



# Del Norte County Schools

County of Del Norte  
Crescent City, California

Audit Report  
June 30, 2025



# Del Norte County Schools

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June 30, 2025

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## Independent Auditor's Report

To the Board of Education  
Del Norte County Schools

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Del Norte County Schools (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### Emphasis of Matter – Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2025 the District adopted new accounting guidance, GASB Statement No. 101 *Compensated Absences* which had a material effect on the financial statements. Our opinion is not modified with respect to this matter.

#### 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Information

Management is responsible for the other information included in the audit report. The other information comprises the Other Information section of the audit report as identified on the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



El Cajon, California  
January 29, 2026

**DEL NORTE COUNTY SCHOOLS**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
JUNE 30, 2025  
(Unaudited)

The discussion and analysis of Del Norte County Schools's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

### **FINANCIAL HIGHLIGHTS**

- The increase in Local Control Funding Formula (LCFF) sources from 2023-24 to 2024-25 was \$474,975 (0.86%).
- The general fund expenditures increased by \$5,916,231 (8.55%) over the previous year amount.
- County school services fund expenditures increased by \$1,256,031 (14.15%)
- General Fund revenues and other sources exceeded expenses and other uses by \$1,864,427.
- County school services fund expenses and other uses exceeded revenues and other sources by \$453,066.

### **Overview of the Financial Statements**

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Del Norte County Schools as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

### **The Basic Financial Statements**

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

## Reporting the district as a Whole

### *Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2024-25?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the district has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

## Reporting the district's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the district's activities are reported in governmental funds. The District's reports one major fund, the General Fund. All other governmental funds are aggregated into one nonmajor governmental funds column. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

## FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

### *The district as a Whole*

The District's net position was \$35.3 million at June 30, 2025. Of this amount, unrestricted net position was \$(25.9) million, net investment in capital assets was \$33.3 million, and restricted net position was \$27.9 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$6 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, and pupil services represented 83% of total expenses. The administrative activities of the District accounted for just 5% of total costs. The remaining 12% was spent on plant services and other expenses. (See Figure 2).

**(Table 1)**  
**Comparative Statement of Net Position**

	Government-Wide			
	6/30/2025	6/30/2024	Change	% Change
<b>Assets</b>				
Cash and Investments	\$ 52,934,932	\$ 52,528,221	\$ 406,711	0.77%
Accounts receivable	9,717,331	9,060,069	657,262	7.25%
Prepaid expenses	-	374,431	(374,431)	-100.00%
Inventory	90,454	122,393	(31,939)	-26.10%
Capital & lease assets, net	55,418,406	51,492,983	3,925,423	7.62%
Total Assets	<u>\$ 118,161,123</u>	<u>\$ 113,578,097</u>	<u>\$ 4,583,026</u>	<u>4.04%</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources - pensions	\$ 23,393,749	26,349,316	\$ (2,955,567)	-11.22%
Deferred outflows of resources - OPEB	4,929,597	5,429,556	(499,959)	-9.21%
Deferred outflows of resources - debt related	471,228	507,900	(36,672)	-7.22%
Total Deferred Outflows of Resources	<u>\$ 28,794,574</u>	<u>\$ 32,286,772</u>	<u>\$ (3,492,198)</u>	<u>-10.82%</u>
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 6,179,241	5,905,877	\$ 273,364	4.63%
Unearned revenue	1,460,526	1,074,665	385,861	35.91%
Long-term liabilities	96,752,873	96,110,957	641,916	0.67%
Total Liabilities	<u>\$ 104,392,640</u>	<u>\$ 103,091,499</u>	<u>\$ 1,301,141</u>	<u>1.26%</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	\$ 5,159,792	5,394,104	\$ (234,312)	-4.34%
Deferred inflows of resources - OPEB	2,105,327	1,930,464	174,863	9.06%
Total Deferred Inflows of Resources	<u>\$ 7,265,119</u>	<u>\$ 7,324,568</u>	<u>\$ (59,449)</u>	<u>-0.81%</u>
<b>Net Position</b>				
Net investment in capital assets	\$ 33,306,804	29,038,776	\$ 4,268,028	14.70%
Restricted	27,965,298	26,501,727	1,463,571	5.52%
Unrestricted	(25,974,164)	(20,091,701)	(5,882,463)	29.28%
Total Net Position	<u>\$ 35,297,938</u>	<u>\$ 35,448,802</u>	<u>\$ (150,864)</u>	<u>-0.43%</u>

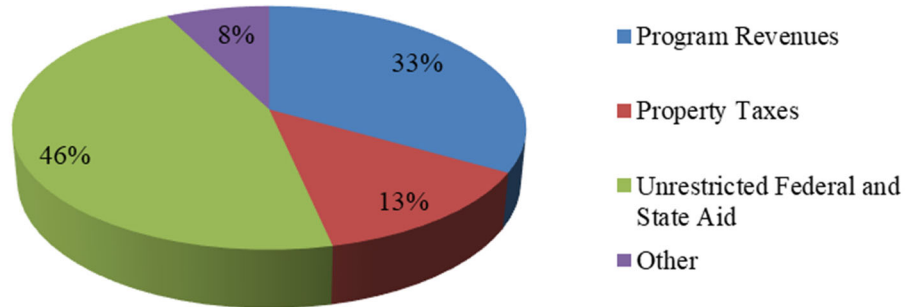
**(Table 2)**  
**Comparative Statement of Change in Net Position**

	<b>Government-Wide</b>			
	<b>Year Ended 6/30/2025</b>	<b>Year Ended 6/30/2024</b>	<b>Change</b>	<b>% Change</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 389,539	\$ 343,613	\$ 45,926	100.00%
Operating grants and contributions	32,330,076	30,850,317	1,479,759	4.80%
Capital grants and contributions	11,338	1,756,623	(1,745,285)	-99.35%
General revenues				
Taxes levied for general purposes	12,003,928	10,433,793	1,570,135	15.05%
Taxes levied for debt service	1,176,178	1,089,000	87,178	8.01%
Federal and state aid not restricted	45,229,681	46,660,854	(1,431,173)	-3.07%
Interest and investment earnings	3,856,619	1,466,372	2,390,247	163.00%
Miscellaneous	3,568,257	3,485,185	83,072	2.38%
<b>Total Revenues</b>	<u>98,565,616</u>	<u>96,085,757</u>	<u>2,479,859</u>	<u>2.58%</u>
<b>Expenses</b>				
Instruction	51,223,993	49,107,328	2,116,665	4.31%
Instruction Related Services	16,444,741	8,962,874	7,481,867	83.48%
Pupil Support Services	7,930,184	12,190,207	(4,260,023)	-34.95%
General Administration	4,755,084	6,409,501	(1,654,417)	-25.81%
Plant Services	8,110,142	8,729,946	(619,804)	-7.10%
Other Expenses	4,866,006	4,613,775	252,231	5.47%
<b>Total Expenses</b>	<u>93,330,150</u>	<u>90,013,631</u>	<u>3,316,519</u>	<u>3.68%</u>
Increase (Decrease) in Net Position	5,235,466	6,072,126	(836,660)	-13.78%
Net Position - Beginning Balance	35,448,802	29,376,676	6,072,126	20.67%
Beginning Balance Adjustment*	(5,386,330)		(5,386,330)	100.00%
Net Position - Ending Balance	<u>\$ 35,297,938</u>	<u>\$ 35,448,802</u>	<u>\$ (150,864)</u>	<u>-0.43%</u>

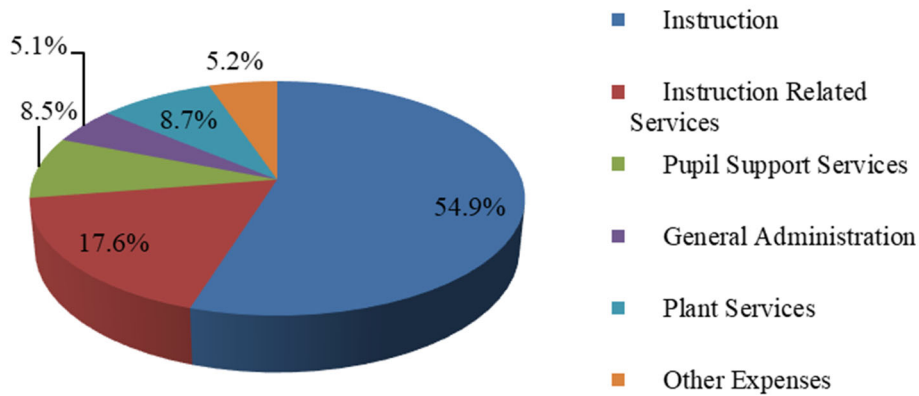
## GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$93.3 million. The amount that our local taxpayers financed for these activities through property taxes was \$13.1 million. Federal and State aid not restricted to specific purposes totaled \$45.2 million. Operating grants and contributions revenue was \$32.7 million. Operating grants and unrestricted federal and state aid and covered 83.55% of the expenses of the entire District (See Figure 1).

**Sources of Revenue for the 2024-25 Fiscal Year  
Figure 1**



**Expenses for the 2024-25 Fiscal Year  
Figure 2**



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources. The District’s governmental funds reported a combined fund balance of \$55.2 million, an decrease of \$8,828 from the previous fiscal year’s combined ending balance of \$55.2 million.

## General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected an increase in ending fund balance of \$482 over the originally budgeted ending fund balance.

The District ended the year with an increase of \$936,867 to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund..

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

	<u>2025</u>	<u>2024</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 1,789,916	\$ 1,789,916	\$ -	0.0%
Work in Progress	2,684,161	1,374,064	1,310,097	95.3%
Land Improvements	2,144,394	2,144,394	-	0.0%
Buildings & Improvements	89,747,564	87,192,257	2,555,307	2.9%
Equipment	8,577,125	6,889,449	1,687,676	24.5%
Less Accumulated Depreciation for				
Land Improvements	(2,144,394)	(2,144,394)	-	0.0%
Buildings & Improvements	(42,678,910)	(41,099,382)	(1,579,528)	3.8%
Equipment	(5,109,726)	(4,778,097)	(331,629)	6.9%
Lease Assets	280,811	160,434	120,377	75.0%
Less Accumulated Amortization	(98,066)	(35,658)	(62,408)	175.0%
Subscription Assets	338,296	(421,251)	759,547	-180.3%
Less Accumulated Amortization	(112,765)	-	(112,765)	100.0%
<b>Total</b>	<u>\$ 55,418,406</u>	<u>\$ 51,071,732</u>	<u>\$ 4,346,674</u>	<u>8.5%</u>

## Long-Term Debt

As of June 30, 2025, the District had the following outstanding debt:

	<u>2025</u>	<u>2024</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 21,916,905	\$ 22,322,952	\$ (406,047)	-1.82%
Leases Payable	<u>194,696</u>	<u>131,255</u>	<u>63,441</u>	<u>100.00%</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 22,111,601</u></b>	<b><u>\$ 22,454,207</u></b>	<b><u>\$ (342,606)</u></b>	<b><u>-1.53%</u></b>

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2025-26 California enacted budget, and requisite trailer bills approved new and or augmented funding streams for transitional kindergarten add-on in the Local Control Funding Formula, the Student Support and Professional Development Discretionary Block Grant, the Learning Recovery Emergency Block Grant and additional appropriations for local education agencies (LEA) participating in the Expanded Learning Opportunities Program Tier 2.

Funded average daily attendance (ADA) has changed drastically in recent years as the Governor and Legislature provided additional relief to combat the significant declining enrollment. Those policies provided an off-ramp rather than a fiscal cliff, which ended last year. The 2024-25 fiscal year was the final year for LEAs to benefit from the positive impact of the 2021-22 hold harmless policies; however, moving forward, LEAs will continue to be able to claim ADA based on current-year, prior-year, or a three-year average, whichever is greater.

Beginning in 2025-26, LEAs are allowed to recover up to ten absences per year through the inaugural Attendance Recovery program. This program is available to LEAs serving classroom-based student populations and can be offered before and after school, as well as during weekends and intersessions.

Cash deferrals are back for a second consecutive year with \$1.9 billion scheduled to be deferred from June 2026 to July 2026. Although state revenues are trending ahead of projections, it is still prudent to plan as if the deferrals will occur as planned.

Despite positive outlooks for school funding, costs of salaries, pensions, and other employee benefits continue to rise. The District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact the business office, at Del Norte County Schools, 301 W Washington Blvd., Crescent City, California 95531.

## Basic Financial Statements

# Del Norte County Schools

## Statement of Net Position

June 30, 2025

	Governmental Activities	Business Type Activities	Total
<b>ASSETS:</b>			
Cash	\$ 52,934,932	\$ 29,508	\$ 52,964,440
Receivables	9,717,331	-	9,717,331
Stores Inventory	90,454	-	90,454
Capital Assets:			
Land	1,789,916	-	1,789,916
Land Improvements	2,144,394	-	2,144,394
Buildings	89,747,564	-	89,747,564
Equipment	8,577,125	-	8,577,125
Work in Progress	2,684,161	-	2,684,161
Less Accumulated Depreciation	(49,933,030)	-	(49,933,030)
Lease Assets:			
Equipment	280,811	-	280,811
Less Accumulated Amortization	(98,066)	-	(98,066)
SBITA Assets:			
Subscription	338,296	-	338,296
Less Accumulated Amortization	(112,765)	-	(112,765)
Total Assets	<u>118,161,123</u>	<u>29,508</u>	<u>118,190,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>28,794,574</u>	<u>-</u>	<u>28,794,574</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	6,179,241	2	6,179,243
Unearned Revenue	1,460,526	-	1,460,526
Long-Term Liabilities:			
Due Within One Year	5,492,151	-	5,492,151
Due In More Than One Year	91,260,722	-	91,260,722
Total Liabilities	<u>104,392,640</u>	<u>2</u>	<u>104,392,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>7,265,119</u>	<u>-</u>	<u>7,265,119</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	33,306,804	-	33,306,804
Restricted For:			
Capital Projects	6,134,156	-	6,134,156
Debt Service	1,041,069	-	1,041,069
Educational Programs	13,005,893	-	13,005,893
Other Purposes (Expendable)	7,784,180	-	7,784,180
Unrestricted	(25,974,164)	29,506	(25,944,658)
Total Net Position	<u>\$ 35,297,938</u>	<u>\$ 29,506</u>	<u>\$ 35,327,444</u>

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

**Del Norte County Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Functions	Primary Government						Total
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Instruction	\$ 51,223,993	\$ 116,369	\$ 17,603,576	\$ 11,338	\$ (33,492,710)		\$ (33,492,710)
Instruction-Related Services:							
Instructional Supervision and Administration	7,496,408	30,128	2,142,214	-	(5,324,066)		(5,324,066)
Instructional Library, Media and Technology	2,323,603	-	18,867	-	(2,304,736)		(2,304,736)
School Site Administration	6,624,730	4,629	1,162,479	-	(5,457,622)		(5,457,622)
Pupil Services:							
Home-to-School Transportation	3,451,884	-	251	-	(3,451,633)		(3,451,633)
Food Services	3,548,295	-	3,173,408	-	(374,887)		(374,887)
All Other Pupil Services	930,005	60,555	4,799,526	-	3,930,076		3,930,076
General Administration:							
Centralized Data Processing	1,302,112	-	1,025	-	(1,301,087)		(1,301,087)
All Other General Administration	3,452,972	14,046	1,203,518	-	(2,235,408)		(2,235,408)
Plant Services	8,110,142	-	105,157	-	(8,004,985)		(8,004,985)
Ancillary Services	596,325	-	458,586	-	(137,739)		(137,739)
Community Services	13,127	-	-	-	(13,127)		(13,127)
Warehouse Activities	898,075	-	-	-	(898,075)		(898,075)
Interest on Long-Term Debt	742,323	-	-	-	(742,323)		(742,323)
Other Outgo	25,409	-	-	-	(25,409)		(25,409)
Transfers Between Agencies	504,417	163,812	1,661,469	-	1,320,864		1,320,864
Depreciation (Unallocated)	1,911,157	-	-	-	(1,911,157)		(1,911,157)
Amortization (Unallocated)	175,173	-	-	-	(175,173)		(175,173)
Total Governmental Activities	<u>93,330,150</u>	<u>389,539</u>	<u>32,330,076</u>	<u>11,338</u>	<u>(60,599,197)</u>		<u>(60,599,197)</u>
<b>Business-Type Activities</b>							
Student Coffee Shop	2,314	8,409	-	-		6,095	6,095
Total Business-Type Activities	<u>2,314</u>	<u>8,409</u>	<u>-</u>	<u>-</u>		<u>6,095</u>	<u>6,095</u>
Total	<u>\$ 93,332,464</u>	<u>\$ 397,948</u>	<u>\$ 32,330,076</u>	<u>\$ 11,338</u>	<u>\$ (60,599,197)</u>	<u>\$ 6,095</u>	<u>\$ (60,593,102)</u>
<b>General Revenues</b>							
Taxes and Subventions:							
Property Taxes, Levied for General Purposes					\$ 12,003,928	\$ -	\$ 12,003,928
Property Taxes, Levied for Debt Service					1,176,178	-	1,176,178
Federal and State Aid Not Restricted for Specific Purposes					45,229,681	-	45,229,681
Interest and Investment Earnings					3,856,619	1,773	3,858,392
Interagency Revenue					1,636,876	-	1,636,876
Miscellaneous					1,931,381	-	1,931,381
Total General Revenues					<u>65,834,663</u>	<u>1,773</u>	<u>65,836,436</u>
Change in Net Position					5,235,466	7,868	5,243,334
Net Position - 7/1/2024, as Previously Stated					35,448,802	21,638	35,470,440
Beginning Balance Adjustment (Note A)					<u>(5,386,330)</u>	<u>-</u>	<u>(5,386,330)</u>
Net Position - 7/1/2024, as Restated					<u>30,062,472</u>	<u>21,638</u>	<u>30,084,110</u>
Net Position - 6/30/2025					<u>\$ 35,297,938</u>	<u>\$ 29,506</u>	<u>\$ 35,327,444</u>

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

# Del Norte County Schools

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	County School Service Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and Investments	\$ 30,277,469	\$ 4,522,694	\$ 2,549,831	\$ 6,588,245	\$ 8,950,546	\$ 52,888,785
Accounts Receivable	6,180,337	2,737,906	160,498	-	638,590	9,717,331
Prepaid Expenditures	-	-	-	-	-	-
Total Assets	<u>\$ 36,457,806</u>	<u>\$ 7,260,600</u>	<u>\$ 2,710,329</u>	<u>\$ 6,588,245</u>	<u>\$ 9,589,136</u>	<u>\$ 62,606,116</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 4,477,488	\$ 1,052,006	\$ 187,257	\$ 75,105	\$ 133,431	\$ 5,925,287
Unearned Revenue	633,614	649,728	-	-	177,184	1,460,526
Total Liabilities	<u>5,111,102</u>	<u>1,701,734</u>	<u>187,257</u>	<u>75,105</u>	<u>310,615</u>	<u>7,385,813</u>
<b>Fund Balance</b>						
Restricted	14,771,518	2,940,026	918,918	-	9,278,521	27,908,983
Assigned	14,293,028	2,128,367	1,604,154	6,513,140	-	24,538,689
Unassigned	2,282,158	490,473	-	-	-	2,772,631
Total Fund Balance	<u>31,346,704</u>	<u>5,558,866</u>	<u>2,523,072</u>	<u>6,513,140</u>	<u>9,278,521</u>	<u>55,220,303</u>
Total Liabilities and Fund Balance	<u>\$ 36,457,806</u>	<u>\$ 7,260,600</u>	<u>\$ 2,710,329</u>	<u>\$ 6,588,245</u>	<u>\$ 9,589,136</u>	<u>\$ 62,606,116</u>

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

# Del Norte County Schools

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

**Total fund balances, governmental funds:** \$ 55,220,303

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets relating to governmental activities, at historical cost	104,943,160	
Accumulated depreciation	<u>(49,933,030)</u>	
	Net	55,010,130
Lease assets relating to governmental activities, at historical cost	280,811	
Accumulated amortization	<u>(98,066)</u>	
	Net	182,745
Lease assets relating to governmental activities, at historical cost	338,296	
Accumulated amortization	<u>(112,765)</u>	
	Net	225,531

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:

24,016

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:

(248,322)

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:

General obligation bonds payable	21,916,905	
Leases payable	194,696	
Early retirement incentive payable	57,140	
Net pension liability	57,829,725	
Total OPEB liability	10,781,804	
Compensated absences	<u>5,495,990</u>	
	Total	(96,276,260)

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

# Del Norte County Schools

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued June 30, 2025

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Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 447,212

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions 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 are reported.

Deferred outflows of resources relating to pensions	23,298,401	
Deferred inflows of resources relating to pensions	<u>(5,157,560)</u>	
Net		18,140,841

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

Deferred outflows of resources relating to OPEB	4,911,805	
Deferred inflows of resources relating to OPEB	<u>(2,100,516)</u>	
Net		2,811,289

Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: (239,547)

**Total net position, governmental activities:** \$ 35,297,938

# Del Norte County Schools

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

For the Year Ended June 30, 2025

	General Fund	County School Service Fund	Charter School Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
LCFF State Apportionment	\$ 24,686,453	\$ 2,109,715	\$ 3,567,571	\$ -	\$ -	\$ 30,363,739
Education Protection Account Funds	11,388,042	1,231,685	1,316,256	-	-	13,935,983
Property Taxes	11,047,023	60,027	-	-	1,232,022	12,339,072
Federal Revenue	7,558,777	1,466,815	-	-	2,866,700	11,892,292
Other State Revenue	10,256,343	2,433,980	605,431	-	2,297,897	15,593,651
Interest and Investment Income	2,310,295	307,622	209,704	564,467	178,672	3,570,760
Payments from School District	-	53,985	-	-	-	53,985
Charter School Oversight	-	339,001	-	-	-	339,001
Special Education	3,316,507	-	-	-	-	3,316,507
Other Local Revenue	6,420,327	1,679,426	-	-	1,380,004	9,479,757
Total Revenues	<u>76,983,767</u>	<u>9,682,256</u>	<u>5,698,962</u>	<u>564,467</u>	<u>7,955,295</u>	<u>100,884,747</u>
<b>EXPENDITURES:</b>						
Current Expenditures:						
Instruction	44,734,791	3,474,518	3,494,515	-	1,496,396	53,200,220
Instruction-Related Services	6,539,417	1,855,768	1,109,029	-	361,362	9,865,576
Pupil Services	7,498,433	2,310,900	254,728	2,172,308	3,472,397	15,708,766
Ancillary Services	101,887	-	-	-	498,193	600,080
Community Services	13,051	76	-	-	-	13,127
General Administration	4,556,547	1,968,289	123,901	-	262,480	6,911,217
Plant Services	5,706,737	184,949	-	-	916,603	6,808,289
Payments to County Office	339,001	-	-	-	-	339,001
Payments to School District/Charter School	-	124,142	-	-	41,274	165,416
Capital Outlay	5,230,537	165,520	-	615,696	-	6,011,753
Debt Service:						
Principal	393,265	40,696	-	-	550,410	984,371
Interest	5,674	10,464	-	-	575,970	592,108
Total Expenditures	<u>75,119,340</u>	<u>10,135,322</u>	<u>4,982,173</u>	<u>2,788,004</u>	<u>8,175,085</u>	<u>101,199,924</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,864,427</u>	<u>(453,066)</u>	<u>716,789</u>	<u>(2,223,537)</u>	<u>(219,790)</u>	<u>(315,177)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	188,361	673,838	-	750,000	717,820	2,330,019
Transfers Out	(1,454,217)	(340,685)	(666,554)	-	(20,887)	(2,482,343)
Proceeds from Capital Leases	338,296	120,377	-	-	-	458,673
Total Other Financing Sources (Uses)	<u>(927,560)</u>	<u>453,530</u>	<u>(666,554)</u>	<u>750,000</u>	<u>696,933</u>	<u>306,349</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>936,867</u>	<u>464</u>	<u>50,235</u>	<u>(1,473,537)</u>	<u>477,143</u>	<u>(8,828)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>30,409,837</u>	<u>5,558,402</u>	<u>2,472,837</u>	<u>7,986,677</u>	<u>8,801,378</u>	<u>55,229,131</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 31,346,704</u>	<u>\$ 5,558,866</u>	<u>\$ 2,523,072</u>	<u>\$ 6,513,140</u>	<u>\$ 9,278,521</u>	<u>\$ 55,220,303</u>

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

## Del Norte County Schools

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2025

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**Total change in fund balances, governmental funds:** \$ (8,828)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation or amortization expense. The difference between capital outlay expenditures and depreciation and amortization expense for the period is:

Expenditures for capital outlay	6,011,753	
Depreciation expense	(1,911,157)	
Amortization expense	<u>(175,173)</u>	
	Net	3,925,423

Debt service: 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: 920,232

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is: 1,114

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing 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: (458,673)

Unmatured interest on long-term debt: 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: (116,209)

## Del Norte County Schools

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Continued For the Year Ended June 30, 2025

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Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: (35,558)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 631,214

Pensions: 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: 1,241,608

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (690,116)

Expenditures related to retirement incentives paid over time. These expenditures are recognized in the government-wide statements of activities in the period in which the obligations were first incurred. The difference between liabilities incurred for retirement incentives and amounts paid during the current year for retirement incentives were: 64,139

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (238,880)

**Change in net position of governmental activities:** \$ 5,235,466

# Del Norte County Schools

## Statement of Net Position – Proprietary Funds

June 30, 2025

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	Enterprise Fund	Internal Service Fund
	Student Coffee Shop	Warehouse Revolving Fund
<b>ASSETS:</b>		
Current Assets:		
Cash and Investments	\$ 29,508	\$ 46,147
Stores Inventory	-	90,454
Total Assets	<u>\$ 29,508</u>	<u>\$ 136,601</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Outflows of Resources Related to Pension	\$ -	\$ 95,348
Deferred Outflows of Resources Related to OPEB	-	17,792
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 113,140</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 2	\$ 5,632
Total Current Liabilities	<u>2</u>	<u>5,632</u>
Noncurrent Liabilities		
Net Pension Liability	-	449,476
Total OPEB Liability	-	27,137
Total Noncurrent Liabilities	<u>-</u>	<u>476,613</u>
Total Liabilities	<u>\$ 2</u>	<u>\$ 482,245</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Inflows of Resources Related to Pension	\$ -	\$ 2,232
Deferred Inflows of Resources Related to OPEB	-	4,811
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 7,043</u>
<b>NET POSITION</b>		
Unrestricted (Deficit)	\$ 29,506	\$ (239,547)
Total Net Position	<u>\$ 29,506</u>	<u>\$ (239,547)</u>

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

## Del Norte County Schools

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds  
For the Year Ended June 30, 2025

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	Enterprise Fund	Internal Service Fund
	Student Coffee Shop	Warehouse Revolving Fund
<b>OPERATING REVENUE</b>		
Other Sales	\$ 8,409	\$ 35,132
Total Operating Revenue	<u>8,409</u>	<u>35,132</u>
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	-	400,977
Supplies and Materials	3,062	20,169
Services and Other Operating Expenses	(748)	5,789
Total Operating Expenses	<u>2,314</u>	<u>426,935</u>
Operating Income/(Loss)	<u>6,095</u>	<u>(391,803)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>		
Interest and Investment Income	1,773	599
Interfund Transfers In	-	152,324
Total Nonoperating Revenues (Expenses)	<u>1,773</u>	<u>152,923</u>
<b>CHANGE IN NET POSITION</b>	7,868	(238,880)
<b>NET POSITION - BEGINNING</b>	<u>21,638</u>	<u>(667)</u>
<b>NET POSITION - ENDING</b>	<u>\$ 29,506</u>	<u>\$ (239,547)</u>

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

# Del Norte County Schools

## Statement of Cash Flows – Proprietary Funds

For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	Student Coffee Shop	Warehouse Revolving Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 8,409	\$ 35,132
Cash payments for payroll and benefits	-	(160,302)
Cash payments for goods and services	(3,778)	1,556
Net cash provided by (used in) operating activities	<u>4,631</u>	<u>(123,614)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from investment earnings	<u>1,773</u>	<u>599</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Interfund transfers	<u>-</u>	<u>152,324</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	6,404	29,309
<b>CASH BEGINNING OF YEAR</b>	<u>23,104</u>	<u>16,838</u>
<b>CASH END OF YEAR</b>	<u><u>\$ 29,508</u></u>	<u><u>\$ 46,147</u></u>
 <b>Reconciliation of operating income/(loss) to cash provided by/(used in) operating activities</b>		
Operating income/(loss)	\$ 6,095	\$ (391,803)
(Increase) decrease in inventory	-	31,939
(Increase) decrease in deferred outflows of resources	-	50,571
Increase (decrease) in accounts payable	(1,464)	(4,425)
Increase (decrease) in net pension liability	-	186,673
Increase (decrease) in total OPEB liability	-	6,177
Increase (decrease) in deferred inflows of resources	<u>-</u>	<u>(2,746)</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 4,631</u></u>	<u><u>\$ (123,614)</u></u>

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

# Del Norte County Schools

## Statement of Net Position – Fiduciary Funds

June 30, 2025

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	<u>Custodial Fund</u>
	<u>Scholarship Fund</u>
<b>ASSETS:</b>	
Cash and Investments	\$ 2,973,796
Accounts Receivable	-
Total Assets	<u>\$ 2,973,796</u>
<b>LIABILITIES AND NET POSITION:</b>	
<b>Liabilities</b>	
Total Liabilities	<u>\$ -</u>
<b>Net Position</b>	
Restricted	<u>2,973,796</u>
Total Net Position	<u>2,973,796</u>
Total Liabilities and Net Position	<u>\$ 2,973,796</u>

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

# Del Norte County Schools

## Statement of Changes in Net Position – Fiduciary Funds

June 30, 2025

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	<u>Custodial Fund</u> <u>Scholarship Fund</u>
<b>ADDITIONS:</b>	
Investment earnings (losses)	\$ 565,886
Contributions	<u>296,327</u>
Total Additions	<u><u>862,213</u></u>
<b>DEDUCTIONS</b>	
Scholarship awards	<u>316,797</u>
Total Deductions	<u>316,797</u>
<b>CHANGE IN NET POSITION</b>	545,416
<b>NET POSITION - BEGINNING</b>	<u>2,428,380</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 2,973,796</u></u>

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

# Del Norte County Schools

## Notes to the Financial Statements

For the Year Ended June 30, 2025

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### A. Summary of Significant Accounting Policies

Del Norte County Schools (District), consisting of the Del Norte County Office of Education, the Del Norte Unified School District, and the Castle Rock Charter School, accounts for its financial transactions in accordance with the policies and procedures of the California 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 (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### 1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades TK/K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food services, childcare services, adult education, capital projects, debt service, and student-related activities.

#### 2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

Based on the criteria in GASB Statements 14 as amended by Statements 39 and 61, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

#### 3. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

### *Major Governmental Funds*

The District reports the following major governmental funds:

**General Fund:** The General Fund is the primary operating fund of Del Norte County Unified School District. It is used to account for all activities except those that are required to be accounted for in another fund.

**County School Service Fund:** The County School Service Fund is the main operating fund of Del Norte County Office of Education. It is used to account for all activities except those that are required to be accounted for in another fund.

**Charter School Special Revenue Fund:** The Charter School Special Revenue Fund is used by the Del Norte County Office of Education, authorizing agency, to account separately for the activities of Castle Rock Charter School that would otherwise be accounted for in the County School Service Fund.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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**Special Reserve Fund for Capital Outlay Projects:** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to another capital projects fund. Other authorized resources that may be deposited in the Special Reserve Fund for Capital Outlay Projects are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit to the fund by the governing board (*Education Code §41003*).

The District reports the following non-major governmental funds categorized by the fund type:

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

**Student Body Special Revenue Fund:** This fund is used to account separately for the activities of the District's student body. Revenues consist of student fundraisers and contributions. Expenses consist of student activities as approved by the student body. Use of these funds is legally restricted to student activities.

**Adult Education Fund:** This fund is used to account separately for federal, state and local revenues that are restricted or committed for adult education programs.

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs.

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

**Deferred Maintenance Fund:** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

**Forest Reserve Fund:** This fund exists to account separately for federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code §2300, Government Code §29484*).

**Capital Projects Funds:** Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

**Building Fund:** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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**Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

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

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service funds:

**Bond Interest and Redemption Fund:** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of Del Norte Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

## *Proprietary Funds*

The District reports the following proprietary funds:

**Enterprise Funds:** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District maintains the following enterprise fund:

**Student Coffee Shop Fund:** The student coffee shop fund is used to account for the activities of the student run coffee shop.

**Internal Service Funds:** Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges. The District maintains the following internal service funds:

**Warehouse Revolving Fund:** This fund is used primarily to maintain budget control and stock accounting or merchandise for the District's use (*Education Code §42830*). The Warehouse Revolving Fund is reimbursed from various funds of the District for amounts consumed by these user funds.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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## *Fiduciary Funds*

**Trust and Custodial Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following custodial fund:

**Scholarship Fund:** This fund is used to account separately for gifts or bequests per *Education Code §41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs. The contributions and use of funds is restricted to scholarships.

#### 4. Basis of Accounting – Measurement Focus

**Government-Wide, Proprietary, and Fiduciary Financial Statements.** The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

**Governmental Fund Financial Statements.** The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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## 5. 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 or at year end, whichever is sooner.

## 6. Budgets and Budgetary Accounting

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

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

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

## 7. Revenues and Expenses

### a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the Del Norte County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. 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 §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

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

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

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

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$50,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	5 - 50 Years
Equipment	2 - 15 Years

d. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$50,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of \$50,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. Compensated Absences

Employees of the District are granted vacation, sick leave, and other types of compensated absences in accordance with District policy and labor agreements. Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and certain types of sabbatical leave when agreed upon in contracts or labor agreements. Under the District's policies, vacation leave and sick leave may be carried forward from year to year, subject to limits established by policy.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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A liability for compensated absences is recognized when earned by employees if (a) the leave is attributable to services already rendered, (b) the leave accumulates and may be carried forward to future periods, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date, plus salary-related payments that are directly and incrementally associated with payments for compensated absences, as required by GASB Statement No. 101.

In accordance with GASB Statement No. 101, unused sick leave that, upon retirement, is converted to provide or enhance a defined benefit pension is excluded from the compensated absences liability. The value of such converted leave is instead included in the measurement of the District's net pension liability in accordance with applicable GASB standards.

In governmental funds, only the portion of the liability that is expected to be liquidated with expendable available financial resources is reported as a fund liability; the remainder is reported in the government-wide financial statements.

The District measured the liability based on a historic look back period of five years with a first-in-first-out flows assumption for use accrued balances.

g. Unearned Revenue

Unearned revenue represents amounts received in advance of the period in which the District is legally entitled to the resources. In the governmental funds, unearned revenue is reported as a liability until the underlying revenue recognition criteria have been met. Typical sources of unearned revenue include advance payments for services and grant proceeds received before all eligibility requirements have been satisfied.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. 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 or 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 in and transfers out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances – Governmental Funds

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 items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

## Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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*Restricted Fund Balance* represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through 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 or resolution. 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.

*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 purposes of the District itself.

*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 fund 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.

j. Minimum Fund Balance Policy

The governing board maintains a minimum fund balance policy for the General Fund in order to protect Del Norte County Schools against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than three percent for Del Norte County Unified School District and four percent for Del Norte County Office of Education of general fund expenditures and other financing uses.

k. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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l. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025

m. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

For purposes of measuring the total pension liability, deferred outflows of resources relating to pension, deferred inflows related to pension, and pension expense associated with the Del Norte County Schools Retiree Cash Benefit Plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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n. Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the economic interest method.

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2025. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement No. 99 <i>Omnibus 2022</i> (Portions related to financial guarantees and derivative instruments)	Apr-22
GASB Statement No. 100 <i>Accounting Changes and Error Corrections</i> (Amendment of GASB Statement No. 62)	Jun-22
GASB Statement No. 101 <i>Compensated Absences</i>	Jun-22
GASB Statement No. 102 <i>Certain Risk Disclosures</i>	Dec-23
GASB Implementation Guide No. 2023-1 <i>Implementation Guidance Update 2023</i>	Jun-23
GASB Implementation Guide No. 2025-1 <i>Implementation Guidance Update 2025 (Question 4.16 ONLY)</i>	Jun-25

The adoption of GASB Statement No. 99, GASB Statement No. 102, GASB Implementation Guide No. 2023-1 and GASB Implementation Guide No. 2025-1 did not have a material impact on the District's financial position, results of operations, or disclosures in the financial statements.

The adoption of GASB Statement No. 100 resulted in enhanced note disclosures and financial statement presentation but did not result in a material change to the District's financial position.

The adoption of GASB Statement No. 101 resulted in a material change to the District's net position for inclusion of a portion of sick leave that meets reporting requirements consistent with the requirements of the GASB pronouncement.

## 13. Accounting Changes and Error Corrections

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 requires that changes to or within the financial reporting entity, including changes in fund classification, be reported by adjusting the beginning balances of the affected funds as if the change occurred at the start of the reporting period. The statement also requires enhanced disclosures regarding accounting changes and error corrections.

### *Error Corrections*

Changes were identified to beginning balances in deferred outflows for the fiscal year ended June 30, 2025 and they are shown with the GASB 101 changes in the chart below.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which establishes new recognition and measurement criteria for compensated absences. As a result, the District changed its method of accounting for compensated absences to comply with the new standard. The implementation of GASB Statement No. 101 resulted in a restatement of the beginning net position of governmental activities as of July 1, 2024. The affected financial statement line item is "Compensated Absences Payable." The change in accounting principle resulted in the following restatement of beginning net position:

	<u>Government- Wide Financial Statements</u>
Beginning Net Position as Reported in June 30, 2024 Audit Report	\$ 35,448,802
Adjustments to Beginning Balance:	
Deferred Outflow Updates	(43,132)
GASB 101 Implementation	<u>(5,343,198)</u>
Beginning Net Position, as Restated	<u><u>\$ 30,062,472</u></u>

## B. Compliance and Accountability

### 1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

### 2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Warehouse Revolving Fund	\$ (239,547)	Consistent with the requirements in GASB Statement No. 68 & GASB Statement No. 75 the District has recorded the liability for Pension and Other Post Employment Benefits; however, the District has elected not to fully fund the liabilities at this time.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## C. Fair Value Measurements

The District's investments at June 30, 2025, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Custodial Fund Equity Portfolio	\$ 1,307,382	\$ 1,307,382	\$ -	\$ -
External investment pools measured at fair value				
Del Norte County Treasury	53,995,690	-	53,995,690	-
Total investments by fair value level	<u>\$ 55,303,072</u>	<u>\$ 1,307,382</u>	<u>\$ 53,995,690</u>	<u>\$ -</u>

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

The Del Norte County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

## D. Cash and Investments

As of June 30, 2025, the District held the following cash and cash equivalents:

	General Fund	County School Service Fund	Charter School Fund	Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Cash in County Treasury	\$ 30,321,933	\$ 4,529,336	\$ 2,553,576	\$ 6,597,920	\$ 8,710,809	\$ 52,713,574
FMV Adjustment	(44,464)	(6,642)	(3,745)	(9,675)	(12,772)	(77,298)
Cash in Bank	-	-	-	-	252,509	252,509
Total Cash and Investments	<u>\$ 30,277,469</u>	<u>\$ 4,522,694</u>	<u>\$ 2,549,831</u>	<u>\$ 6,588,245</u>	<u>\$ 8,950,546</u>	<u>\$ 52,888,785</u>
	Student Coffee Shop	Warehouse Revolving Fund	Scholarship Fund			
Cash in County Treasury	\$ 29,551	\$ 46,215	\$ 1,285,644			
FMV Adjustment	(43)	(68)	(1,885)			
Cash in Bank	-	-	382,655			
Equity Portfolio	-	-	1,307,382			
Total Cash and Investments	<u>\$ 29,508</u>	<u>\$ 46,147</u>	<u>\$ 2,973,796</u>			

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the Del Norte County Treasury as part of the common investment pool (\$54,074,984 as of June 30, 2025). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$53,995,690. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

## 2. Cash in Bank and in Investment Funds

Cash balances on hand and in banks (\$635,164 as of June 30, 2025) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). Additionally, the District held balances in investment funds for the Scholarship Fund in the amount of (\$1,307,382 as of June 30, 2025) which are not insured by the FDIC.

## 3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only 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. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2025, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 53,995,690
Equity Portfolio	Unrated	Not Applicable	1,307,382

### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2025, the District's bank balances exceeded FDIC insurance limitations by \$132,655. Additionally, investment funds of \$1,307,382 were not FDIC insured and as such exposed to custodial credit risk. The District has not experienced any losses in these accounts.

## Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains a pooled investment with the Del Norte County Treasury with a fair value of \$53,995,690. The average weighted maturity for this pool was 484 days at June 30, 2025.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2025, consisted of:

	Major Governmental Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	County School Service Fund	Charter School Fund		
Federal Government:					
Special Education	\$ 1,145,695	\$ 97,234	\$ -	\$ -	\$ 1,242,929
Title I	487,948	-	-	-	487,948
ESSA, School Improvement	-	37,248	-	-	37,248
Workability II	-	122,691	-	-	122,691
Child Development	-	-	-	125,512	125,512
Child Nutrition	-	-	-	378,219	378,219
Indian Education	689,895	476,891	-	-	1,166,786
Other Federal Programs	34,321	32,363	-	-	66,684
State Government:					
Lottery	209,399	1,948	24,227	-	235,574
Special Education	1,186,325	-	-	-	1,186,325
CA Community Schools Partnership	-	470,000	-	-	470,000
Child Development	-	-	-	23,516	23,516
Child Nutrition	-	-	-	111,343	111,343
Other State Programs	13,802	65,408	25,000	-	104,210
Local Sources					
GOAL	-	422,438	-	-	422,438
Partnership Healthplan of California	-	641,780	-	-	641,780
CalHOPE	-	160,485	-	-	160,485
Klamath River Promise	1,946,539	-	-	-	1,946,539
Other Local Sources	466,413	209,420	111,271	-	787,104
<b>Total Accounts Receivable</b>	<b>\$ 6,180,337</b>	<b>\$ 2,737,906</b>	<b>\$ 160,498</b>	<b>\$ 638,590</b>	<b>\$ 9,717,331</b>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## F. Capital Assets, Lease Assets, and Subscription Assets:

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,789,916	\$ -	\$ -	\$ 1,789,916
Work in progress	1,374,064	1,310,097	-	2,684,161
Total capital assets not being depreciated	<u>3,163,980</u>	<u>1,310,097</u>	<u>-</u>	<u>4,474,077</u>
Capital assets being depreciated:				
Land improvements	2,144,394	-	-	2,144,394
Buildings and improvements	87,192,257	2,555,307	-	89,747,564
Equipment	6,889,449	1,687,676	-	8,577,125
Total capital assets being depreciated	<u>96,226,100</u>	<u>4,242,983</u>	<u>-</u>	<u>100,469,083</u>
Less accumulated depreciation for:				
Land improvements	(2,144,394)	-	-	(2,144,394)
Buildings and improvements	(41,099,382)	(1,579,528)	-	(42,678,910)
Equipment	(4,778,097)	(331,629)	-	(5,109,726)
Total accumulated depreciation	<u>(48,021,873)</u>	<u>(1,911,157)</u>	<u>-</u>	<u>(49,933,030)</u>
Total capital assets being depreciated, net	<u>48,204,227</u>	<u>2,331,826</u>	<u>-</u>	<u>50,536,053</u>
Governmental activities capital assets, net	<u>\$ 51,368,207</u>	<u>\$ 3,641,923</u>	<u>\$ -</u>	<u>\$ 55,010,130</u>

Depreciation of \$1,911,157 in governmental activities was not allocated to any specific functions.

Lease asset and SBITA asset activity for the year ended June 30, 2025, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Lease assets:				
Facilities	\$ 71,427	\$ 120,377	\$ -	\$ 191,804
Equipment	89,007	-	-	89,007
Accumulated amortization	(35,658)	(62,408)	-	(98,066)
Governmental activities lease assets, net	<u>\$ 124,776</u>	<u>\$ 57,969</u>	<u>\$ -</u>	<u>\$ 182,745</u>
SBITA assets:				
Subscriptions	\$ -	\$ 338,296	\$ -	\$ 338,296
Accumulated amortization	-	(112,765)	-	(112,765)
Governmental activities SBITA assets, net	<u>\$ -</u>	<u>\$ 225,531</u>	<u>\$ -</u>	<u>\$ 225,531</u>

Amortization of \$175,173 in governmental activities was not allocated to any specific functions.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## G. Interfund Balances and Activities

### 1. Interfund Receivables and Payables (Due To and From Other Funds)

As of June 30, 2025, the District did not have any interfund receivables or payables.

### 2. Interfund Transfers Between Funds

Interfund transfers in and out between funds at June 30, 2025, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	County School Service Fund	\$ 188,361	Restricted maintenance transfer
County School Services Fund	Charter School Fund	666,554	Technology transfer
County School Services Fund	Nonmajor Governmental Funds	7,284	Forest reserve transfer
Special Reserve for Capital Outlay	General Fund	750,000	Capital outlay projects transfer
Nonmajor Governmental Funds	General Fund	704,217	Deferred maintenance transfer
Nonmajor Governmental Funds	Nonmajor Governmental Funds	13,603	Capital projects transfer
Warehouse Revolving Fund	County School Service Fund	152,324	Supplies reimbursement
	Total	<u>\$ 2,482,343</u>	

## H. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. During the year ended June 30, 2025, the District did not enter into any short-term debt agreements.

## I. Accounts Payable

Accounts payable balances as of June 30, 2025, consisted of:

	<u>Major Governmental Funds</u>				<u>Total Governmental Funds</u>
	<u>County School Service Fund</u>	<u>Charter School Fund</u>	<u>Special Revenue Fund for Capital Outlay Projects</u>	<u>Non-Major Governmental Funds</u>	
Vendors payable	\$ 460,880	\$ 143,272	\$ 75,105	\$ 127,244	\$ 4,496,873
Payroll and benefits	35,204	7,874	-	6,187	672,068
LCFF accrual	555,922	36,111	-		
Total accounts payable	<u>\$ 1,052,006</u>	<u>\$ 187,257</u>	<u>\$ 75,105</u>	<u>\$ 133,431</u>	<u>\$ 5,168,941</u>
	<u>Warehouse Revolving Fund</u>				
Vendors payable	\$ 5,632				
Total accounts payable	<u>\$ 5,632</u>				

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## J. Unearned Revenue

Unearned revenue balances as of June 30, 2025, consisted of:

	Major Governmental Funds			
	General Fund	County School Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:				
ESSA, School Improvement	\$ -	\$ 94,189	\$ -	\$ 94,189
Indian Education	346,301	420,967	-	767,268
Child Development	-	-	34,809	34,809
Other Federal Programs	-	44,193	8,570	52,763
State Government:				
Universal Prekindergarten	287,313	-	-	287,313
Child Development	-	-	133,805	133,805
CTEIG	-	90,379	-	90,379
<b>Total Unearned Revenue</b>	<b>\$ 633,614</b>	<b>\$ 649,728</b>	<b>\$ 177,184</b>	<b>\$ 1,460,526</b>

## K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2025, consisted of:

	Major Governmental Funds					Total Governmental Funds
	General Fund	County School Service Fund	Charter School Fund	Special Reserve for Capital Outlay Projects	Non-Major Governmental Funds	
Restricted Fund Balance						
Capital Projects	\$ 417,557	\$ -	\$ -	\$ -	\$ 5,418,958	\$ 5,836,515
Debt Service	-	-	-	-	1,041,069	1,041,069
Educational Programs	10,869,028	2,940,026	918,918	-	744,337	15,472,309
Child Nutrition Programs	-	-	-	-	1,821,648	1,821,648
Student Activities	-	-	-	-	252,509	252,509
Other Purposes	3,484,933	-	-	-	-	3,484,933
<b>Total Restricted Fund Balance</b>	<b>14,771,518</b>	<b>2,940,026</b>	<b>918,918</b>	<b>-</b>	<b>9,278,521</b>	<b>27,908,983</b>
Assigned Fund Balance						
Capital Projects	2,635,309	869,905	200,000	6,513,140	-	10,218,354
Educational Programs	-	450,000	-	-	-	450,000
Other Purposes	11,657,719	808,462	1,404,154	-	-	13,870,335
<b>Total Assigned Fund Balance</b>	<b>14,293,028</b>	<b>2,128,367</b>	<b>1,604,154</b>	<b>6,513,140</b>	<b>-</b>	<b>24,538,689</b>
Unassigned Fund Balance						
For Economic Uncertainties	2,282,158	490,473	-	-	-	2,772,631
<b>Total Unassigned Fund Balance</b>	<b>2,282,158</b>	<b>490,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,772,631</b>
<b>Total Fund Balance</b>	<b>\$ 31,346,704</b>	<b>\$ 5,558,866</b>	<b>\$ 2,523,072</b>	<b>\$ 6,513,140</b>	<b>\$ 9,278,521</b>	<b>\$ 55,220,303</b>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## L. Long Term Obligations

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds					
Principal Balance	\$ 21,075,658	\$ -	\$ 525,000	\$ 20,550,658	\$ 570,000
Bond Premium	720,413	-	2,667	717,746	22,806
Accreted Interest	526,881	121,620	-	648,501	-
Total GO Bonds	<u>22,322,952</u>	<u>121,620</u>	<u>527,667</u>	<u>21,916,905</u>	<u>592,806</u>
Leases Payable	131,255	120,377	56,936	194,696	75,573
SBITA Payable	-	338,296	338,296	-	-
Early Retirement Incentive	121,279	-	64,139	57,140	57,140
Net Pension Liability*	62,023,922	-	3,744,721	58,279,201	-
Total OPEB Liability*	10,727,543	81,398	-	10,808,941	504,030
Compensated Absences*	6,127,204	-	631,214	5,495,990	4,262,602
Total Governmental Activities	<u>\$ 101,454,155</u>	<u>\$ 661,691</u>	<u>\$ 5,362,973</u>	<u>\$ 96,752,873</u>	<u>\$ 5,492,151</u>

\*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for leases are made from the general fund and the county school services fund.
- Payments for pension contributions are made from the general fund, county school services fund, charter school fund and nonmajor governmental funds.
- Payments for OPEB contributions are made from the general fund, county school service fund, charter school fund and nonmajor governmental funds.
- Payments for compensated absences are made from the general fund, county school services fund, charter school fund and nonmajor governmental funds.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

In November 2008 registered voters authorized the issuance of \$24,987,000 principal amount of general obligation bonds. As of June 30, 2025, all authorized amounts have been issued.

On October 3, 2019 Del Norte County Schools issued \$4,985,658 in Election of 2008 Series E Bonds. The bonds were issued for the purpose of financing renovation, construction and improvement of school facilities. The bonds consisted of \$1,280,000 in current interest bonds bearing an interest rate of 4.00%, \$415,000 in term bonds bearing an interest rate of 2.125%, and \$3,290,658 in capital appreciation bonds with reoffering yield to maturity rates from 2.510% to 3.310%. Interest payments on the bonds are due semi-annually on February 1 and August 1 each year with principal payments annually on August 1 through August 1, 2045.

On October 3, 2019, Del Norte County Schools issued \$4,520,000 in 2019 Refunding Bonds Series A and \$7,975,000 in 2019 Refunding Bonds Series B in order to advance refund \$4,710,000 of 2013 Refunding Bonds, \$4,045,000 of 2008 Election Series B Bonds, and \$3,325,000 of 2008 Election Series C Bonds. The 2019 Refunding Bonds Series A consist of \$3,360,000 in current interest bonds with interest ranging from 2.25% to 4.00% and \$1,160,000 in term bonds with interest at 2.45%. Interest is paid semi-annually on February 1 and August 1 each year with principal paid annually on August 1 through August 1, 2033. The 2019 General Obligation Refunding Bonds Series B consist of \$7,440,000 in current interest bonds with interest ranging from 2.13% to 3.49% and \$535,000 of term bonds with interest at 2.10%. Interest is paid semi-annually on February 1 and August 1 each year with principal paid annually on August 1 through August 1, 2038.

General obligation bonds payable as of June 30, 2025, are as follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2008 Election Series D	02/11/16	3.50 - 4.125%	08/01/45	\$ 4,900,000
2008 Election Series E	10/03/19	2.125 - 4.00%	08/01/45	4,985,658
2019 Refunding Series A	10/03/19	2.25 - 4.00%	08/01/33	4,520,000
2019 Refunding Series B	10/03/19	2.10 - 3.49%	08/01/38	7,975,000
Total GO Bonds				<u>\$ 22,380,658</u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2008 Election Series D					
Principal	4,900,000	-	-	4,900,000	-
Premium	293,486	-	-	293,486	-
Total 2008-D	<u>5,193,486</u>	<u>-</u>	<u>-</u>	<u>5,193,486</u>	<u>-</u>
2008 Election Series E					
Principal	4,755,658	-	55,000	4,700,658	70,000
Premium	103,693	-	1,199	102,494	1,526
Accreted Interest	526,881	121,620	-	648,501	-
Total 2008-E	<u>5,386,232</u>	<u>121,620</u>	<u>56,199</u>	<u>5,451,653</u>	<u>71,526</u>
2019 Refunding Series A					
Principal	4,405,000	-	20,000	4,385,000	290,000
Premium	323,234	-	1,468	321,766	21,280
Total 2019-A	<u>4,728,234</u>	<u>-</u>	<u>21,468</u>	<u>4,706,766</u>	<u>311,280</u>
2019 Refunding Series B					
Principal	7,015,000	-	450,000	6,565,000	210,000
Total 2019-B	<u>7,015,000</u>	<u>-</u>	<u>450,000</u>	<u>6,565,000</u>	<u>210,000</u>
Total GO Bonds	<u>\$ 22,322,952</u>	<u>\$ 121,620</u>	<u>\$ 527,667</u>	<u>\$ 21,916,905</u>	<u>\$ 592,806</u>

The annual requirements to amortize the bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2026	\$ 570,000	\$ 587,752	\$ -	\$ 1,157,752
2027	615,000	571,132	-	1,186,132
2028	665,000	551,441	-	1,216,441
2029	720,000	527,669	-	1,247,669
2030	780,000	649,367	-	1,429,367
2031-2035	4,724,862	2,155,492	165,138	7,045,492
2036-2040	5,721,720	1,339,370	683,280	7,744,370
2041-2045	5,074,076	673,203	2,210,924	7,958,203
2046-2050	1,680,000	34,072	-	1,714,072
Total	<u>\$ 20,550,658</u>	<u>\$ 7,089,498</u>	<u>\$ 3,059,342</u>	<u>\$ 30,699,498</u>

### Accreted Interest

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2025.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## *Bond Premium*

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	<u>2008-D</u>	<u>2008-E</u>	<u>2019-A</u>
Total Interest Payments on Bonds	\$ 5,014,291	\$ 4,136,612	\$ 1,463,408
Less Bond Premium	<u>(326,096)</u>	<u>(108,709)</u>	<u>(331,674)</u>
Net Interest Payments	<u>\$ 4,688,195</u>	<u>\$ 4,027,903</u>	<u>\$ 1,131,734</u>
Par Amount of Bonds	4,900,000	4,985,658	4,520,000
Periods	30	26	14
Effective Interest Rate	3.19%	3.11%	1.79%

### 3. Leases Payable

The District entered into a lease agreement with Canon for the use of equipment. The lease calls for monthly payments of \$1,826 for a period of 60 months. The lease was discounted using an imputed interest rate of 8.50%.

The District entered into two lease agreements with Tedson for the use of facilities. The leases call for monthly payments of \$1,609 for a period of 60 months. The leases were discounted using an imputed interest rate of 8.50%.

The District entered into a lease agreements with 101 N Properties LLC for the use of facilities. The leases call for monthly payments of \$3,800 for a period of 36 months. The leases were discounted using an imputed interest rate of 8.50%.

Future minimum lease payments are as follows:

Year Ended			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 75,573	\$ 13,660	\$ 89,233
2027	83,251	6,942	90,193
2028	35,872	1,241	37,113
Total	<u>\$ 194,696</u>	<u>\$ 21,843</u>	<u>\$ 216,539</u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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## 4. Early Retirement Incentive

The District issued an early retirement incentive for cash payments payable up to five years to employees who met eligibility requirements and elected the incentive. During the year ended June 30, 2022 the District had nine eligible employees accept the incentive. Future payments under the early retirement incentive are \$57,140 for the June 30, 2026 year.

## 5. Compensated Absences

Total combined unpaid employee compensated absences as of June 30, 2025, was \$4,262,602. This amount is included as part of long-term liabilities in the government-wide financial statements.

	Balance	Current Year	Balance	Amounts Due
	July 1, 2024	Changes	June 30, 2025	Within One Year
Vacation Liability	\$ 784,006	\$ (80,538)	\$ 703,468	\$ 703,465
Sick Leave	5,343,198	(550,676)	4,792,522	3,559,137
Total	<u>\$ 6,127,204</u>	<u>\$ (631,214)</u>	<u>\$ 5,495,990</u>	<u>\$ 4,262,602</u>

## 6. Net Pension Liability

The District's beginning net pension liability was \$62,023,922 and decreased by \$3,744,721 during the year ended June 30, 2025 for an ending net pension liability of \$58,279,201. See Note M for additional information regarding the net pension liability.

## 7. Total OPEB Liability

The District's beginning total OPEB liability was \$10,727,543 and increased by \$81,398 during the year ended June 30, 2025 for an ending total OPEB liability of \$10,808,941. See Note N for additional information regarding the net OPEB liability.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## M. Pension Plans

### 1. General Information about the Pension Plans

#### a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

<u>Hire Date</u>	<u>CalSTRS</u>	
	<u>Before</u>	<u>After</u>
	<u>Jan. 1, 2013</u>	<u>Jan. 1, 2013</u>
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55 - 60	55 - 62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (2024-25)	10.250%	10.205%
Required Employer Contribution Rates (2024-25)	19.100%	19.100%
Required State Contribution Rates (2024-25)	10.828%	10.828%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

<u>Hire Date</u>	<u>CalPERS</u>	
	<u>Before</u>	<u>After</u>
	<u>Jan. 1, 2013</u>	<u>Jan. 1, 2013</u>
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 62	52 - 67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%*	1.0 - 2.5%*
Required Employee Contribution Rates (2024-25)	7.000%	8.000%
Required Employer Contribution Rates (2024-25)	27.050%	27.050%

\*Amounts are limited to 120% of Social Security Wage Base

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

	<u>DNCS-RCB</u>			
	<u>10 Years of Service</u>	<u>20 Years of Service</u>	<u>25 Years of Service</u>	<u>30 Years of Service</u>
Benefits Provided	Cash-in-lieu	Cash-in-lieu	Cash-in-lieu	Cash-in-lieu
Duration of Benefits	2 Years	3 Years	5 Years	7 Years
Required Service	10 Years	10 Years	10 Years	10 Years
Retirement Age	55	55	55	55
Employer Contribution	(1)	(1)	(1)	(1)

(1) - 86% of 2-party PPO 5 RX-C Premium

The DNCS-RCB Plan has the following participants as of measurement date:

	<u>DNCS-RCB</u>
Inactive Employees Receiving Benefits	6
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	<u>256</u>
Total Number of Participants	<u><u>262</u></u>

## Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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a. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2025, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 19.10% of creditable compensation for the fiscal year ended June 30, 2025. The CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation.

*CalPERS*

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2025, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 27.05% of covered payroll.

*DNCS-RCB*

Employer contribution rates for the DNCS-RCB Plan are determined by the governing board through contract negotiations. For the fiscal year ended June 30, 2025 (measured as of June 30, 2024) the employer contribution rate is equal to 86% of the 2-party PPO 5 RX-C premium offered to employees and eligible retirees.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2025 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District’s proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State’s pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
	2023	10.828%	\$ 2,438,735
2024	10.828%	2,031,051	(647,658)
2025	10.828%	2,019,076	(335,785)

## b. Contributions Recognized

For the fiscal year ended June 30, 2025 (measurement period June 30, 2024), the contributions recognized for each plan were:

	(Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	DNCS-RCB	Total
Contributions:				
Employer	\$ 4,185,940	\$ 5,051,357	\$ 114,236	\$ 9,351,533
State On Behalf	2,019,076	-	-	2,019,076
<i>Total Governmental Funds</i>	<u>\$ 6,205,016</u>	<u>\$ 5,051,357</u>	<u>\$ 114,236</u>	<u>\$ 11,370,609</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	DNCS-RCB	Total
Contributions:				
Employer	\$ 4,400,701	\$ 4,686,100	\$ 114,236	\$ 9,201,037
State On Behalf	2,019,076	-	-	2,019,076
<i>Total Governmental Activities</i>	<u>\$ 6,419,777</u>	<u>\$ 4,686,100</u>	<u>\$ 114,236</u>	<u>\$ 11,220,113</u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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

As of June 30, 2024 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		Total Pension Liability	
	CalSTRS	CalPERS	DNCS-RCB	Total
Governmental Activities	\$ 23,557,177	\$ 32,094,040	\$ 2,627,984	\$ 58,279,201

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to measurement date June 30, 2024 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, as actuarially determined.

The District's total pension liability for DNCS-RCB is measured as of June 30, 2024 determined by actuarial valuation as of June 30, 2023.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2024 and June 30, 2025 were as follows:

	CalSTRS		CalPERS	
	District's Proportionate Share	State's Proportionate Share for District *Employees	Total for District Employees	District's Proportionate Share
<i>Governmental Activities</i>				
Proportion June 30, 2024	0.036918%	0.017686%	0.054604%	0.086574%
Proportion June 30, 2025	0.035075%	0.016093%	0.051168%	0.089050%
Change in Proportion	-0.001843%	-0.001593%	-0.003436%	0.002476%

\*Represents State's Proportionate Share on behalf of District employees.

### a. Pension Expense

	Governmental Activities			
	CalSTRS	CalPERS	DNCS-RCB	Total
Change in Net Pension Liability/Total Pension Liability	\$ (4,559,835)	\$ 755,215	\$ 59,897	\$ (3,744,723)
State On Behalf Pension Expense	(335,785)	-	-	(335,785)
Employer Contributions to Pension Expense	4,185,940	5,051,357	114,236	9,351,533
Change in Deferred Outflows/Inflows of Resources	868,482	1,906,308	(238,457)	2,536,333
Total Pension Expense - Governmental	\$ 158,802	\$ 7,712,880	\$ (64,324)	\$ 7,807,358

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

b. Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Total
	CalSTRS	CalPERS	DNCS-RCB	
<i>Governmental Activities</i>				
Subsequent Contributions	\$ 4,185,940	\$ 5,051,357	\$ 95,056	\$ 9,332,353
Experience Differences	2,664,949	2,652,935	-	5,317,884
Changes in Assumptions	103,121	699,452	-	802,573
Changes in Proportionate Share	3,857,742	2,785,275	-	6,643,017
Earnings Differences	-	1,229,208	-	1,229,208
Total Deferred Outflows of Resources	<u>\$ 10,811,752</u>	<u>\$ 12,418,227</u>	<u>\$ 95,056</u>	<u>\$ 23,325,035</u>

	Deferred Inflows of Resources			Total
	CalSTRS	CalPERS	DNCS-RCB	
<i>Governmental Activities</i>				
Experience Differences	\$ (1,030,804)	\$ (227,773)	\$ (158,967)	\$ (1,417,544)
Changes in Assumptions	-	-	(373,614)	(373,614)
Changes in Proportionate Share	(3,271,450)	(938)	-	(3,272,388)
Earnings Differences	(96,246)	-	-	(96,246)
Total Deferred Inflows of Resources	<u>\$ (4,398,500)</u>	<u>\$ (228,711)</u>	<u>\$ (532,581)</u>	<u>\$ (5,159,792)</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2026. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period.

Year Ended	<i>Governmental Activities</i>						Net Effect on Expenses
	Deferred Outflows of Resources			Deferred Inflows of Resources			
	CalSTRS	CalPERS	DNCS-RCB	CalSTRS	CalPERS	DNCS-RCB	
June 30,							
2026	\$ 5,800,044	\$ 8,449,429	\$ 95,056	\$ (3,046,787)	\$ (228,711)	\$ (45,057)	\$ 11,023,974
2027	1,489,634	3,901,186	-	527,515	-	(45,057)	5,873,278
2028	1,438,073	554,120	-	(762,757)	-	(45,057)	1,184,379
2029	965,711	(486,508)	-	(701,346)	-	(45,057)	(267,200)
2030	965,712	-	-	(207,562)	-	(45,057)	713,093
Thereafter	152,578	-	-	(207,563)	-	(307,296)	(362,281)
Total	<u>\$ 10,811,752</u>	<u>\$ 12,418,227</u>	<u>\$ 95,056</u>	<u>\$ (4,398,500)</u>	<u>\$ (228,711)</u>	<u>\$ (532,581)</u>	<u>\$ 18,165,243</u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2025, were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>DNCS-RCB</u>
Fiscal Year	June 30, 2025	June 30, 2025	June 30, 2025
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Experience Study Period	2007-2022	1997 - 2015	CalPERS Tables
Actuarial Assumptions:			
Discount Rate	7.10%	6.90%	2.93%
Inflation	2.75%	2.50%	2.50%
Wage Growth	3.50%	Varies <sup>(3)</sup>	2.75%
Payroll Growth	3.25%		
Investment Rate of Return	7.10%	7.15%	N/A
Post Retirement Benefit Increase	2.00% Simple <sup>(1)</sup>	2.00% - 2.30% <sup>(4)</sup>	N/A
Mortality	CalSTRS Data <sup>(2)</sup>	CalPERS Data <sup>(5)</sup>	CalPERS Tables

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

## d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS, 6.90% for CalPERS and 2.93% for DNCS-RCB.

The DNCS-RCB discount rate was determined using the Bond Buyer 20 Bond Index as required by GASB Statement No. 73.

## Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and 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 the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (Fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2021 with new policies in effect on July 1, 2022. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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

## CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return <sup>(1)</sup>	Long-Term Expected Real Rate of Return <sup>(2)</sup>
Public Equity	38.00%	8.00%	5.25%
Real Estate	15.00%	6.80%	4.05%
Private Equity	14.00%	9.50%	6.75%
Fixed Income	14.00%	5.20%	2.45%
Risk Mitigation Strategies	10.00%	5.00%	2.25%
Inflation Sensitive	7.00%	6.40%	3.65%
Cash/Liquid	2.00%	2.80%	0.05%

<sup>(1)</sup> 20 to 30 year geometric average.

<sup>(2)</sup> Real rates of return are net of assumed 2.75% inflation

## CalPERS

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return <sup>(3),(4)</sup>
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>(3)</sup> An expected price inflation of 2.30% used for this period.

<sup>(4)</sup> Figures are based on the 2021-22 Asset Liability Management Study.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

e. Sensitivity to Proportionate Share of the Net Pension Liability/Total Pension Liability to Changes in the Discount Rate

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 41,900,946	\$ 47,276,899
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 23,557,177	\$ 32,094,040
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 8,239,819	\$ 19,061,234

The following represents the District's total pension liability, calculated using the discount rate for the DNCS-RCB Plan as well as what the District's total pension liability would be if it were calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>DNCS-RCB</u>
1% Decrease	2.93%
Total Pension Liability	\$ 2,843,366
Current Discount Rate	3.93%
Total Pension Liability	\$ 2,627,984
1% Increase	4.93%
Total Pension Liability	\$ 2,434,478

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

### 3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

#### CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension	Plan Fiduciary	Net Pension	State's Share of	District's Share
	Liability	Net Position	Liability	Net Pension	of Net Pension
	(a)	(b)	(a) - (b)	Liability	Liability
				(c)	(a) - (b) - (c)
<b>Balance at June 30, 2024</b>					
(Previously Reported)	\$ 214,637,401	\$ 173,050,606	\$ 41,586,795	\$ 13,469,783	\$ 28,117,012
<b>Changes for the year</b>					
Change in proportionate share	(13,506,229)	(10,889,347)	(2,616,882)	(1,213,240)	(1,403,642)
Service cost	4,454,686	-	4,454,686	1,401,057	3,053,629
Interest	14,253,358	-	14,253,358	4,482,866	9,770,492
Experience differences	1,558,066	-	1,558,066	490,032	1,068,034
Change in assumptions	(2,738,000)	-	(2,738,000)	(861,136)	(1,876,864)
Change in benefits	16,885	-	16,885	5,311	11,574
Contributions:					
Employer	-	4,392,994	(4,392,994)	(1,381,654)	(3,011,340)
Employee	-	2,422,805	(2,422,805)	(762,004)	(1,660,801)
State on behalf	-	2,019,076	(2,019,076)	(635,026)	(1,384,050)
Net investment income	-	13,392,201	(13,392,201)	(4,212,021)	(9,180,180)
Other income	-	200,067	(200,067)	(62,924)	(137,143)
Benefit payments <sup>(1)</sup>	(9,818,116)	(9,818,116)	-	-	-
Administrative expenses	-	(103,871)	103,871	32,669	71,202
Borrowing costs	-	(170,389)	170,389	53,590	116,799
Other expenses	-	(3,582)	3,582	1,127	2,455
Net changes	<u>(5,779,350)</u>	<u>1,441,838</u>	<u>(7,221,188)</u>	<u>(2,661,353)</u>	<u>(4,559,835)</u>
<b>Balance at June 30, 2025</b>	<u>\$ 208,858,051</u>	<u>\$ 174,492,444</u>	<u>\$ 34,365,607</u>	<u>\$ 10,808,430</u>	<u>\$ 23,557,177</u>

(1) – Includes refunds of employee contributions

Detailed information about the CalSTRS Plan's fiduciary net position is available on the CalSTRS website.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at June 30, 2024</b>			
(Previously Reported)	\$ 104,333,400	\$ 72,994,575	\$ 31,338,825
<b>Changes for the year</b>			
Change in proportionate share	2,983,916	2,087,631	896,285
Service cost	2,759,800	-	2,759,800
Interest	7,495,185	-	7,495,185
Experience differences	2,579,631	-	2,579,631
Contributions:			
Employer	-	4,780,966	(4,780,966)
Employee	-	1,366,175	(1,366,175)
Net investment income	-	7,159,320	(7,159,320)
Benefit payments <sup>(1)</sup>	(5,301,959)	(5,301,959)	-
Administrative expenses	-	(62,138)	62,138
Net changes	10,785,210	10,029,995	755,215
<b>Balance at June 30, 2025</b>	<u>\$ 115,118,610</u>	<u>\$ 83,024,570</u>	<u>\$ 32,094,040</u>

(1) – Includes refunds of employee contributions

Detailed information about the CalPERS Plan’s fiduciary net position is available on the CalPERS website.

## DNCS-RCB Governmental Activities

	Total Pension Liability
<b>Balance at June 30, 2024</b>	<u>\$ 2,568,087</u>
<b>Changes for the year</b>	
Service Cost	142,554
Interest	94,252
Change in Assumptions	(62,673)
Benefit Payments	(114,236)
Net changes	<u>59,897</u>
<b>Balance at June 30, 2025</b>	<u>\$ 2,627,984</u>

Detailed information about the DNCS-RCB Plan can be obtained by contacting the District. No assets are accumulated in a trust for the DNCS-RCB Plan.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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## N. Post-Employment Benefits Other than Pension (OPEB)

### 1. Plan Description

The District's defined benefit OPEB plan, Del Norte County Schools Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

### 2. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below:

The District offers post-employment medical insurance to its eligible retirees based on length of service. Eligible employees who retire at age 55 with 10 years of service are eligible for 2 years of medical benefits capped at 100% of the PPO 5 RX-C Premium. Eligible employees who retire at age 55 with 20 years of service are eligible for 3 years of medical benefits capped at 100% of the PPO 5 RX-C Premium. Eligible employees who retire at age 55 with 25 years of service are eligible for 5 years of medical benefits capped at 100% of the PPO 5 RX-C Premium. Eligible employees who retire at age 55 with 30 years of service are eligible for 7 years of medical benefits capped at 100% of the PPO 5 RX-C Premium.

Employees may opt for a cash-in-lieu benefit capped at 86% of the PPO 5 RX-C Premium. The cash-in-lieu benefit is reported under pension liabilities in accordance with GASB Statement No. 73.

### 3. Contributions

The contribution requirements of Plan members and the Del Norte County Schools are established and may be amended by the Del Norte County Schools through negotiations with bargaining units.

### 4. Plan Membership

Membership of the plan consisted of the following as of the June 30, 2023 valuation date, measured as of June 30, 2024 for fiscal year June 30, 2025:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>256</u>
	<u>279</u>

### 5. Total OPEB Liability

The Del Norte County Schools' total OPEB liability of \$10,808,941 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 6. Actuarial Assumptions and Other Inputs

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

### **Economic assumptions:**

Inflation	2.50%
Salary increases	2.75% per annum, in aggregate
Discount rate	3.93%
Healthcare cost trend rates	4.00%

### **Non-economic assumptions:**

#### *Mortality*

Certificated	2020 CalSTRS mortality tables
Classified	2017 CalPERS mortality tables for school employees

#### *Termination Rates:*

Certificated	2020 CalSTRS termination rates
Classified	2017 CalPERS termination rates for school employees

The discount rate used is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

## 7. Changes in Total OPEB Liability

	<u>Governmental Activities</u>
Service cost	\$ 565,688
Interest	390,721
Experience gains and losses	(107,401)
Changes of assumptions	(263,580)
Benefit payments*	<u>(504,030)</u>
Net change in Total OPEB Liability	81,398
Total OPEB Liability - Beginning	10,727,543
Total OPEB Liability - Ending	<u><u>\$ 10,808,941</u></u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## 8. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (2.93%)	Valuation Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 11,665,882	\$ 10,808,941	\$ 10,039,779

## 9. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Plan, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Valuation Healthcare Cost Trends (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 9,515,941	\$ 10,808,941	\$ 12,321,313

## 10. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$1,271,260. At June 30, 2025 the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Subsequent contributions	\$ 504,030	\$ -
Experience gains and losses	1,361,865	869,186
Assumption changes	3,054,141	1,236,141
Change in proportionate share*	9,561	9,561
Total	<u>\$ 4,929,597</u>	<u>\$ 2,114,888</u>

\*Proportionate share is measured for purposes of reporting the proportion of the total OPEB liability for the Warehouse Revolving Fund which is reported using the economic resources measurement focus, or full accrual accounting.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2026	\$ 1,009,979	\$ (196,904)	\$ 813,075
2027	505,949	(196,904)	309,045
2028	505,949	(196,904)	309,045
2029	505,949	(196,904)	309,045
2030	505,949	(196,904)	309,045
Thereafter	<u>1,895,822</u>	<u>(1,130,368)</u>	<u>765,454</u>
Total	<u>\$ 4,929,597</u>	<u>\$ (2,114,888)</u>	<u>\$ 2,814,709</u>

## O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

## Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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### **P. Participation in Joint Powers Authorities**

Del Norte County Schools is a member of three public entity risk pools (JPAs): the Northern California Schools Insurance Group (NCSIG) for workers' compensation, property and liability insurance; the Benefits Liability Excess Fund (BeLIEF) for excess employee health benefits; and the Schools Excess Liability Fund (SELF) for excess liability and workers' compensation insurance. Del Norte County Schools pay an annual premium to the entities for their coverage. The relationship between Del Norte County Schools, the pools, and the JPAs is such that the JPAs are not component units of Del Norte County Schools for financial reporting purposes.

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

### **Q. Commitments and Contingencies**

#### 1. State and Federal Allowances, Awards, and Grants

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

#### 2. Litigation

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

#### 3. Construction Commitments

As of June 30, 2025, the District did not have any outstanding construction commitments.

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## R. Deferred Outflows of Resources

In accordance with GASB Statement No. 65, prepaid debt insurance and debt refunding losses are recorded as deferred outflows of resources and amortized over the life of the debt.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75, payments made subsequent to the total OPEB liability measurement date, and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2025 is as follows:

Description	Beginning Balance	Additions/ Adjustments	Amortization	Ending Balance
Governmental activities:				
Pension related	\$ 26,349,316	\$ 3,124,862	\$ 6,080,429	\$ 23,393,749
OPEB related	5,365,794	510,020	946,217	4,929,597
Prepaid debt insurance	25,130	-	1,114	24,016
Refunding losses	482,770	-	35,558	447,212
Total Deferred Outflows of Resources	<u>\$ 32,223,010</u>	<u>\$ 3,634,882</u>	<u>\$ 7,063,318</u>	<u>\$ 28,794,574</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Governmental Activities				
	Pension Related	OPEB Related	Prepaid Debt Insurance	Refunding Losses	Total
2026	\$ 14,318,895	\$ 1,009,979	\$ 1,114	\$ 35,558	\$ 15,365,546
2027	5,390,820	505,949	1,114	35,558	5,933,441
2028	1,992,193	505,949	1,114	35,558	2,534,814
2029	573,551	505,949	1,114	35,558	1,116,172
2030	965,712	505,949	1,114	35,558	1,508,333
Thereafter	152,578	1,895,822	18,446	269,422	2,336,268
Total	<u>\$ 23,393,749</u>	<u>\$ 4,929,597</u>	<u>\$ 24,016</u>	<u>\$ 447,212</u>	<u>\$ 28,794,574</u>

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

## S. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items related to pension as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75, items related to OPEB as outlined in the GASB pronouncement have been recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2025, is as follows:

Description	Beginning Balance	Additions/ Adjustments	Amortization	Ending Balance
Governmental activities:				
Pension related	\$ 5,394,104	\$ 2,654,487	\$ 2,888,799	\$ 5,159,792
OPEB related	1,930,464	370,981	196,118	2,105,327
Total Deferred Outflows of Resources	\$ 7,324,568	\$ 3,025,468	\$ 3,084,917	\$ 7,265,119

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Governmental Activities		
	Pension Related	OPEB Related	Total
2026	\$ 3,808,079	\$ 196,904	\$ 4,004,983
2027	(527,515)	196,904	(330,611)
2028	762,757	196,904	959,661
2029	701,346	196,904	898,250
2030	207,562	196,904	404,466
Thereafter	207,563	1,120,807	1,328,370
Total	\$ 5,159,792	\$ 2,105,327	\$ 7,265,119

# Del Norte County Schools

Notes to the Financial Statements, Continued

June 30, 2025

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## T. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Year Effective
GASB Statement No. 103 <i>Financial Reporting Model Improvements</i>	Apr-24	2025-26
GASB Statement No. 104 <i>Disclosure of Certain Capital Assets</i>	Sep-24	2025-26
GASB Implementation Guide No. 2025-1 <i>Implementation Guidance Update 2025 (Except Question 4.16)</i>	Jun-25	2025-26

The effects of the upcoming guidance and pronouncements on the District’s financial statements has not yet been determined.

Required Supplementary Information

# Del Norte County Schools

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive (Negative)
	Original	Final			
<b>Revenues</b>					
LCFF Sources					
State Apportionment	\$ 24,403,210	\$ 29,238,546	\$ 4,835,336	\$ 24,686,453	\$ (4,552,093)
Education Protection Account	11,289,335	6,143,518	(5,145,817)	11,388,042	5,244,524
Property Taxes	10,314,457	10,314,457	-	11,047,023	732,566
Federal Revenue	4,325,905	7,989,208	3,663,303	7,558,777	(430,431)
Other State Revenue	7,835,626	11,060,477	3,224,851	10,256,343	(804,134)
Interest and Investment Income	889,864	1,991,204	1,101,340	2,310,295	319,091
Other Local Revenue	7,088,886	7,846,544	757,658	9,736,834	1,890,290
Total Revenues	<u>66,147,283</u>	<u>74,583,954</u>	<u>8,436,671</u>	<u>76,983,767</u>	<u>2,399,813</u>
<b>Expenditures</b>					
Current Expenditures:					
Certificated Salaries	22,677,703	20,688,467	1,989,236	21,843,172	(1,154,705)
Classified Salaries	16,833,627	14,310,283	2,523,344	15,210,430	(900,147)
Employee Benefits	22,289,879	19,238,461	3,051,418	18,812,559	425,902
Books and Supplies	4,506,770	5,236,054	(729,284)	3,615,615	1,620,439
Services and Other Operating	8,060,425	11,450,583	(3,390,158)	12,156,161	(705,578)
Other Outgo	280,746	402,520	(121,774)	339,001	63,519
Transfers of Indirect Costs	(250,486)	(239,835)	(10,651)	(232,291)	(7,544)
Capital Outlay	1,921,074	2,282,452	(361,378)	2,826,123	(543,671)
Debt Service:			-		
Principal	-	-	-	354,535	(354,535)
Interest	-	-	-	5,674	(5,674)
Total Expenditures	<u>76,319,738</u>	<u>73,368,985</u>	<u>2,950,753</u>	<u>74,930,979</u>	<u>(1,561,994)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,172,455)</u>	<u>1,214,969</u>	<u>11,387,424</u>	<u>2,052,788</u>	<u>837,819</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Leases	-	-	-	338,296	338,296
Transfers Out	(1,512,240)	(1,511,758)	482	(1,454,217)	57,541
Net Financing Sources (Uses)	<u>(1,512,240)</u>	<u>(1,511,758)</u>	<u>482</u>	<u>(1,115,921)</u>	<u>395,837</u>
<b>Net Change in Fund Balance</b>	(11,684,695)	(296,789)	11,387,906	936,867	1,233,656
<b>Fund Balance - Beginning of Year</b>	30,409,837	30,409,837	-	30,409,837	-
<b>Fund Balance - End of Year</b>	<u>\$ 18,725,142</u>	<u>\$ 30,113,048</u>	<u>\$ 11,387,906</u>	<u>\$ 31,346,704</u>	<u>\$ 1,233,656</u>

# Del Norte County Schools

Budgetary Comparison Schedule – County School Service Fund  
 For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive (Negative)
	Original	Final			
<b>Revenues</b>					
LCFF Sources					
State Apportionment	\$ 2,324,274	\$ 2,661,611	\$ 337,337	\$ 2,109,715	\$ (551,896)
Education Protection Account	1,202,797	658,554	(544,243)	1,231,685	573,131
Property Taxes	3,576,039	55,000	(3,521,039)	60,027	5,027
Federal Revenue	1,429,255	2,122,878	693,623	1,466,815	(656,063)
Other State Revenue	925,324	2,558,987	1,633,663	2,433,980	(125,007)
Interest and Investment Income	102,204	102,204	-	307,622	205,418
Other Local Revenue	1,575,405	1,972,667	397,262	2,072,412	99,745
Total Revenues	<u>11,135,298</u>	<u>10,131,901</u>	<u>(1,003,397)</u>	<u>9,682,256</u>	<u>(449,645)</u>
<b>Expenditures</b>					
Current Expenditures:					
Certificated Salaries	1,695,679	1,488,727	206,952	1,806,878	(318,151)
Classified Salaries	2,414,948	2,248,384	166,564	2,389,704	(141,320)
Employee Benefits	2,258,704	2,119,020	139,684	2,108,980	10,040
Books and Supplies	624,202	838,323	(214,121)	535,994	302,329
Services and Other Operating	1,681,984	2,485,619	(803,635)	2,286,390	199,229
Other Outgo	33,607	-	33,607	124,142	(124,142)
Capital Outlay	-	45,144	(45,144)	165,520	(120,376)
Debt Service:					
Principal	-	-	-	40,696	(40,696)
Interest	-	-	-	10,464	(10,464)
Total Expenditures	<u>8,709,124</u>	<u>9,225,217</u>	<u>(516,093)</u>	<u>9,468,768</u>	<u>(243,551)</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>2,426,174</u>	<u>906,684</u>	<u>(1,519,490)</u>	<u>213,488</u>	<u>(693,196)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Leases	-	-	-	120,377	120,377
Transfers In	-	2,850	2,850	7,284	4,434
Transfers Out	-	(360,213)	(360,213)	(340,685)	19,528
Net Financing Sources (Uses)	<u>-</u>	<u>(357,363)</u>	<u>(357,363)</u>	<u>(213,024)</u>	<u>144,339</u>
<b>Net Change in Fund Balance</b>	2,426,174	549,321	(1,876,853)	464	(548,857)
<b>Fund Balance - Beginning of Year</b>	5,558,402	5,558,402	-	5,558,402	-
<b>Fund Balance - End of Year</b>	<u>\$ 7,984,576</u>	<u>\$ 6,107,723</u>	<u>\$ (1,876,853)</u>	<u>\$ 5,558,866</u>	<u>\$ (548,857)</u>

See Accompanying Notes to Required Supplementary Information

# Del Norte County Schools

## Budgetary Comparison Schedule – Charter School Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Variance Original to Final Budget Positive/ (Negative)	Actual	Variance Actual to Final Budget Positive (Negative)
	Original	Final			
<b>Revenues</b>					
LCFF Sources					
State Apportionment	\$ 3,694,511	\$ 4,347,537	\$ 653,026	\$ 3,567,571	\$ (779,966)
Education Protection Account	1,361,083	740,430	(620,653)	1,316,256	575,826
Other State Revenue	459,289	679,716	220,427	605,431	(74,285)
Interest Income	80,399	80,399	-	209,704	129,305
<b>Total Revenues</b>	<u>5,595,282</u>	<u>5,848,082</u>	<u>252,800</u>	<u>5,698,962</u>	<u>(149,120)</u>
<b>Expenditures</b>					
Current Expenditures:					
Certificated Salaries	2,211,179	2,250,647	(39,468)	1,935,367	315,280
Classified Salaries	461,262	414,637	46,625	450,554	(35,917)
Employee Benefits	1,550,895	1,322,083	228,812	1,155,878	166,205
Books and Supplies	200,099	312,102	(112,003)	347,937	(35,835)
Services and Other Operating	1,024,538	452,283	572,255	1,092,437	(640,154)
<b>Total Expenditures</b>	<u>5,447,973</u>	<u>4,751,752</u>	<u>696,221</u>	<u>4,982,173</u>	<u>(230,421)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>147,309</u>	<u>1,096,330</u>	<u>949,021</u>	<u>716,789</u>	<u>(379,541)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	<u>(544,655)</u>	<u>(559,269)</u>	<u>(14,614)</u>	<u>(666,554)</u>	<u>(107,285)</u>
Net Financing Sources (Uses)	<u>(544,655)</u>	<u>(559,269)</u>	<u>(14,614)</u>	<u>(666,554)</u>	<u>(107,285)</u>
<b>Net Change in Fund Balance</b>	<u>(397,346)</u>	<u>537,061</u>	<u>934,407</u>	<u>50,235</u>	<u>(486,826)</u>
<b>Fund Balance - Beginning of Year</b>	<u>2,472,837</u>	<u>2,472,837</u>	<u>-</u>	<u>2,472,837</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,075,491</u>	<u>\$ 3,009,898</u>	<u>\$ 934,407</u>	<u>\$ 2,523,072</u>	<u>\$ (486,826)</u>

## Del Norte County Schools

### Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0351%	0.0369%	0.0319%	0.0341%	0.0307%	0.0363%	0.0354%	0.0346%	0.0355%	0.0397%
District's proportionate share of the net pension liability (asset)	\$ 23,557,177	\$ 28,117,010	\$ 22,152,740	\$ 15,533,887	\$ 29,784,996	\$ 32,787,992	\$ 32,493,718	\$ 31,988,743	\$ 28,695,495	\$ 26,754,276
State's proportionate share of the net pension liability (asset) associated with the District	10,808,430	13,469,784	13,510,107	11,517,420	21,172,549	17,147,696	18,672,744	18,996,367	16,414,840	14,245,067
Total	<u>\$ 34,365,607</u>	<u>\$ 41,586,794</u>	<u>\$ 35,662,847</u>	<u>\$ 27,051,307</u>	<u>\$ 50,957,545</u>	<u>\$ 49,935,688</u>	<u>\$ 51,166,462</u>	<u>\$ 50,985,110</u>	<u>\$ 45,110,335</u>	<u>\$ 40,999,343</u>
District's covered payroll*	\$ 23,040,319	\$ 22,196,822	\$ 20,351,915	\$ 20,056,211	\$ 18,920,433	\$ 19,512,869	\$ 18,776,209	\$ 18,288,786	\$ 17,627,018	\$ 18,364,414
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.24%	126.67%	108.85%	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%
Plan fiduciary net position as a percentage of the total pension liability	83.55%	80.62%	81.20%	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Del Norte County Schools

## Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,185,940	\$ 4,400,701	\$ 4,239,593	\$ 3,353,859	\$ 3,239,078	\$ 3,235,394	\$ 3,070,963	\$ 2,709,407	\$ 2,300,729	\$ 1,891,379
Contributions in relation to the contractually required contribution	(4,185,940)	(4,400,701)	(4,239,593)	(3,353,859)	(3,239,078)	(3,235,394)	(3,070,963)	(2,709,407)	(2,300,729)	(1,891,379)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll*	\$ 21,915,916	\$ 23,040,319	\$ 22,196,822	\$ 19,821,862	\$ 20,056,211	\$ 18,920,433	\$ 19,512,869	\$ 18,776,209	\$ 18,288,786	\$ 17,627,018
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%

\*Covered payroll on this schedule is based on the fiscal year.

## Del Norte County Schools

### Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0891%	0.0866%	0.0782%	0.0683%	0.0625%	0.0593%	0.0573%	0.0533%	0.0519%	0.0518%
District's proportionate share of the net pension liability (asset)	\$ 32,094,040	\$ 31,338,825	\$ 26,892,420	\$ 13,884,960	\$ 19,164,956	\$ 17,296,822	\$ 15,266,519	\$ 12,724,117	\$ 10,252,719	\$ 7,637,259
District's covered payroll*	\$ 17,564,093	\$ 14,987,123	\$ 12,134,810	\$ 9,804,459	\$ 9,077,668	\$ 8,305,775	\$ 7,634,312	\$ 6,845,698	\$ 6,286,412	\$ 5,761,923
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	182.73%	209.11%	221.61%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	69.96%	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%

\*Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

# Del Norte County Schools

## Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 5,051,357	\$ 4,686,100	\$ 3,802,233	\$ 2,779,006	\$ 2,029,523	\$ 1,790,207	\$ 1,500,189	\$ 1,185,685	\$ 950,731	\$ 744,751
Contributions in relation to the contractually required contribution	<u>(5,051,357)</u>	<u>(4,686,100)</u>	<u>(3,802,233)</u>	<u>(2,779,006)</u>	<u>(2,029,523)</u>	<u>(1,790,207)</u>	<u>(1,500,189)</u>	<u>(1,185,685)</u>	<u>(950,731)</u>	<u>(744,751)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll*	\$ 18,674,148	\$ 17,564,093	\$ 14,987,123	\$ 12,130,100	\$ 9,804,459	\$ 9,077,668	\$ 8,305,775	\$ 7,634,312	\$ 6,845,698	\$ 6,286,412
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%

\*Covered payroll on this schedule is based on the fiscal year.

## Del Norte County Schools

### Schedule of the District's Total Pension Liability and Related Ratios – Del Norte County Schools Retirement Cash Benefits Last Ten Fiscal Years\*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	\$ 142,554	\$ 135,012	\$ 168,327	\$ 163,822	N/A	N/A	N/A	N/A	N/A	N/A
Interest	94,252	96,946	64,116	61,944	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Experience differences	-	(183,239)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(62,673)	(75,628)	(320,765)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	<u>(114,236)</u>	<u>(134,732)</u>	<u>(132,264)</u>	<u>(127,179)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total OPEB liability	59,897	(161,641)	(220,586)	98,587	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	<u>2,568,087</u>	<u>2,729,728</u>	<u>2,950,314</u>	<u>2,851,727</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB liability - ending	<u>\$ 2,627,984</u>	<u>\$ 2,568,087</u>	<u>\$ 2,729,728</u>	<u>\$ 2,950,314</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

\*\*Benefits do not depend on salary, as such covered payroll is not applicable.

## Del Norte County Schools

### Schedule of the District's Total OPEB Liability and Related Ratios – Del Norte County Schools Retirement Health Benefits Last Ten Fiscal Years\*

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability:										
Service cost	\$ 565,688	\$ 540,956	\$ 674,238	\$ 1,280,481	\$ 1,002,865	\$ 806,871	\$ 785,276	\$ 764,259	N/A	N/A
Interest	390,721	394,947	261,449	199,360	270,234	274,506	253,259	232,745	N/A	N/A
Changes of benefit terms	-	-	-	(3,366,066)	-	-	-	-	N/A	N/A
Experience differences	(107,401)	(786,192)	52,916	1,921,974	(58,021)	(185,672)	-	-	N/A	N/A
Changes of assumptions	(263,580)	30,033	(1,294,702)	3,900,397	502,892	69,415	-	-	N/A	N/A
Benefit payments	<u>(504,030)</u>	<u>(600,703)</u>	<u>(571,921)</u>	<u>(585,611)</u>	<u>(581,090)</u>	<u>(492,857)</u>	<u>(487,551)</u>	<u>(468,799)</u>	<u>N/A</u>	<u>N/A</u>
Net change in total OPEB liability	81,398	(420,959)	(878,020)	3,350,535	1,136,880	472,263	550,984	528,205	N/A	N/A
Total OPEB liability - beginning	<u>10,727,543</u>	<u>11,148,502</u>	<u>12,026,522</u>	<u>8,675,987</u>	<u>7,539,107</u>	<u>7,066,844</u>	<u>6,515,860</u>	<u>5,987,655</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB liability - ending	<u>\$ 10,808,941</u>	<u>\$ 10,727,543</u>	<u>\$ 11,148,502</u>	<u>\$ 12,026,522</u>	<u>\$ 8,675,987</u>	<u>\$ 7,539,107</u>	<u>\$ 7,066,844</u>	<u>\$ 6,515,860</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	\$ 40,590,064	\$ 40,604,412	\$ 37,183,945	\$ 31,951,962	\$ 29,860,670	\$ 27,998,101	\$ 27,818,644	\$ 26,410,521	N/A	N/A
Total OPEB liability as a percentage of covered payroll	26.63%	26.42%	29.98%	37.64%	29.05%	26.93%	35.34%	32.59%	N/A	N/A

\*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

## Del Norte County Schools

### Notes to Required Supplementary Information

For the Year Ended June 30, 2025

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#### Excess of Expenditures Over Appropriations

As of June 30, 2025, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>General Fund:</b>		
Certificated Salaries	\$ 1,154,705	The District underestimated the costs of certificated salaries.
Classified Salaries	900,147	The District underestimated the costs of classified support salaries.
Services and Other Operating	705,578	The District underestimated the services and other operating costs.
Transfers of Indirect Costs	7,544	The District underestimated the transfers of indirect costs.
Capital Outlay	543,671	The District underestimated the costs of capital improvements.
Debt Service	360,209	The District did not budget for lease payments as debt service.
<b>County School Services Fund:</b>		
Certificated Salaries	318,151	The District underestimated the costs of certificated salaries.
Classified Salaries	141,320	The District underestimated the costs of classified support salaries.
Other Outgo	124,142	The District underestimated the costs of transfers of services to other agencies.
Capital Outlay	120,376	The District underestimated the costs of capital improvements.
Debt Service	51,160	The District did not budget for lease payments as debt service.

# Del Norte County Schools

## Notes to Required Supplementary Information

For the Year Ended June 30, 2025

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<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
<b>Charter School Fund:</b>		
Classified Salaries	35,917	The District underestimated the costs of classified salaries.
Books and Supplies	35,835	The District underestimated the costs of books and supplies.
Services and Other	640,154	The District underestimated the costs of services and other expenditures.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

## Del Norte County Schools

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies performed by CalSTRS.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	2006 - 2010	2006 - 2010	2010 - 2015	2010 - 2015	2010 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.60%	7.60%	7.10%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
Reporting Period	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	2010 - 2015	2015 - 2018	2015 - 2018	2015 - 2018	2007 - 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.10%	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%	3.50%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## Del Norte County Schools

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: Changes in benefits reflect changes enacted by law for benefits offered and eligibility criteria.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalPERS Plan changed due to actuarial experience studies performed by CalPERS.

### Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2024, was determined with a valuation completed June 30, 2023. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Valuation Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Experience Study	1997 - 2011	1997 - 2011	1997 - 2011	1997 - 2015	1997 - 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.65%	7.65%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%	3.00%
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
Reporting Period	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Measurement Date	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Valuation Date	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Experience Study	1997 - 2015	1997 - 2015	2000 - 2019	2000 - 2019	2000 - 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return <sup>(1)</sup>	7.15%	7.15%	6.90%	6.90%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%	2.30%
Wage Growth (Average)	2.75%	2.75%	2.75%	2.75%	Varies by Age
Post-Retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00 - 2.30%

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

# Del Norte County Schools

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2025

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## Schedule of Changes in the District's Total Pension Liability and Related Ratios – DNCS Cash Benefit Plan

1. Benefit Changes: There were no changes to benefits during the 2024-25 fiscal year.
2. Changes in Assumptions: Discount rate was updated consistent with the requirements to GASB 73.
3. No assets are accumulated in a trust.
4. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.80%
2019	3.80%
2020	3.50%
2021	2.20%
2022	2.16%
2023	3.54%
2024	3.65%
2025	3.93%

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

5. Benefit Changes: Benefit terms were updated to reflect changes agreed to by bargaining units.
6. Changes in Assumptions: Discount rates were updated based on changes in the bond index.
7. No assets are accumulated in a trust that meets the criteria in GASB No. 75 Paragraph 4.
8. The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2022	2.16%
2023	3.54%
2024	3.65%
2025	3.93%

## Combining Statements as Supplementary Information

# Del Norte County Schools

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds				Capital Projects Funds		Debt Service Fund	Total Non-Major Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	
<b>ASSETS:</b>								
Cash and investments	\$ 252,509	\$ 168,952	\$ 639,583	\$ 1,417,370	\$ 611,127	\$ 4,819,936	\$ 1,041,069	\$ 8,950,546
Accounts receivable	-	-	149,028	489,562	-	-	-	638,590
Total Assets	<u>\$ 252,509</u>	<u>\$ 168,952</u>	<u>\$ 788,611</u>	<u>\$ 1,906,932</u>	<u>\$ 611,127</u>	<u>\$ 4,819,936</u>	<u>\$ 1,041,069</u>	<u>\$ 9,589,136</u>
<b>LIABILITIES AND FUND BALANCE:</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 4,624	\$ 39,988	\$ 76,714	\$ -	\$ 12,105	\$ -	\$ 133,431
Unearned revenue	-	-	168,614	8,570	-	-	-	177,184
Total Liabilities	<u>-</u>	<u>4,624</u>	<u>208,602</u>	<u>85,284</u>	<u>-</u>	<u>12,105</u>	<u>-</u>	<u>310,615</u>
<b>Fund Balance</b>								
Restricted	252,509	164,328	580,009	1,821,648	611,127	4,807,831	1,041,069	9,278,521
Total Fund Balance	<u>252,509</u>	<u>164,328</u>	<u>580,009</u>	<u>1,821,648</u>	<u>611,127</u>	<u>4,807,831</u>	<u>1,041,069</u>	<u>9,278,521</u>
Total Liabilities and Fund Balance	<u>\$ 252,509</u>	<u>\$ 168,952</u>	<u>\$ 788,611</u>	<u>\$ 1,906,932</u>	<u>\$ 611,127</u>	<u>\$ 4,819,936</u>	<u>\$ 1,041,069</u>	<u>\$ 9,589,136</u>

# Del Norte County Schools

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Special Revenue Funds						Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Forest Reserve Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	
<b>REVENUES:</b>											
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,232,022	\$ 1,232,022
Federal Revenue	-	-	503,873	2,314,269	-	48,558	-	-	-	-	2,866,700
Other State Revenue	-	127,212	1,425,766	741,229	-	-	-	-	3,690	-	2,297,897
Interest and Investment Income	-	10,247	57,917	110,508	-	-	-	-	-	-	178,672
Other Local Revenue	456,008	-	-	149,373	57,628	-	-	377,743	339,252	-	1,380,004
Total Revenues	456,008	137,459	1,987,556	3,315,379	57,628	48,558	-	377,743	342,942	1,232,022	7,955,295
<b>EXPENDITURES:</b>											
Current Expenditures:											
Instruction	-	50,744	1,445,652	-	-	-	-	-	-	-	1,496,396
Instruction-Related Services	-	39,282	322,080	-	-	-	-	-	-	-	361,362
Pupil Services	-	-	-	3,472,397	-	-	-	-	-	-	3,472,397
Ancillary Services	498,193	-	-	-	-	-	-	-	-	-	498,193
General Administration	-	3,997	79,084	149,210	-	-	-	30,189	-	-	262,480
Plant Services	-	-	-	-	818,160	-	-	-	98,443	-	916,603
Payments to School District/Charter School	-	-	-	-	-	41,274	-	-	-	-	41,274
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	550,410	550,410
Interest	-	-	-	-	-	-	-	-	-	575,970	575,970
Total Expenditures	498,193	94,023	1,846,816	3,621,607	818,160	41,274	-	30,189	98,443	1,126,380	8,175,085
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(42,185)	43,436	140,740	(306,228)	(760,532)	7,284	-	347,554	244,499	105,642	(219,790)
<b>OTHER FINANCING SOURCES (USES):</b>											
Transfers In	-	-	-	-	704,217	-	-	13,603	-	-	717,820
Transfers Out	-	-	-	-	-	(7,284)	-	(13,603)	-	-	(20,887)
Total Other Financing Sources (Uses)	-	-	-	-	704,217	(7,284)	-	-	-	-	696,933
<b>NET CHANGE IN FUND BALANCE</b>	(42,185)	43,436	140,740	(306,228)	(56,315)	-	-	347,554	244,499	105,642	477,143
<b>FUND BALANCE, BEGINNING OF YEAR</b>	294,694	120,892	439,269	2,127,876	56,315	-	-	263,573	4,563,332	935,427	8,801,378
<b>FUND BALANCE, END OF YEAR</b>	\$ 252,509	\$ 164,328	\$ 580,009	\$ 1,821,648	\$ -	\$ -	\$ -	\$ 611,127	\$ 4,807,831	\$ 1,041,069	\$ 9,278,521

## Other Supplementary Information

## Del Norte County Schools

Schedule of Average Daily Attendance – Del Norte Unified School District  
 Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	5654B75F/ 97B41F87		851CD5BB/ 3BFE7782	
County Funded Non-Juvenile Court Schools				
High School	0.53	N/A	0.57	N/A
Total Non-Juvenile Court Schools	0.53	N/A	0.57	N/A
County Community Schools				
Grades 7-8	0.63	N/A	1.59	N/A
Grades 9-12	11.58	N/A	13.60	N/A
Total County Community Schools	12.21	N/A	15.19	N/A
County School Tuition Fund				
Grades TK/K-3	2.62	N/A	2.50	N/A
Grades 4-6	2.69	N/A	2.71	N/A
Grades 7-8	2.06	N/A	1.95	N/A
Grades 9-12	3.72	N/A	3.68	N/A
Total County School Tuition Fund	11.09	N/A	10.84	N/A
Total ADA	23.83	N/A	26.60	N/A

See schedule of findings and questioned costs for information regarding revisions to ADA reported.

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

## Del Norte County Schools

Schedule of Average Daily Attendance – Del Norte County Office of Education  
 Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original 5654B75F/ 97B41F87	Revised	Original 851CD5BB/ 3BFE7782	Revised
County Funded Non-Juvenile Court Schools				
High School	0.53	N/A	0.57	N/A
Total Non-Juvenile Court Schools	0.53	N/A	0.57	N/A
County Community Schools				
Grades 7-8	0.63	N/A	1.59	N/A
Grades 9-12	11.58	N/A	13.60	N/A
Total County Community Schools	12.21	N/A	15.19	N/A
County School Tuition Fund				
Grades TK/K-3	2.62	N/A	2.50	N/A
Grades 4-6	2.69	N/A	2.71	N/A
Grades 7-8	2.06	N/A	1.95	N/A
Grades 9-12	3.72	N/A	3.68	N/A
Total County School Tuition Fund	11.09	N/A	10.84	N/A
Total ADA	23.83	N/A	26.60	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

## Del Norte County Schools

Schedule of Average Daily Attendance – Castle Rock Charter School  
 Year Ended June 30, 2025

	Second Period Report		Annual Report	
	Original B8D4E000	Revised	Original 7DE6ED84	Revised
TK/K-3				
Non-Classroom Based ADA	27.02	N/A	27.18	N/A
Total TK/K-3	27.02	N/A	27.18	N/A
Grades 4-6				
Non-Classroom Based ADA	40.71	N/A	39.54	N/A
Total Grades 4-6	40.71	N/A	39.54	N/A
Grades 7-8				
Non-Classroom Based ADA	47.55	N/A	48.84	N/A
Total Grades 7-8	47.55	N/A	48.84	N/A
Grades 9-12				
Non-Classroom Based ADA	218.70	N/A	223.77	N/A
Total Grades 9-12	218.70	N/A	223.77	N/A
Total Non-Classroom Based ADA	333.98	N/A	339.33	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

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 and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

## Del Norte County Schools

Schedule of Instructional Time – Del Norte Unified School District  
Year Ended June 30, 2025

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Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	48,350	0	48,350	180	0	180	Complied
Kindergarten	36,000	48,350	0	48,350	180	0	180	Complied
1st Grade	50,400	53,920	0	53,920	180	0	180	Complied
2nd Grade	50,400	53,920	0	53,920	180	0	180	Complied
3rd Grade	50,400	53,920	0	53,920	180	0	180	Complied
4th Grade	54,000	54,724	0	54,724	180	0	180	Complied
5th Grade	54,000	54,724	0	54,724	180	0	180	Complied
6th Grade	54,000	56,600	0	56,600	180	0	180	Complied
7th Grade	54,000	56,600	0	56,600	180	0	180	Complied
8th Grade	54,000	56,600	0	56,600	180	0	180	Complied
9th Grade	64,800	65,100	0	65,100	180	0	180	Complied
10th Grade	64,800	65,100	0	65,100	180	0	180	Complied
11th Grade	64,800	65,100	0	65,100	180	0	180	Complied
12th Grade	64,800	65,100	0	65,100	180	0	180	Complied

The District did not obtain any J-13A waivers for the June 30, 2025 year.

## Del Norte County Schools

Schedule of Instructional Time – Castle Rock Charter School  
Year Ended June 30, 2025

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	N/A	N/A	N/A	180		180	Complied
Kindergarten	36,000	N/A	N/A	N/A	180		180	Complied
1st Grade	50,400	N/A	N/A	N/A	180		180	Complied
2nd Grade	50,400	N/A	N/A	N/A	180		180	Complied
3rd Grade	50,400	N/A	N/A	N/A	180		180	Complied
4th Grade	54,000	N/A	N/A	N/A	180		180	Complied
5th Grade	54,000	N/A	N/A	N/A	180		180	Complied
6th Grade	54,000	N/A	N/A	N/A	180		180	Complied
7th Grade	54,000	N/A	N/A	N/A	180		180	Complied
8th Grade	54,000	N/A	N/A	N/A	180		180	Complied
9th Grade	64,800	N/A	N/A	N/A	180		180	Complied
10th Grade	64,800	N/A	N/A	N/A	180		180	Complied
11th Grade	64,800	N/A	N/A	N/A	180		180	Complied
12th Grade	64,800	N/A	N/A	N/A	180		180	Complied

N/A – Testing of instructional minutes is not applicable to non-classroom based charter schools.

The Charter did not obtain any J-13A waivers for the June 30, 2025 year.

## Del Norte County Schools

### Schedule of Instructional Time – Additional Information

Year Ended June 30, 2025

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This schedule provides the information necessary to determine if the District and Charter School have complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
  - To pupils in Kindergarten           36,000 minutes
  - To pupils in grades 1 to 3           50,400 minutes
  - To pupils in grades 4 to 8           54,000 minutes
  - To pupils in grades 9 to 12         64,800 minutes
  
- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars at school districts. In order to qualify as a school day the following minimum daily minutes must be met:
  - EC §46112: Grades 1 to 3           230 minutes
  - EC §46113: Grades 4 to 8           240 minutes
  - EC §46114: Kindergarten           180 minutes
  - EC §46141: Grades 9 to 12         240 minutes
  
- 3) EC §47612: As a condition of apportionment a charter school must operate for a minimum of 175 days.

The Schedule of Instructional Time does not apply to the Del Norte County Office of Education

## Del Norte County Schools

### Schedule of Financial Trends and Analysis – General Fund Year Ended June 30, 2025

General Fund	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues and Other Financing Sources	\$ 70,911,586	\$ 77,322,063	\$ 74,784,716	\$ 75,836,916
Expenditures and Other Financing Uses	<u>75,519,759</u>	<u>76,385,196</u>	<u>70,654,824</u>	<u>67,205,551</u>
Net Change in Fund Balance	<u>(4,608,173)</u>	<u>936,867</u>	<u>4,129,892</u>	<u>8,631,365</u>
Ending Fund Balance	<u>\$ 26,738,531</u>	<u>\$ 31,346,704</u>	<u>\$ 30,409,837</u>	<u>\$ 26,279,945</u>
Available Reserves (See Note 2)	<u>\$ 5,168,907</u>	<u>\$ 4,331,705</u>	<u>\$ 3,626,773</u>	<u>\$ 4,729,032</u>
Available Reserves as a Percentage of Total Outgo	<u>6.84%</u>	<u>5.67%</u>	<u>5.13%</u>	<u>7.04%</u>
Long Term Debt (See Note 3)	<u>\$ 21,443,222</u>	<u>\$ 22,168,741</u>	<u>\$ 22,575,486</u>	<u>\$ 22,877,860</u>
Average Daily Attendance at P2	<u>3,001</u>	<u>2,962</u>	<u>3,095</u>	<u>3,157</u>

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

The general fund balance has increased by \$5,066,759 (19.3%) over the past two years. The fiscal year 2025-26 budget projects a decrease of \$4,608,173 (14.7%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$709,119 (3.1%) over the past two years.

ADA has decreased by 195 (6.2%) over the past two years

## Del Norte County Schools

### Schedule of Financial Trends and Analysis – General Fund, Continued

Year Ended June 30, 2025

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#### Notes:

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:
  - a) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
  - b) The supplementary information relates to the same period as the financial statements.
  - c) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
  - d) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the District.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. Long term debt consists of general obligation bonds, leases payable, and early retirement liability.

## Del Norte County Schools

### Schedule of Financial Trends and Analysis – County School Service Fund Year Ended June 30, 2025

County School Service Fund	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues and Other Financing Sources	\$ 9,762,096	\$ 9,809,917	\$ 9,209,536	\$ 9,594,068
Expenditures and Other Financing Uses	<u>9,518,604</u>	<u>9,809,453</u>	<u>9,202,124</u>	<u>9,169,548</u>
Net Change in Fund Balance	<u>243,492</u>	<u>464</u>	<u>7,412</u>	<u>424,520</u>
Ending Fund Balance	<u>\$ 5,802,358</u>	<u>\$ 5,558,866</u>	<u>\$ 5,558,402</u>	<u>\$ 5,550,990</u>
Available Reserves (See Note 2)	<u>\$ 961,249</u>	<u>\$ 1,298,936</u>	<u>\$ 746,040</u>	<u>\$ 1,029,470</u>
Available Reserves as a Percentage of Total Outgo	<u>10.10%</u>	<u>13.24%</u>	<u>8.11%</u>	<u>11.23%</u>
Long Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Average Daily Attendance at P2	<u>13</u>	<u>24</u>	<u>29</u>	<u>27</u>

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

The county school service fund balance has increased by \$7,876 (0.1%) over the past two years. The fiscal year 2025-26 budget projects a increase of \$243,492 (4.4%). For a county office of this size, the State recommends available reserves of at least 4% of total county service fund expenditures and other financing uses (total outgo).

ADA has decreased by 3 (11.1%) over the past two years.

## Del Norte County Schools

### Schedule of Financial Trends and Analysis – County School Service Fund, Continued

Year Ended June 30, 2025

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#### Notes:

1. AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:
  - e) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
  - f) The supplementary information relates to the same period as the financial statements.
  - g) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
  - h) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the District.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

2. Available reserves consist of all unassigned fund balances contained within the county school service fund.

## **Del Norte County Schools**

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2025

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There were no audit adjustments posted for the fiscal year ended June 30, 2025. Amounts reported on the SACS Annual Financial and Budget Report are consistent with the audited financial statements as presented.

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

# Del Norte County Schools

Schedule of Charter Schools

Year Ended June 30, 2025

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As of June 30, 2025, Del Norte County Schools authorized the following charter schools:

<u>Charter School Name</u>	<u>Charter School Number</u>	<u>Included in Audit Report</u>
Castle Rock Charter School	#0358	Yes
Uncharted Shores Academy	#0859	No

# Del Norte County Schools

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	\$ -	\$ 550,946
National School Lunch Program	10.555	13523	-	1,298,405
National School Lunch Program - Noncash Commodities	10.555	13392	-	36,648
Total Child Nutrition Cluster			-	1,885,999
<b>CHILD DEVELOPMENT CLUSTER:</b>				
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Child Development Quality Improvement	93.575	13979	-	115,687
Child Development Local Planning	93.575	13946	-	92,079
Child Development: ARP California State Preschool Program	93.575	15640	-	144,496
Total Child Development Cluster			-	352,262
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	965,462
IDEA Preschool Grants (Ages 3-5)	84.173	13430	-	115,534
Total Special Education (IDEA) Cluster			-	1,080,996
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Agriculture</u>				
Direct Program				
Forest Reserve Funds	10.665	-	-	85,705
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	13665	-	373,909
Fresh Fruit & Vegetable Program	10.582	14686	-	54,362
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Early Head Start	93.600	15291	-	151,610
<u>U.S. Department of Education</u>				
Direct Program				
Mental Health Services Demonstration Program	84.184X	N/A	-	117,996
Passed through California Department of Education				
ESSA Title I Basic	84.010	14329	-	1,652,220
ESSA Title I School Improvement Funding for LEAs	84.010	15438	-	414,752
ESSA Title I School Improvement Funding for COEs	84.010	15439	-	14,413
Subtotal ESSA Title I Funding			-	2,081,385
COVID-19 ESSER III	84.425D	15559	-	2,306,249
Subtotal COVID-19 Funding			-	2,306,249

**Del Norte County Schools**  
 Schedule of Expenditures of Federal Awards, Continued  
 Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<u>U.S. Department of Education</u>				
Carl D. Perkins Career & Technical Education	84.048	14894	-	
Indian Education	84.060	10011	-	2,401,053
Workability - Transition Partnership	84.126	10006	-	410,351
IDEA Early Intervention	84.181	23761	-	9,855
Homeless Education	84.196	14332	-	43,284
Rural & Low Income Schools	84.358	14356	-	170,708
Title III English Learner Student Program	84.365	14346	-	27,101
Title II Supporting Effective Instruction	84.367	14341	-	199,875
Title IV Student Support & Academic Enrichment	84.424	15396	-	139,592
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 11,942,081

# Del Norte County Schools

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

## Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

## Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.77% for the Del Norte County Office of Education and 4.57% for Del Norte Unified School District based on the rates approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*.

Program	AL #	Indirect Cost Rate
ESSA School Improvement Funding for LEAs	10.555	1.08%
COVID-19 ESSER III	10.558	4.30%
IDEA Basic Local Assistance	84.060	4.49%
IDEA Preschool Grants (Ages 3-5)	84.126	4.56%
Title II Supporting Effective Instruction	84.173	4.48%
Indian Education	84.358	4.47%

## Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

Program	AL #	Amount Expended
ESSA Title I Basic	84.010	\$ 1,652,220
ESSA School Improvement Funding for LEAs	84.010	414,752
ESSA School Improvement Funding for COEs	84.010	14,413
<b>Total</b>		<b>\$ 2,081,385</b>

## Other Information

# Del Norte County Schools

## Local Education Agency Organization Structure

June 30, 2025

The Del Norte County Schools (the District), consisting of the Del Norte County Office of Education and the Del Norte Unified School District was established July 1, 1964 and are a School District and County Office of Education of the State of California providing public education for grades kindergarten through twelve within Del Norte County. The District currently operates one high school, one continuation school, one middle school, eight elementary schools and a preschool program. The County Office currently operates an adult education program and a community school. The District authorized Castle Rock Charter School (Charter #358) on August 27, 2001 as a non-classroom based charter school under the arm of the District that serves grades kindergarten through twelve. The District authorized Uncharted Shores Academy (Charter #859) on September 3, 2007 which operates independent from the District serving grades kindergarten through ninth in a traditional class based program. There were no changes to the Del Norte County Schools' boundaries in the current year.

### **GOVERNING BOARD**

<b>Name</b>	<b>Office</b>	<b>Term and Term Expiration</b>
Charlaine Mazzei	President	Four Year Term Expires November 2028
Frank Magarino	Vice President/Clerk	Four Year Term Expires November 2028
Michael Greer	Member	Four Year Term Expires November 2026
Abbie Crist	Member	Four Year Term Expires November 2026
Don McArthur	Member	Four Year Term Expires November 2026

### **ADMINISTRATION**

Jeff Harris  
County/District Superintendent

Thomas Kissinger  
Assistant Superintendent  
Educational Services

Jeff Napier  
Assistant Superintendent  
Business Services

## Other Independent Auditors' Reports

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

To the Board of Education  
Del Norte County Schools

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 business-type activities, each major fund, and the aggregate remaining fund information of the Del Norte County Schools (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2026.

**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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

## Purpose of this Report

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

*William Hedley King & Co. LLP*

El Cajon, California

January 29, 2026

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

To the Board of Education  
Del Norte County Schools

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Del Norte County Schools' (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion the District complied, in all material respects, with the 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, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 *US Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
January 29, 2026

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

To the Board of Education  
Del Norte County Schools

**Report on Compliance for Applicable State Programs**

**Opinion on Each Applicable State Program**

We have audited the Del Norte County Schools' (the District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2025.

**Basis for Opinion on Each Applicable State 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over state 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following programs:

	Procedures Performed
<b><u>Local Education Agencies Other than Charter Schools</u></b>	
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. <i>(Reserved)</i> .....	N/A
D. Independent Study.....	No
E. Continuation Education.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
M. Juvenile Court Schools.....	No
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. <i>(Reserved)</i> .....	N/A
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
TT. Home to School Transportation Reimbursement.....	Yes

<b><u>School Districts, County Offices of Education, and Charter Schools</u></b>		<b>Procedures Performed</b>
T.	Proposition 28 Arts & Music in Schools.....	Yes
U.	After/Before School Education and Safety Program.....	Yes
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	Yes
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	Yes
DZ.	Expanded Learning Opportunities Program (ELO-P).....	Yes
EZ.	Transitional Kindergarten.....	Yes
FZ.	Kindergarten Continuance.....	Yes
 <b><u>Charter Schools</u></b>		
AA.	Attendance.....	Yes
BB.	Mode of Instruction.....	N/A
CC.	Nonclassroom-Based Instruction/Independent Study.....	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction..	Yes
EE.	Annual Instructional Minutes - Classroom Based.....	N/A
FF.	Charter School Facility Grant Program.....	N/A

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform the procedures for independent study or independent study – course based because the ADA reported by the District for independent study was below the level which required testing.

We did not perform the procedures for juvenile court schools because the District did not report any ADA for juvenile court schools.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Audit Guide and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each applicable state program is not modified with respect to these matters.

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

## Report on Internal Control over State 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 state 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 state 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 state 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 state compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over state 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.



El Cajon, California  
January 29, 2026

## Auditor's Results, Findings & Recommendations

**Del Norte County Schools**

Schedule of Auditor’s Results

Year Ended June 30, 2025

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?            Yes     X     No

One or more significant deficiencies identified that are not considered material weakness(es)?            Yes     X     No

Noncompliance material to financial statements noted?            Yes     X     No

**FEDERAL AWARDS**

Internal control over major programs:

One or more material weakness(es) identified?            Yes     X     No

One or more significant deficiencies identified that are not considered material weakness(es)?            Yes     X     No

Type of auditor's report issued on compliance for major programs: Unmodified

Compliance supplement utilized for single audit November 2025

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?            Yes     X     No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027, 84.173	Special Education Cluster
84.367	Title II

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?     X     Yes            No

**Del Norte County Schools**  
Schedule of Auditor's Results, Continued  
Year Ended June 30, 2025

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**STATE AWARDS**

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

Internal control over applicable state programs:

One or more material weakness(es) identified?            Yes   X   No

One or more significant deficiencies identified that are  
not considered material weakness(es)?            Yes   X   No

Any audit findings disclosed that are required to be reported  
in accordance with *2024-25 Guide for Annual Audits  
of California K-12 Local Education Agencies?*

  X   Yes            No

# Del Norte County Schools

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

## A. Financial Statement Findings

None

## B. Federal Award Findings

None

## C. State Award Findings

### Finding 2025-001

#### Attendance Reporting (10000)

#### Internal Control over Attendance (30000)

##### Criteria or Specific Requirement

California Education Code §44809 and California Code of Regulations, Title 5, Section 401 require the California Department of Education to approve the forms and procedures that constitute a Local Education Agency's attendance accounting system. The District has an approved attendance accounting system that requires teachers to sign and date a weekly printout of attendance records entered online during the previous week.

## **Del Norte County Schools**

Schedule of Findings and Questioned Costs, Continued  
Year Ended June 30, 2025

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### Condition

In our review of signed teacher verification records at Joe Hamilton High School we noted several exceptions. The exceptions were not just in one week or by one teacher.

### Cause

There appears to be a breakdown in the understanding of the purpose of these forms by the teachers and the review process by the site administration.

### Effect

The District is at risk of not detecting and correcting errors in attendance in a timely manner.

### Repeat Finding

No

### Potential Fiscal Impact

None, the finding is an internal control over attendance finding. No adjustments to ADA were identified as a result of the finding.

### Context

At Joe Hamilton High School there was one week that was an exception for three out of the four teachers tested, one week for each teacher. The exceptions were not a timely date, not dated, and one was back dated.

### Recommendation

Establish a training and review process for attendance clerk substitutes to ensure that they understand and are following the approved attendance procedures for the District. Consider obtaining approval for electronic signatures for teachers who are entering the attendance online daily to reduce the amount of paper needed for printed attendance records and reduce the risk of not verifying attendance timely.

### Views of Responsible Officials

See Corrective Action Plan



**DEL NORTE UNIFIED SCHOOL DISTRICT**  
**DEL NORTE COUNTY OFFICE OF EDUCATION**  
Jeff Harris, District and County Superintendent  
301 W. Washington Boulevard  
Crescent City, CA 95531  
Office: (707) 464-0200 Fax: (707) 464-0238



Board Members: Don McArthur Area 1    Abbie Crist Area 2    Frank Magarino Area 3    Charlaine Mazzei Area 4    Michael Greer Area 5

January 29, 2026

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

A handwritten signature in red ink, appearing to read 'Greg Bowen', is written over the word 'Sincerely,'.

Greg Bowen  
Assistant Superintendent of Business Services

# Del Norte County Schools

Corrective Action Plan  
Year Ended June 30, 2025

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## State Compliance Findings

Finding Number: 2025-001  
Program Name: Attendance Reporting  
Contact Person: Greg Bowen  
Anticipated Completion Date: May 1, 2026

Planned Corrective Action: Ensure the sites have adequate training in the purpose of the weekly verification form along with the procedures to properly fill it out and review the completed form. Digital signatures will also be pursued as a way to reduce the time needed for compliance and reduce the paper used by weekly verification forms.

# Del Norte County Schools

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2025

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Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2024-001</b> <b>Attendance Reporting (10000)</b> <b>Internal Control over Attendance (30000)</b></p> <p><u>Condition:</u> In our review of P2 and Annual reports, we noted several clerical errors when recalculating the supporting documentation. This resulted in incorrect information being reported to the state.</p> <p><u>Recommendation:</u> Revise the P2 and Annual reports and review backup spreadsheets to ensure proper and appropriate reporting. Protect cells within an updated worksheet to make the process easier and safer to prevent accidental errors. Provide training to personnel responsible for ADA reporting to ensure they understand the calculation. Implement review procedures over the ADA calculations to allow for detection of clerical errors in reporting.</p>	Implemented	