,862 | - | 2,862 |
| Accounts Receivable | 755,561 | 1,511 | 757,072 |
| Due from Other Funds | 8,976 | - | 8,976 |
| Stores Inventories | 43,376 | - | 43,376 |
| Total Assets | <u>\$ 4,744,832</u> | <u>\$ 243,203</u> | <u>\$ 4,988,035</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 86,357 | \$ 41,484 | \$ 127,841 |
| Due to Other Funds | 304,423 | - | 304,423 |
| Deferred Revenue | 94,760 | - | 94,760 |
| Total Liabilities | <u>485,540</u> | <u>41,484</u> | <u>527,024</u> |
| Fund Balances: | | | |
| Nonspendable | 46,238 | - | 46,238 |
| Restricted | 3,814,569 | 201,719 | 4,016,288 |
| Assigned | 398,485 | - | 398,485 |
| Total Fund Balances | <u>4,259,292</u> | <u>201,719</u> | <u>4,461,011</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,744,832</u> | <u>\$ 243,203</u> | <u>\$ 4,988,035</u> |

GOLETA UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Special Revenue Funds | Capital Projects Fund | Capital Facilities Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|-----------------------------|-------------------------------|--|
| Revenues: | | | | |
| Federal Revenue | \$ 1,369,741 | \$ - | | \$ 1,369,741 |
| Other State Revenue | 2,470,471 | - | | 2,470,471 |
| Other Local Revenue | 294,064 | 67,348 | | 361,412 |
| Total Revenues | <u>4,134,276</u> | <u>67,348</u> | | <u>4,201,624</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction - Related Services | 136,189 | - | | 136,189 |
| Pupil Services | 2,403,117 | - | | 2,403,117 |
| Ancillary Services | 225,541 | - | | 225,541 |
| Community Services | 563,912 | - | | 563,912 |
| General Administration | 133,621 | - | | 133,621 |
| Plant Services | 268,515 | 64,530 | | 333,045 |
| Capital Outlay | 49,985 | 455,833 | | 505,818 |
| Total Expenditures | <u>3,780,880</u> | <u>520,363</u> | | <u>4,301,243</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>353,396</u> | <u>(453,015)</u> | | <u>(99,619)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 554,682 | - | | 554,682 |
| Total Other Financing Sources (Uses) | <u>554,682</u> | <u>-</u> | | <u>554,682</u> |
| Net Change in Fund Balances | 908,078 | (453,015) | | 455,063 |
| Fund Balances, July 1 | 3,351,214 | 654,734 | | 4,005,948 |
| Fund Balances, June 30 | <u>\$ 4,259,292</u> | <u>\$ 201,719</u> | | <u>\$ 4,461,011</u> |

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GOLETA UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

| | ASB Fund | Child Development Fund |
|---------------------------------------|-------------------|------------------------------|
| | <u> </u> | <u> </u> |
| ASSETS: | | |
| Cash in County Treasury | \$ 364,451 | \$ 102,902 |
| Cash on Hand and in Banks | 65 | - |
| Cash in Revolving Fund | - | - |
| Accounts Receivable | 3,872 | 167,148 |
| Due from Other Funds | 1,656 | - |
| Stores Inventories | - | - |
| Total Assets | <u>\$ 370,044</u> | <u>\$ 270,050</u> |
| | | |
| LIABILITIES AND FUND BALANCES: | | |
| Liabilities: | | |
| Accounts Payable | \$ 13,829 | \$ 3,634 |
| Due to Other Funds | - | 195,519 |
| Deferred Revenue | - | 70,897 |
| Total Liabilities | <u>13,829</u> | <u>270,050</u> |
| | | |
| Fund Balances: | | |
| Nonspendable | - | - |
| Restricted | 356,215 | - |
| Assigned | - | - |
| Total Fund Balances | <u>356,215</u> | <u>-</u> |
| | | |
| Total Liabilities and Fund Balances | <u>\$ 370,044</u> | <u>\$ 270,050</u> |

| Cafeteria Fund | Deferred Maintenance Fund | Total Nonmajor Special Revenue Funds |
|---------------------|---------------------------------|--|
| \$ 3,059,810 | \$ 406,629 | \$ 3,933,792 |
| 200 | - | 265 |
| 2,862 | - | 2,862 |
| 583,045 | 1,496 | 755,561 |
| - | 7,320 | 8,976 |
| 43,376 | - | 43,376 |
| <u>\$ 3,689,293</u> | <u>\$ 415,445</u> | <u>\$ 4,744,832</u> |
| | | |
| \$ 51,934 | \$ 16,960 | \$ 86,357 |
| 108,904 | - | 304,423 |
| 23,863 | - | 94,760 |
| <u>184,701</u> | <u>16,960</u> | <u>485,540</u> |
| | | |
| 46,238 | - | 46,238 |
| 3,458,354 | - | 3,814,569 |
| - | 398,485 | 398,485 |
| <u>3,504,592</u> | <u>398,485</u> | <u>4,259,292</u> |
| | | |
| <u>\$ 3,689,293</u> | <u>\$ 415,445</u> | <u>\$ 4,744,832</u> |

GOLETA UNION SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | ASB Fund | Child Development Fund |
|--|-------------------|------------------------------|
| | <u> </u> | <u> </u> |
| Revenues: | | |
| Federal Revenue | \$ - | \$ - |
| Other State Revenue | - | 679,669 |
| Other Local Revenue | 177,074 | 38,780 |
| Total Revenues | <u>177,074</u> | <u>718,449</u> |
| Expenditures: | | |
| Current: | | |
| Instruction - Related Services | - | 136,189 |
| Pupil Services | - | - |
| Ancillary Services | 225,541 | - |
| Community Services | - | 563,912 |
| General Administration | - | 41,748 |
| Plant Services | - | - |
| Capital Outlay | - | - |
| Total Expenditures | <u>225,541</u> | <u>741,849</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(48,467)</u> | <u>(23,400)</u> |
| Other Financing Sources (Uses): | | |
| Transfers In | 404,682 | - |
| Total Other Financing Sources (Uses) | <u>404,682</u> | <u>-</u> |
| Net Change in Fund Balances | 356,215 | (23,400) |
| Fund Balances, July 1 | - | 23,400 |
| Fund Balances, June 30 | <u>\$ 356,215</u> | <u>\$ -</u> |

| Cafeteria Fund | Deferred Maintenance Fund | Total Nonmajor Special Revenue Funds |
|---------------------|---------------------------------|--|
| \$ 1,369,741 | \$ - | \$ 1,369,741 |
| 1,790,802 | - | 2,470,471 |
| 67,178 | 11,032 | 294,064 |
| <u>3,227,721</u> | <u>11,032</u> | <u>4,134,276</u> |
| - | - | 136,189 |
| 2,403,117 | - | 2,403,117 |
| - | - | 225,541 |
| - | - | 563,912 |
| 91,873 | - | 133,621 |
| - | 268,515 | 268,515 |
| 40,885 | 9,100 | 49,985 |
| <u>2,535,875</u> | <u>277,615</u> | <u>3,780,880</u> |
| 691,846 | (266,583) | 353,396 |
| - | 150,000 | 554,682 |
| <u>-</u> | <u>150,000</u> | <u>554,682</u> |
| 691,846 | (116,583) | 908,078 |
| 2,812,746 | 515,068 | 3,351,214 |
| <u>\$ 3,504,592</u> | <u>\$ 398,485</u> | <u>\$ 4,259,292</u> |

GOLETA UNION SCHOOL DISTRICT

ASB FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Other Local Revenue | \$ 161,128 | \$ 177,074 | \$ 15,946 |
| Total Revenues | <u>161,128</u> | <u>177,074</u> | <u>15,946</u> |
| Expenditures: | | | |
| Current: | | | |
| Books And Supplies | 55,100 | 22,960 | 32,140 |
| Services And Other Operating Expenditures | 262,000 | 202,581 | 59,419 |
| Total Expenditures | <u>317,100</u> | <u>225,541</u> | <u>91,559</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(155,972)</u> | <u>(48,467)</u> | <u>107,505</u> |
| Other Financing Sources (Uses): | | | |
| Transfers In | 404,682 | 404,682 | - |
| Total Other Financing Sources (Uses) | <u>404,682</u> | <u>404,682</u> | <u>-</u> |
| Net Change in Fund Balance | 248,710 | 356,215 | 107,505 |
| Fund Balance, July 1 | - | - | - |
| Fund Balance, June 30 | <u>\$ 248,710</u> | <u>\$ 356,215</u> | <u>\$ 107,505</u> |

GOLETA UNION SCHOOL DISTRICT

CHILD DEVELOPMENT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|----------------|------------------------------------|
| Revenues: | | | |
| Other State Revenue | \$ 614,912 | \$ 679,669 | \$ 64,757 |
| Other Local Revenue | 24,989 | 38,780 | 13,791 |
| Total Revenues | <u>639,901</u> | <u>718,449</u> | <u>78,548</u> |
| Expenditures: | | | |
| Current: | | | |
| Certificated Salaries | 245,449 | 245,449 | - |
| Classified Salaries | 337,813 | 193,283 | 144,530 |
| Employee Benefits | 188,730 | 188,730 | - |
| Books And Supplies | 83,926 | 22,925 | 61,001 |
| Services And Other Operating Expenditures | 49,714 | 49,714 | - |
| Direct Support/Indirect Costs | 41,748 | 41,748 | - |
| Total Expenditures | <u>947,380</u> | <u>741,849</u> | <u>205,531</u> |
| Net Change in Fund Balance | (307,479) | (23,400) | 284,079 |
| Fund Balance, July 1 | 23,400 | 23,400 | - |
| Fund Balance, June 30 | <u>\$ (284,079)</u> | <u>\$ -</u> | <u>\$ 284,079</u> |

GOLETA UNION SCHOOL DISTRICT

CAFETERIA FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Federal Revenue | \$ 1,319,730 | \$ 1,369,741 | \$ 50,011 |
| Other State Revenue | 1,729,205 | 1,790,802 | 61,597 |
| Other Local Revenue | 6,500 | 67,178 | 60,678 |
| Total Revenues | <u>3,055,435</u> | <u>3,227,721</u> | <u>172,286</u> |
| Expenditures: | | | |
| Current: | | | |
| Classified Salaries | 1,048,910 | 1,048,908 | 2 |
| Employee Benefits | 375,962 | 375,962 | - |
| Books And Supplies | 951,078 | 908,934 | 42,144 |
| Services And Other Operating Expenditures | 91,326 | 69,313 | 22,013 |
| Direct Support/Indirect Costs | 91,874 | 91,873 | 1 |
| Capital Outlay | 270,000 | 40,885 | 229,115 |
| Total Expenditures | <u>2,829,150</u> | <u>2,535,875</u> | <u>293,275</u> |
| Net Change in Fund Balance | 226,285 | 691,846 | 465,561 |
| Fund Balance, July 1 | 2,812,746 | 2,812,746 | - |
| Fund Balance, June 30 | <u>\$ 3,039,031</u> | <u>\$ 3,504,592</u> | <u>\$ 465,561</u> |

GOLETA UNION SCHOOL DISTRICT

DEFERRED MAINTENANCE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Other Local Revenue | \$ 3,500 | \$ 11,032 | \$ 7,532 |
| Total Revenues | <u>3,500</u> | <u>11,032</u> | <u>7,532</u> |
| Expenditures: | | | |
| Current: | | | |
| Services And Other Operating Expenditures | 315,000 | 268,515 | 46,485 |
| Capital Outlay | - | 9,100 | (9,100) |
| Total Expenditures | <u>315,000</u> | <u>277,615</u> | <u>37,385</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(311,500)</u> | <u>(266,583)</u> | <u>44,917</u> |
| Other Financing Sources (Uses): | | | |
| Transfers In | 150,000 | 150,000 | - |
| Total Other Financing Sources (Uses) | <u>150,000</u> | <u>150,000</u> | <u>-</u> |
| Net Change in Fund Balance | (161,500) | (116,583) | 44,917 |
| Fund Balance, July 1 | 515,068 | 515,068 | - |
| Fund Balance, June 30 | <u>\$ 353,568</u> | <u>\$ 398,485</u> | <u>\$ 44,917</u> |

GOLETA UNION SCHOOL DISTRICT

CAPITAL FACILITIES FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Final Budget | Actual | Variance Positive (Negative) |
|---|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Other Local Revenue | \$ 55,000 | \$ 67,348 | \$ 12,348 |
| Total Revenues | <u>55,000</u> | <u>67,348</u> | <u>12,348</u> |
| Expenditures: | | | |
| Current: | | | |
| Classified Salaries | 2,345 | 2,345 | - |
| Employee Benefits | 81 | 81 | - |
| Services And Other Operating Expenditures | 188,350 | 62,104 | 126,246 |
| Capital Outlay | 492,264 | 455,833 | 36,431 |
| Total Expenditures | <u>683,040</u> | <u>520,363</u> | <u>162,677</u> |
| Net Change in Fund Balance | (628,040) | (453,015) | 175,025 |
| Fund Balance, July 1 | 654,734 | 654,734 | - |
| Fund Balance, June 30 | <u>\$ 26,694</u> | <u>\$ 201,719</u> | <u>\$ 175,025</u> |

GOLETA UNION SCHOOL DISTRICT
 ORGANIZATION
 JUNE 30, 2023

The Goleta Union School District was established in 1925. The District operates nine elementary schools. There were no boundary changes during the year.

BOARD OF TRUSTEES

| <u>MEMBER</u> | <u>OFFICE</u> | <u>TERM EXPIRES</u> |
|----------------------|----------------|---------------------|
| Dr. Richard Mayer | President | 2026 |
| Dr. Vicki Ben-Yaacov | Vice President | 2024 |
| Sholeh Jahangir | Member | 2024 |
| Ethan Bertrand | Member | 2026 |
| Emily Zacarias | Member | 2026 |

DISTRICT ADMINISTRATION

Dr. Donna Galindo-Roybal
 Superintendent

Dr. Mary Kahn
 Assistant Superintendent, Instructional Services

Amanda Martinez
 Assistant Superintendent, Pupil Services

David Simmons
 Assistant Superintendent, Human Resources

Conrad Tedeschi, CPA
 Assistant Superintendent, Fiscal Services

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Second Period Report | Annual Report |
|--|----------------------------|------------------|
| Elementary: | | |
| Kindergarten through third | 1,839.78 | 1,847.37 |
| Kindergarten through third - extended year- special ed | 2.95 | 2.95 |
| Grades four through six | 1,352.11 | 1,354.93 |
| Grades four through six - extended year- special ed | 1.18 | 1.18 |
| | <u>3,196.02</u> | <u>3,206.43</u> |
| ADA totals | <u>3,196.02</u> | <u>3,206.43</u> |

Average daily attendance 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.

There were no audit findings which resulted in necessary revisions to attendance.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| Grade Level | Ed. Code 46207 Minutes Requirement | 2022-23 Actual Minutes | J-13 Credited Minutes | Total 2022-23 Minutes | Actual Number of days Traditional Calendar | J-13 Credited Days | Total Days | Status |
|--------------|------------------------------------|------------------------|-----------------------|-----------------------|--|--------------------|------------|---------------|
| Kindergarten | 36,000 | 44,210 | 250 | 44,460 | 179 | 1 | 180 | In compliance |
| Grade 1 | 50,400 | 54,370 | 320 | 54,690 | 179 | 1 | 180 | In compliance |
| Grade 2 | 50,400 | 54,370 | 320 | 54,690 | 179 | 1 | 180 | In compliance |
| Grade 3 | 50,400 | 54,370 | 320 | 54,690 | 179 | 1 | 180 | In compliance |
| Grade 4 | 54,000 | 55,700 | 330 | 56,030 | 179 | 1 | 180 | In compliance |
| Grade 5 | 54,000 | 55,700 | 330 | 56,030 | 179 | 1 | 180 | In compliance |
| Grade 6 | 54,000 | 55,700 | 330 | 56,030 | 179 | 1 | 180 | In compliance |

Districts must maintain their instructional minutes as defined in Education Code Section 46207.

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District met or exceeded its targeted funding.

The District received an approval of their J-13A for 1 instructional day and the above J-13 credited minutes.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| <u>General Fund</u> | <u>2024 (budget)</u> <u>(note 2)</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---|----------------------|----------------------|----------------------|
| Revenues and other financial sources | \$ 71,703,989 | \$ 74,296,160 | \$ 70,496,231 | \$ 60,489,440 |
| Expenditures | 73,167,878 | 75,876,403 | 70,901,911 | 58,629,305 |
| Other uses and transfers | | 554,682 | 350,000 | 240,000 |
| Total outgo | <u>73,167,878</u> | <u>76,431,085</u> | <u>71,251,911</u> | <u>58,869,305</u> |
| Change in fund balance | <u>(1,463,889)</u> | <u>(2,134,925)</u> | <u>(755,680)</u> | <u>1,620,135</u> |
| Ending fund balance | <u>\$ 10,779,220</u> | <u>\$ 12,243,109</u> | <u>\$ 14,378,034</u> | <u>\$ 15,133,714</u> |
| Available reserves (note 1) | <u>\$ 7,658,937</u> | <u>\$ 8,695,550</u> | <u>\$ 11,881,315</u> | <u>\$ 11,255,872</u> |
| Reserve for economic uncertainties | <u>\$ 2,195,036</u> | <u>\$ 2,292,933</u> | <u>\$ -</u> | <u>\$ -</u> |
| Undesignated/unassigned fund balance | <u>\$ 5,463,901</u> | <u>\$ 6,402,617</u> | <u>\$ 11,881,315</u> | <u>\$ 11,255,872</u> |
| Available reserves as a percentage of total outgo | 10.47% | 11.38% | 16.68% | 19.12% |
| Total long-term liabilities | \$ 107,034,468 | \$ 111,243,578 | \$ 55,442,618 | \$ 86,892,768 |
| Average daily attendance at P-2 | 3,196 | 3,196 | 3,172 | 3,491 |

This schedule discloses the District's financial trends by displaying past fiscal years' data along with current fiscal 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.

The General Fund balance has decreased by \$2,890,605 over the past two fiscal years. The fiscal year 2023-24 budget projects an decrease of \$1,463,889 in fund balance. For a District this size, the State recommends available reserve of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three fiscal years and anticipates an operating deficit in the 2023-24 fiscal year. Total long-term liabilities has increased by \$24,350,810 over the past two fiscal years.

Average daily attendance has decreased by 295 over the past two fiscal years. ADA is anticipated to be the same during the fiscal year 2023-24.

Notes:

- 1) Available reserves consist of all unassigned fund balances and reserved for economic uncertainties contained within the General Fund.
- 2) Budget 2024 is included for analytical purposes only and has not been subjected to audit.

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass-Through Grantor/Program or Cluster | Assistance Listings Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|----------------------------------|---|----------------------------|
| U.S. Department of Education: | | | |
| Passed through the California | | | |
| Department of Education: | | | |
| Title I | 84.010 | 14329 | <u>\$ 377,370</u> |
| ESSER II * | 84.425 | 15547 | 59,707 |
| Homeless Child and Youth II - ARP * | 84.425 | 15566 | 9,985 |
| ESSER III Learning Loss * | 84.425U | 10155 | <u>491,575</u> |
| | | | <u>561,267</u> |
| Special Education | 84.027 | 13379 | 771,163 |
| Special Education - Private Schools | 84.173 | 10115 | 27,985 |
| Special Education - ARP | 84.027 | 15638 | 165,986 |
| Special Education - ARP Private Schools | 84.027 | 10169 | 3,385 |
| Special Education - ARP Preschool Grants | 84.173 | 15639 | 25,613 |
| Special Education - Preschool Grants | 84.173 | 13430 | <u>43,790</u> |
| | | | <u>1,037,922</u> |
| Improving Teacher Quality | 84.367 | 14341 | <u>69,124</u> |
| Title III | 84.365 | 14346 | <u>99,310</u> |
| Title IV | 84.424 | 15396 | <u>26,933</u> |
| | | | <u>2,171,926</u> |
| Total U.S. Department of Education | | | |
| | | | |
| U.S. Department of Agriculture: | | | |
| Pass through the County of Santa Barbara | | | |
| Forest Reserve | 10.665 | 10044 | <u>263</u> |
| Passed through the California | | | |
| Department of Education: | | | |
| National School Lunch * | 10.555 | 13391 | 1,021,048 |
| National School Breakfast * | 10.553 | 13526 | 315,073 |
| Summer Food Service Program Operations* | 10.559 | 13004 | <u>33,620</u> |
| | | | <u>1,369,741</u> |
| Total U.S. Department of Agriculture | | | |
| | | | <u>1,370,004</u> |
| Total expenditures of federal awards | | | <u><u>\$ 3,541,930</u></u> |

* - Denotes major programs

The accompanying note is an integral part of this schedule.

GOLETA UNION SCHOOL DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Goleta Union School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles for Federal Awards (Uniform Guidance)*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has not elected to use the ten percent de minimus cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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GOLETA UNION SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS JUNE 30, 2023

| | <u>General Fund</u> | <u>Building Fund</u> | <u>Capital Facilities Fund</u> |
|---|-------------------------|----------------------------------|--|
| June 30, 2023, annual financial and budget report fund balances | \$ 12,243,109 | \$ 29,795,617 | \$ 201,719 |
| Understatement of accounts receivable | | | |
| Understatement of accounts payable | | <u>(68,784)</u> | |
| June 30, 2023, audited financial statements fund balances | <u>\$ 12,243,109</u> | <u>\$ 29,726,833</u> | <u>\$ 201,719</u> |
| | | <u>Long-Term Liabilities</u> | |
| June 30, 2023, annual financial and budget report long-term liabilities | | \$ 44,464,261 | |
| Overstatement of bonds payable | | (2,400,000) | |
| Understatement of bonds premium | | 2,469,981 | |
| Overstatement of compensated absences payable | | (11,498) | |
| Understatement of lease payable | | 27,821 | |
| Understatement of net pension liability | | 66,450,566 | |
| Understatement of net OPEB liability | | <u>242,447</u> | |
| June 30, 2023, audited financial statements long-term liabilities | | <u>\$ 111,243,578</u> | |

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance as reported on the audited financial statements.

| <u>Bond Interest & Redemption Fund</u> | <u>Child Development Fund</u> | <u>Cafeteria Fund</u> | <u>Deferred Maintenance Fund</u> | <u>ASB Fund</u> | <u>Internal Service Fund</u> |
|--|---------------------------------------|---------------------------|--|---------------------|--------------------------------------|
| \$ 7,012,987 | \$ - | \$ 3,467,225 | \$ 398,485 | \$ 356,215 | \$ 58,196 |
| | | 37,367 | | | |
| <u>\$ 7,012,987</u> | <u>\$ -</u> | <u>\$ 3,504,592</u> | <u>\$ 398,485</u> | <u>\$ 356,215</u> | <u>\$ 58,196</u> |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Goleta Union School District
Goleta, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Goleta Union School District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 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 may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

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 statement. 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*.

Goleta School District's Response to Findings

Goleta Union School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Goleta Union School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Reny & Hartgen LLP

Santa Maria, California
February 2, 2024

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Goleta Union School District
Goleta, California

Report on State Compliance

Opinion

We have audited the Goleta Union School District's (the District) compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of Goleta Union School District's state programs identified below for the fiscal year ended June 30, 2023.

In our opinion, the Goleta Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule below for the fiscal year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. 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 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 its state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the 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 *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting* 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 controls. 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 judgement 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 *2022-2023 Guide for Annual Audits of California K-12 Local Educational 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 *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Goleta Union School District's internal control. 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:

| <u>Compliance Requirements</u> | <u>Procedures Performed</u> |
|--|-----------------------------|
| LOCAL EDUCATION AGENCIES | |
| OTHER THAN CHARTER SCHOOLS: | |
| Attendance accounting: | |
| Attendance reporting | Yes |
| Teacher certification and misassignments | Yes |
| Kindergarten continuance | Yes |
| Independent study | Not applicable |
| Continuation education | Not applicable |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | Not applicable |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | Not applicable |
| Middle or Early College High Schools | Not applicable |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship, Related and Supplemental Instruction | Not applicable |
| Comprehensive School Safety Plan | Yes |
| District of Choice | Not applicable |
| Home to School Transportation Reimbursement | Yes |
| Independent Study Certification for ADA Loss Mitigation | Yes |
| SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS: | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | Yes |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study- Course Based | Not applicable |
| Immunizations | Not applicable |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Yes |
| Career Technical Education Incentive Grant | Not applicable |
| Transitional Kindergarten | Yes |

| <u>Compliance Requirements</u> | <u>Procedures Performed</u> |
|---|-----------------------------|
| CHARTER SCHOOLS: | |
| Attendance | Not applicable |
| Mode of Instruction | Not applicable |
| Nonclassroom-Based Instruction/Independent Study | Not applicable |
| Determination of Funding for Nonclassroom-Based Instruction | Not applicable |
| Annual Instruction Minutes – Classroom Based | Not applicable |
| Charter School Facility Grant Program | Not applicable |

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

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 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 *2022-2023 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Moss, Remy & Hartgeim LLP

Santa Maria, California
February 2, 2024

The term “not applicable” is used above to mean either Goleta Union School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Goleta Union School District
Goleta, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Goleta Union School District's 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 Goleta Union School District's major federal programs for the year ended June 30, 2023. Goleta Union School 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, Goleta Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Goleta Union School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Goleta Union School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Goleta Union School 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 Goleta Union School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Goleta Union School District's compliance with the requirements of each major federal program as a whole

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

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

Report on Internal Control over Compliance

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

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

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

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

Moss, Remy & Hartigheim LLP

Santa Maria, California
February 2, 2024

FINDINGS AND RECOMMENDATIONS SECTION

GOLETA UNION SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

| | | | |
|---|-------------------|--------------|---------------|
| Type of auditor’s report issued | <u>Unmodified</u> | | |
| Internal control over financial reporting: | | | |
| Material weaknesses identified? | _____ Yes | <u> X </u> | No |
| Significant deficiencies identified not considered to be material weaknesses? | _____ Yes | <u> X </u> | None reported |
| Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> | No |

Federal Awards

| | | | |
|---|-----------|--------------|---------------|
| Internal control over major programs: | | | |
| Material weaknesses identified? | _____ Yes | <u> X </u> | No |
| Significant deficiencies identified not considered to be material weaknesses? | _____ Yes | <u> X </u> | None reported |

| | |
|---|-------------------|
| Type of auditor’s report issued on compliance for major programs: | <u>Unmodified</u> |
|---|-------------------|

| | | | |
|--|-----------|--------------|----|
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516 paragraph (a) | _____ Yes | <u> X </u> | No |
|--|-----------|--------------|----|

Identification of major programs

| | |
|-------------------------|---|
| <u>ALN Number (s)</u> | <u>Name of Federal Program or Cluster</u> |
| <u>10.553, 10.555</u> | <u>Child Nutrition Cluster</u> |
| <u>84.425, 84.425 U</u> | <u>Education Stabilization Fund</u> |

| | |
|--|-------------------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u> 750,000 </u> |
|--|-------------------------------|

| | | |
|--|------------------|----------|
| Auditee qualified as low-risk auditee: | <u> X </u> Yes | _____ No |
|--|------------------|----------|

State Awards

| | | | |
|---|-----------|--------------|----|
| Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Education Agencies? | _____ Yes | <u> X </u> | No |
|---|-----------|--------------|----|

| | |
|---|-------------------|
| Type of auditors’ report issued on compliance for state programs: | <u>Unmodified</u> |
|---|-------------------|

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section II – Financial Findings and Questioned Costs

FINDING 2023-1
CLEARING ACCOUNT
30000

Criteria:

The clearing account should not have a significant balance on June 30th, the fiscal year end.

Condition:

Examined the clearing account on June 30th and noted \$40,229.68 remained.

Effect:

The clearing account acts as a holding account before it is recorded at the county and general ledger. It should be cleared before the end of the year to properly record all revenue.

Cause:

District oversight

Recommendation:

The District should implement controls and policies to ensure the clearing account is properly cleared on a timely basis by fiscal year end.

District's Corrective Action Plan:

Timing of receiving bank statements and reconciling outside bank accounts is always after the deadline to deposit cash to the prior period has passed and the period is closed at the County Treasury. The District Fiscal Staff will begin to check balances online in all outside bank accounts as the June 30 year end approaches and clear cash out and deposit into the County Treasury. Any balances that remain after the deadline for June 30 cash deposits in the County Treasury will be accounted for as Cash in Bank and properly accrued per Generally Accepted Accounting Principles.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section IV – State Award Findings and Questioned Costs

There were no state award findings and questioned costs.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section I – Financial Findings and Questioned Costs

FINDING 2022-001
INTERNAL CONTROL
30000

Criteria:

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of year-end closing entries required to ensure the financial statements are fairly stated. Accordingly, management should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition:

During the course of our engagement, we identified material misstatements of the fair market value of the District's deposits with the county treasury as reported in the 2021-2022 unaudited actuals financial report. Through review of supporting records, we noted that the fair market value of deposits in the county treasury was overstated by \$185,438 in the Building Fund, by \$24,097 in the Capital Facilities Fund, by \$177,212 in the Bond Interest and Redemption Fund, and by \$105,636 in the aggregate non-major governmental funds.

Effect:

Due to the conditions identified, the District's fund balances were overstated by \$185,438 in the Building Fund, by \$24,097 in the Capital Facilities Fund, by \$177,212 in the Bond Interest and Redemption Fund, and by \$105,636 in the aggregate non-major governmental funds.

Cause:

The District's internal control and review system was not able to detect the misstatements to the financial statements.

Identification as a Repeat Finding, if Applicable:

Not a repeat finding.

Recommendation:

The District should implement controls to properly the fair market value of the District's deposits with the county treasury.

District's Corrective Action Plan:

The District will add the positing of the fair market value adjustment journal entry to the year-end closing checklist of entries to ensure that when the letter is received from the County Treasurer that the proper factor is used to record the fair market value of the District's deposits with the County Treasurer in all funds. The adjustments will be included in the District's Unaudited Actuals report.

Current Status:

Implemented

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section II – Federal Award Findings and Questioned Costs

There were no prior year federal award findings and questioned costs.

GOLETA UNION SCHOOL DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section III – State Award Findings and Questioned Costs

There were no prior year state award findings and questioned costs.