



Financial Statements
June 30, 2024

San José Unified School District

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Independent Auditor's Report

To the Governing Board
San José Unified School District
San Jose, California

Report on Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Correction of Error

As discussed in Note 12 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts receivables as of June 30, 2023, were discovered by management of the District during the current year. Accordingly, a restatement has been made to the building capital projects fund (Fund 21) and governmental activities net position as of July 1, 2023, to correct the error. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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, general fund budgetary comparison schedule, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of the annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining nonmajor funds balance sheets and income statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of the annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining nonmajor funds balance sheets and income statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 District's internal control over financial reporting and compliance.

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

Menlo Park, California
December 13, 2024



Profile of the District

San José Unified School District (“the District”) is an innovative urban school district that prepares today’s students to be the thinkers, leaders, and creators of tomorrow. Serving nearly 26,000 students from transitional kindergarten through high school in 41 schools from Downtown San José to Almaden Valley, San José Unified is Silicon Valley’s largest and most diverse school system.

School Type	Number
Elementary Schools (K-5)	26
K-8 Schools	1
Middle Schools (6-8)	6
Comprehensive High Schools (9-12)	6
Continuation High School	1
Alternative High School	1
Total	41

The District’s diverse student demographics includes 53.28% Hispanic/Latino, 21.57% White, 13.85% Asian, 2.34% African American and 9% Other. San José Unified employs approximately 3,000 people.

Our Vision

Preparing today’s student to be the thinkers, leaders, and creators of tomorrow.

Our Plan

- A rigorous curriculum that inspires all students to discover their own greatness.
- An innovative workforce that knows the lessons we learn are just as important as the lessons we teach.
- A unified community that elevates opportunities for all.
- Enhanced resources that make the ordinary extraordinary.
- An efficient system that asks and answers the questions “Why?” and “What if?”.

In 2023-2024, San José Unified had three district-approved Charter Schools:

Charter Name	Grade Level	Type
DCP (El Primero) High School	9-12	District Approved
DCP (El Camino) Middle School	5-8	District Approved
ACE Inspire Academy	5-8	District Approved

DCP (El Primero) High School was approved by the District in 2000 as the first charter school in Santa Clara County. DCP (El Camino) Middle School and ACE Inspire Academy commenced operations in the 2014-2015 and 2016-2017 school years respectively. DCP High School and Middle School, as well as ACE Inspire Academy are direct-funded charter schools that receive their allocation of state funds directly from the State. Their financial activities are not reflected in the District’s books.

Desegregation/Voluntary Integration

The 2023-2024 school year marks the twenty-first year of the District's release from a Federal Desegregation Court Order signed on December 31, 1985 on behalf of the Hispanic student population. The original Federal Court Order addressed school choice and programs to support closing the achievement gap between Latino and White students. In May 2003, the District was awarded unitary status and adopted a Voluntary Integration Plan as part of the release from Federal Court oversight. The components of the plan include:

- Student Assignment
- Transitional Primary Language Instruction
- Parent Training and Involvement
- Student Achievement and Monitoring
- Integration and Mixed Ability Goals for Classrooms and Programs
- Drop Out Prevention
- Special Education
- Student Discipline
- Cross-Cultural Goals for Faculty and Staff

As part of the agreement with the Court, a Standing Advisory Voluntary Integration Plan Committee is appointed by the Board to ensure the plan is being followed. The Committee is made up of parents, central office and school staff, and meets four times annually.

Community Support for Bonds

The District successfully passed Measure H Bonds in November 2012 for \$290 million. The District has passed three bond measures to date: 1997, 2002 and 2012. All previous authorizations: 1997 Measure C (\$165 million) and 2002 Measure F (\$429 million) are complete. Four series of Measure H Bonds in the aggregate amount of \$243.28 million had been issued, and the last series of bonds in the amount of \$46.72 million was issued in the 2019-2020 school year.

Parcel Tax

The District's Measure Y was passed by more than 67% voter approval in the General Election of November 2016. Measure Y assesses a \$72 per parcel annual tax on properties within the District for a period of eight years beginning in the school year 2017-2018 and effective through 2024-2025. The parcel tax is projected to generate approximately \$5 million each year to support District's efforts to improve academic programs, as well as attract and retain high performing teachers and educational staff.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the District's basic financial statements. It comprises of three components: District-wide statements, fund financial statements, and notes to the basic financial statements. The report also provides required and other supplementary information.

District-Wide Statements

The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a business in the private sector. The statement of net position and the statement of activities report information about the District as a whole and about its activities. These statements include all assets of the District (including capital assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. All of the District's current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

Fund Financial Statements

The fund financial statements provide detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District has three kinds of funds:

- Governmental funds statements explain how basic services (such as instruction and pupil services) were financed in the short term as well as what remains for future spending. Most of the District's basic services are included in governmental funds. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information in the reconciliation statements that explains the relationship (or differences) between them.
- Proprietary fund statements offer financial information about the activities the district operates on a cost reimbursement basis, such as the self-insurance fund. Proprietary funds are reported in the same way as the district-wide statements. The District currently has two internal service funds – the self-insurance fund for workers' compensation and the self-insurance fund for health and welfare.
- Fiduciary funds statements report the District's fiduciary responsibilities for funds held on behalf of others, such as the associated student body funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

Notes to the Basic Financial Statements

Notes to the basic financial statements provide additional information that is essential for a complete understanding of the data provided in district-wide and fund financial statements. The notes to the financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's General Fund budget, both the adopted and final version, with year-end actuals.

Financial Highlights

Financial Analysis of the District as a Whole

Net Position

The District's net position was \$163.8 million at June 30, 2024. The deficit of \$92.53 million in unrestricted net position represents the accumulated results of all past years' operations. Of this deficit amount, \$314 million is the net pension liability (CalSTRS \$199 million and CalPERS \$115 million). Restricted net position in the amount of \$211.63 million represents resources that are subject to external restrictions on how they may be used.

San José Unified School District Net Position (in millions of dollars)		
	Governmental Activities	
	2024	Restated* 2023
Assets		
Current and other assets	\$ 518.65	\$ 500.49
Capital assets, net of depreciation	488.01	522.31
Total assets	1,006.66	1,022.80
Deferred Outflows of Resources		
Deferred charge on refunding	17.18	20.12
Deferred outflows related to pension activities	99.13	75.00
Deferred outflows related to OPEB activities	0.63	0.63
Total deferred outflows of resources	116.94	95.75
Liabilities		
Current liabilities	93.07	101.63
Long-term liabilities	819.39	817.78
Total liabilities	912.46	919.41
Deferred Inflows of Resources		
Deferral related to pension activities	28.43	45.91
Deferral related to OPEB activities	0.39	0.57
Deferral related to lease activities	18.39	21.90
Total deferred inflows of resources	47.21	68.38
Net Position		
Invested in capital assets, net of related debt	44.73	57.17
Restricted	211.63	176.44
Unrestricted	(92.53)	(102.88)
Total net position	\$ 163.83	\$ 130.73

*The nature of the restatement is described at Note 12 to the financial statements.

Changes in Net Position

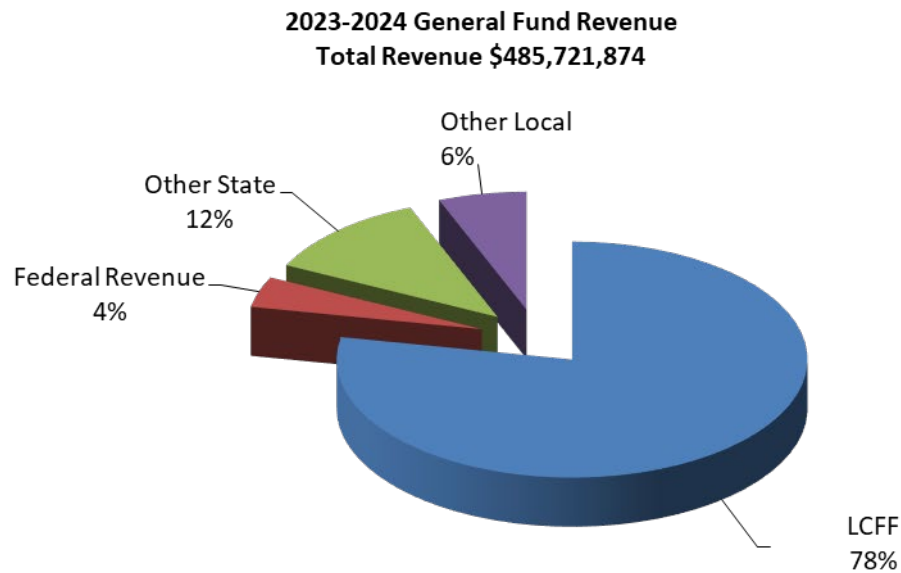
The statement of activities provides a record of the revenue received by the District and spent during the year. Overall, net position increased by \$33.10 million or 25.3% as of June 30, 2024. Total revenue increased by \$80.22 million or 13.77%. Total expenditures increased by \$119.79 million or 25.32% compared to the prior year.

San José Unified School District Changes In Net Position (in millions of dollars)		
	Governmental Activities	
	2024	Restated 2023*
Revenues		
Program Revenues		
Charges for services and sales	\$ 9.96	\$ 7.08
Operating grants and contributions	91.77	88.18
Capital grants and contributions	12.53	5.14
General Revenues		
Property taxes, levied for general purposes and debt service	485.90	428.57
Federal and state aid not restricted to specific purposes	53.10	53.39
Interest and miscellaneous	9.64	0.31
Total revenues	662.89	582.67
Expenses		
Instruction and related activities	366.47	275.01
Pupil services	70.04	61.15
General administration	38.21	33.54
Plant services	46.26	42.43
Ancillary services	20.41	11.71
Enterprise services	66.77	65.39
Interest on long-term debt	18.82	18.44
Other	2.81	2.33
Total expenses	629.79	510.00
Changes in net position	\$ 33.10	\$ 72.67

*The nature of the restatement is described at Note 12 to the financial statements.

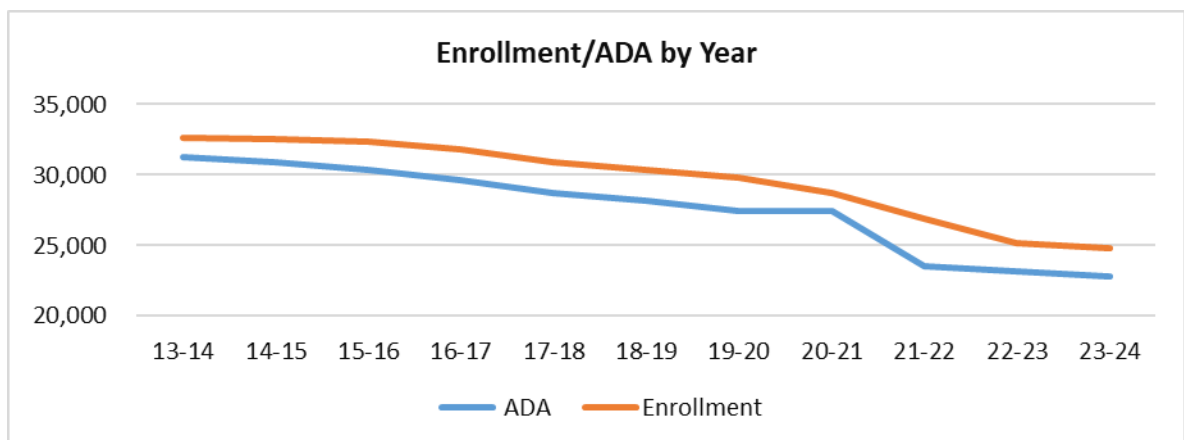
General Fund Revenues

The General Fund is the operating fund of the District. Under the Local Control Funding Formula (LCFF), school districts received funding based on grade span, and other factors of the students. For fiscal year 2023-2024, the District received \$485.72 million in total revenue from federal, state and local sources. State-controlled revenue (LCFF plus other state revenue) represents over 89.8% of the District’s General Fund income. The following is a graphic presentation of revenues by source used to fund the District’s operating activities:



Enrollment /ADA Trends

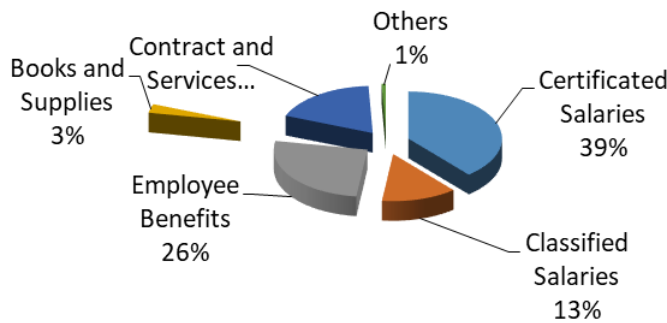
Average daily attendance (ADA) drives the amount of revenue received under the LCFF, as well as other State grants. Many school districts including San José Unified are experiencing declines in enrollment in the recent years. Rising housing prices is one of the factors attributed for students leaving Silicon Valley schools. Enrollment is projected to decline at a steady rate of roughly 2% per year.



Expenditures

The largest components of the District's expenditures were salaries and benefits of teachers and support personnel. In fiscal year 2023-2024, the salaries and related benefits totaled \$371.85 million, which accounted for 78% of the total expenditures of \$476.85 million for the General Fund. Instructional materials and supplies expense decreased 15.7% to \$14.32 million. Contract and services costs were \$87.21 million, an increase of 21.16% compared to the same period last year.

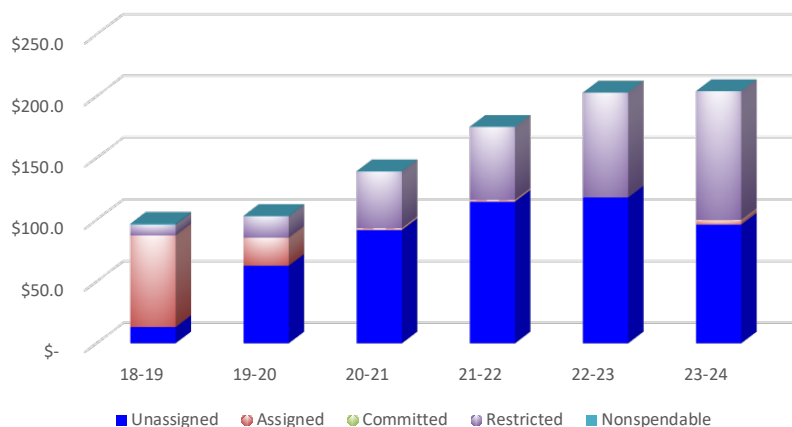
2023-2024 General Fund Expenditures
Total Expenditures \$476,854,636



Results of Operation in the General Fund

The General Fund is used to account for the District's general and administrative expenditures. The General Fund had \$485.72 million in revenues and \$476.85 million in expenditures, plus an additional \$7.76 million in other financing uses for fiscal year 2023-2024. This resulted in a fund surplus of \$1.11 million thus increasing the fund balance from prior year's \$203.07 million to \$204.18 million (Nonspendable: \$0.1million, Restricted: \$104.2 million, Assigned: \$3.8 million and Unassigned: \$96.1 million) at year end.

General Fund Ending Fund Balance
 (in millions)



Capital Asset and Debt Administration

Capital Assets

The District had \$488.03 million in capital assets at June 30, 2024. This included land, site improvements, buildings and furniture and equipment. The District's capital assets are recorded in the district-wide financial statements at historical cost and are being depreciated using the straight-line method over the estimated useful life. Many construction projects were either completed or in various progress stages of completion. The detail of these assets is presented below. Additional information about the District's capital assets is presented in Note 3 to the financial statements.

Capital Assets at Year-end (in millions of dollars)			
	2024	2023	Changes
Capital Assets			
Land	\$ 16.01	\$ 16.01	\$ -
Construction in progress	11.12	23.58	(12.46)
Buildings and improvements	1,155.55	1,133.92	21.63
Furniture and equipment	57.46	52.27	5.19
Total assets	1,240.14	1,225.78	14.36
Accumulated Depreciation			
Buildings and improvements	(711.85)	(667.64)	(44.21)
Furniture and equipment	(40.26)	(35.83)	(4.43)
Less Accumulated Depreciation	(752.11)	(703.47)	48.64
Net capital assets	\$ 488.03	\$ 522.31	\$ 63.00

Long-Term Liabilities

At the end of 2023-2024, the District had \$860.2 million in long-term obligations. The District used the proceeds of general obligation bonds to fund its school modernization projects. The District reported its net pension liabilities at \$314.07 million. More detailed information about the District’s long-term obligations is presented in Notes 6, 7, and 10 to the financial statements.

Outstanding Long-Term Liabilities at Year-End (in millions of dollars)			
	2024	2023	Changes
Bonds and unamortized premiums	529.16	\$ 558.47	-29.31
Claim liabilities	14.74	14.82	-0.08
Net pension liabilities	314.07	282.49	32
Total OPEB liability	2.23	2.47	(0)
Total long-term debt	860.2	858.25	1.95

Significant Accomplishments of Fiscal Year 2023-2024:

San José Unified’s history of prudent decision making and corresponding action put the district in a solid financial position that allowed for increased compensation both in salaries and health and welfare to all staff during the fiscal year. Additionally, San José Unified continued the expansion of the Transitional Kindergarten program across the district. San José Unified continued investing in staff and services to support student needs including counselors, nurses, psychologists, and mental and behavioral health services.

Economic Factors and Next Year’s Budgets and Rates

In creating and adopting the District’s Budget, the governing board and management used the following assumptions:

San José Unified is a community funded, or basic aid, district. The majority of revenue comes from local property tax growth and that funding is no longer tied to the daily attendance of students in the system. The combination of the change to this funding model, strong property tax growth, declining enrollment, and significant one-tye state and federal relief funding during the COVID-19 emergency allowed us to build and maintain health reserves. However, local property tax growth slowed from 23-24 to 24-25 as the economic effects of the pandemic continue to be felt. The rise in the cost of living in Silicon Valley continues to put pressure on our staff and we must critically examine our expenditures to ensure we can carry out our long-standing commitment to investing in our workforce. We are confident that the same thoughtful and proactive approach that helped us establish our financial position in the past will serve us well in the years to come.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to assist interested parties in understanding the District's sources and uses of resources. If you have questions about this report or need additional financial information, please contact:

Seth Reddy
Chief Business Officer
San José Unified School District
855 Lenzen Avenue
San José, CA 95126

Additional information about the District and its services can also be found on the District's website at:
www.sjUSD.org.

San José Unified School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 474,069,930
Accounts receivables	10,392,597
Intergovernmental receivables	14,000,169
Other current assets	353,306
Leases receivable	19,829,785
Capital assets not depreciated or amortized	27,124,970
Capital assets, net of accumulated depreciation and amortization	460,888,407
Total assets	1,006,659,164
Deferred Outflows of Resources	
Deferred charge on refunding	17,180,502
Related to OPEB	528,788
Related to pensions	99,131,522
Total deferred outflows of resources	116,840,812
Liabilities	
Accounts payable and accrued expenses	45,453,599
Interest payable	6,166,421
Unearned revenue	638,705
Noncurrent liabilities	
Due within one year	
Claims	5,408,000
Bonds and bond premiums	35,407,964
Due in more than one year	
Claims	9,335,000
Bonds and bond premiums	493,751,644
Total other postemployment benefits liability (OPEB)	2,231,290
Aggregate net pension liabilities	314,070,666
Total liabilities	912,463,289
Deferred Inflows of Resources	
Related to OPEB	388,816
Related to pensions	28,429,766
Related to leases	18,388,905
Total deferred inflows of resources	47,207,487
Net Position	
Net investment in capital assets	44,732,573
Restricted for	
Self insurance	31,716,316
Capital projects	66,973,601
Educational programs	107,027,714
Food programs	5,911,646
Unrestricted deficit	(92,532,650)
Total net position	\$ 163,829,200

San José Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 306,049,065	\$ 4,348,274	\$ 36,207,094	\$ 12,530,687	\$ (252,963,010)
Instruction-related activities					
Supervision of instruction	27,349,398	1,415,530	5,339,991	-	(20,593,877)
Instructional library, media, and technology	3,198,816	85,071	133,438	-	(2,980,307)
School site administration	29,873,966	858,067	5,522,667	-	(23,493,232)
Pupil services					
Home-to-school transportation	12,246,777	37,441	57,513	-	(12,151,823)
Food services	17,798,974	15,767	17,485,606	-	(297,601)
All other pupil services	39,992,711	1,431,503	6,576,724	-	(31,984,484)
Administration					
Data processing	7,409,667	-	1,184,006	-	(6,225,661)
All other administration	30,801,630	712,162	3,331,736	-	(26,757,732)
Plant services	46,263,576	388,278	626,935	-	(45,248,363)
Ancillary services	20,407,879	302,687	14,778,264	-	(5,326,928)
Enterprise services	66,772,726	-	-	-	(66,772,726)
Interest on long-term liabilities	18,817,468	-	-	-	(18,817,468)
Other outgo	2,808,269	366,049	522,644	-	(1,919,576)
Total governmental activities	\$ 629,790,922	\$ 9,960,829	\$ 91,766,618	\$ 12,530,687	(515,532,788)
General Revenues and Subventions					
Property taxes, levied for general purposes					368,711,459
Property taxes, levied for debt service					53,997,532
Taxes levied for other specific purposes					63,194,288
Federal and State aid not restricted to specific purposes					53,097,025
Interest and investment earnings					7,553,714
Miscellaneous					2,082,245
Total, general revenues and subventions					548,636,263
Change in Net Position					33,103,475
Net Position - Beginning, as previously reported					133,228,210
Adjustments (Note 12)					(2,502,485)
Net Position - Beginning, as restated					130,725,725
Net Position - Ending					\$ 163,829,200

San José Unified School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 201,449,932	\$ 119,682,906	\$ 76,799,517	\$ 397,932,355
Accounts receivable	4,731,890	1,266,806	3,647,698	9,646,394
Due from other funds	26,988,836	5,465,074	-	32,453,910
Intergovernmental receivables	14,000,169	-	-	14,000,169
Prepaid expenditures	27,533	-	-	27,533
Stores inventories	129	-	194,035	194,164
Other current assets	-	-	131,609	131,609
Leases receivable	-	19,829,785	-	19,829,785
	<u>247,198,489</u>	<u>146,244,571</u>	<u>80,772,859</u>	<u>474,215,919</u>
Total assets	<u>\$ 247,198,489</u>	<u>\$ 146,244,571</u>	<u>\$ 80,772,859</u>	<u>\$ 474,215,919</u>
Liabilities				
Accounts payable	\$ 37,252,257	\$ 3,560,584	\$ 304,192	\$ 41,117,033
Due to other funds	5,285,427	-	1,168,616	6,454,043
Unearned revenue	480,090	47,865	22,721	550,676
	<u>43,017,774</u>	<u>3,608,449</u>	<u>1,495,529</u>	<u>48,121,752</u>
Total liabilities	<u>43,017,774</u>	<u>3,608,449</u>	<u>1,495,529</u>	<u>48,121,752</u>
Deferred Inflows of Resources				
Unavailable revenues	-	106,074	-	106,074
Leases	-	18,388,905	-	18,388,905
	<u>-</u>	<u>18,494,979</u>	<u>-</u>	<u>18,494,979</u>
Deferred Inflows of Resources	<u>-</u>	<u>18,494,979</u>	<u>-</u>	<u>18,494,979</u>
Fund Balances				
Nonspendable	102,662	1,440,880	196,603	1,740,145
Restricted	104,153,017	41,740,167	79,083,265	224,976,449
Assigned	3,842,712	80,960,096	-	84,802,808
Unassigned	96,082,323	-	(2,538)	96,079,785
	<u>204,180,715</u>	<u>124,141,143</u>	<u>79,277,330</u>	<u>407,599,188</u>
Total fund balances	<u>204,180,715</u>	<u>124,141,143</u>	<u>79,277,330</u>	<u>407,599,188</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 247,198,489</u>	<u>\$ 146,244,571</u>	<u>\$ 80,772,859</u>	<u>\$ 474,215,919</u>

San José Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balance - Governmental Funds \$ 407,599,188

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

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported as assets in
 governmental funds.

The cost of capital assets is	\$ 1,239,795,524
Accumulated depreciation and amortization is	<u>(751,782,147)</u>

Net capital assets	488,013,377
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Other long-term assets that are not available to pay for current period expenditures and therefore, are either deferred or not reported in the funds.	106,074
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In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.	(6,166,421)
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An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.	31,716,316
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Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to	
Debt refundings (deferred charge on refunding)	17,180,502
Other postemployment benefits (OPEB)	528,788
Net pension liability	<u>99,131,522</u>

Total deferred outflows of resources	116,840,812
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San José Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to

Other postemployment benefits	(388,816)
Net pension liability	<u>(28,429,766)</u>

Total deferred inflows of resources	(28,818,582)
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Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(314,070,666)
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The District's total OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(2,231,290)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	<u>(529,159,608)</u>

Total net position - governmental activities	<u><u>\$ 163,829,200</u></u>
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San José Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	\$ 379,105,498	\$ -	\$ -	\$ 379,105,498
Federal sources	20,341,339	-	7,843,351	28,184,690
Other State sources	56,852,485	-	22,355,800	79,208,285
Other local sources	29,422,552	19,242,516	53,756,587	102,421,655
Total revenues	<u>485,721,874</u>	<u>19,242,516</u>	<u>83,955,738</u>	<u>588,920,128</u>
Expenditures				
Current				
Instruction	275,466,536	-	-	275,466,536
Instruction-related activities				
Supervision of instruction	24,592,726	-	-	24,592,726
Instructional library, media, and technology	2,966,039	-	-	2,966,039
School site administration	27,266,066	-	-	27,266,066
Pupil services				
Home-to-school transportation	11,329,675	-	-	11,329,675
Food services	142,942	-	16,239,461	16,382,403
All other pupil services	36,234,986	-	-	36,234,986
Administration				
Data processing	6,798,886	-	-	6,798,886
All other administration	27,816,466	-	434,015	28,250,481
Plant services	41,046,782	915,054	286,598	42,248,434
Ancillary services	14,455,910	-	4,102,778	18,558,688
Other outgo	2,808,269	-	-	2,808,269
Capital outlay	5,929,353	8,428,097	2,326	14,359,776
Debt service				
Principal	-	1,590,000	29,965,000	31,555,000
Interest and other	-	18,992	13,370,878	13,389,870
Total expenditures	<u>476,854,636</u>	<u>10,952,143</u>	<u>64,401,056</u>	<u>552,207,835</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,867,238</u>	<u>8,290,373</u>	<u>19,554,682</u>	<u>36,712,293</u>
Other Financing Sources (Uses)				
Transfers in	-	20,292,911	-	20,292,911
Transfers out	(7,759,686)	-	(12,533,225)	(20,292,911)
Net Financing Sources (Uses)	<u>(7,759,686)</u>	<u>20,292,911</u>	<u>(12,533,225)</u>	<u>-</u>
Net Change in Fund Balances	1,107,552	28,583,284	7,021,457	36,712,293
Beginning Fund Balances, as previously reported	203,073,163	98,166,418	72,255,873	373,495,454
Adjustments (Note 12)	-	(2,608,559)	-	(2,608,559)
Beginning Fund Balances, as restated	<u>203,073,163</u>	<u>95,557,859</u>	<u>72,255,873</u>	<u>370,886,895</u>
Net Position - Ending	<u>\$ 204,180,715</u>	<u>\$ 124,141,143</u>	<u>\$ 79,277,330</u>	<u>\$ 407,599,188</u>

San José Unified School District

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

Total Net Change in Fund Balances - Governmental Funds		\$ 36,712,293
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
<p>Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities.</p> <p>This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Depreciation expense	(48,655,168)	
Capital outlay	<u>14,359,776</u>	
Net expense adjustment		(34,295,392)
<p>In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.</p>		
		10,026,388
<p>In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.</p>		
		346,738
<p>Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.</p>		
Premium amortization	3,116,262	
Deferred charge on refunding amortization	<u>(2,935,108)</u>	181,154
<p>Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
		31,555,000
<p>Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.</p>		
		(5,608,752)
<p>An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.</p>		
		<u>(5,813,954)</u>
Change in net position of governmental activities		<u>\$ 33,103,475</u>

San José Unified School District
Statement of Net Position – Proprietary Fund
June 30, 2024

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	\$ 76,137,575
Receivables	746,203
Total assets	\$ 76,883,778
Liabilities	
Current liabilities	
Accounts payable	\$ 4,336,566
Due to other funds	25,999,867
Unearned revenue	88,029
Current portion of claims liabilities	5,408,000
Total current liabilities	35,832,462
Noncurrent liabilities	
Claims liabilities, due in more than one year	9,335,000
Total liabilities	45,167,462
Net Position	
Restricted for insurance programs	31,716,316
Total net position	\$ 31,716,316

San José Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
In-district premiums	<u>\$ 59,042,959</u>
Operating Expenses	
Payroll	241,887
Supplies and materials	20,703
Claims and excess insurance premiums	65,942,512
Other operating cost	<u>613,522</u>
Total operating expenses	<u>66,818,624</u>
Net operating loss	<u>(7,775,665)</u>
Nonoperating Revenues (Expenses)	
Net unrealized gain on investments	386,276
Investment earnings	<u>1,575,435</u>
Total nonoperating revenues (expenses)	<u>1,961,711</u>
Change in Net Position	(5,813,954)
Net Position - Beginning	<u>37,530,270</u>
Net Position - Ending	<u><u>\$ 31,716,316</u></u>

San José Unified School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

		Governmental Activities - Internal Service Fund
	Total	
Cash Flows From Operating Activities		
Cash receipts from interfund services provided	\$	29,823,937
Other operating cash receipts		59,042,959
Cash payments to other suppliers of goods or services		(148,061)
Cash payments to employees for services		(970,761)
Cash payments for insurance claims		(66,018,512)
Other operating cash payments		(613,522)
Net Cash Used For Operating Activities		21,116,040
Cash Flows From Investing Activities		
Interest income received		1,575,435
Loss on investments		386,276
Net Cash Used For Investing Activities		1,961,711
Net Change in Cash and Cash Equivalents		23,077,751
Cash and Cash Equivalents, Beginning		53,059,824
Cash and Cash Equivalents, Ending	\$	76,137,575
Reconciliation of Operating Income to Net Cash From Operating Activities		
Net operating loss	\$	(7,775,665)
Changes in assets and liabilities		
Receivables		(146,040)
Due from other fund		3,824,070
Accrued liabilities		(804,874)
Due to other fund		25,999,867
Unearned revenue		18,682
Net Cash Used For Operating Activities	\$	21,116,040

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The San José Unified School District was unified on August 3, 1936 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and Federal agencies. The District operates twenty-seven elementary, six middle, six high schools, one alternative high school and one continuation high school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For San José Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

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

The San José Unified School District Financing Corporation (the Corporation) The Corporation's financial activity is presented in the financial statements blended in the Building Fund. Individual financial statements are not prepared for the San José Unified School District Financing Corporation.

Other Related Entities

Charter Schools - The District has approved a Charter for Downtown College Preparatory Charter School (DCP) and Ace Inspire Academy pursuant to *Education Code* Section 47605. DCP and Ace Inspire Academy are not operated by the District and do not meet the criteria for inclusion as a component unit.

Joint Powers Agencies and Public Entity Risk Pools - The District is associated with two joint powers agencies: Metropolitan Education District and Public Risk Innovation, Solutions, and Management (PRISM). The organizations do not meet the criteria for inclusion as component units of the District. More detailed information is presented in Note 16 to the financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating Fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

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

Nonmajor Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and Local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

Capital Projects Funds The capital projects funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

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

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

- **Internal Service Fund** The Internal Service fund may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Fund that is accounted for in an internal service fund, which includes the activity for the workers' compensation and health and welfare programs.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation and amortization of leased assets.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, current assets, current liabilities, and deferred inflows are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and governmental funds statements.
- **Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventory

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. The District maintains a capitalization threshold of \$25,000 for equipment and \$50,000 for facilities. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

During fiscal year 2022, the District and the bargaining units reached an agreement to pay out any unused vacation at the end of each fiscal year.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Leases and Subscription Based Information Technology Arrangements (SBITA)

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

As lessee/subscriber: At the commencement of a lease/subscription based information technology arrangement (SBITA), the District initially measures the lease/subscription liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease liability is reduced by the principal portion of lease/subscription payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease/subscription receipts/payments to present value, (2) lease/subscription term, and (3) lease receipts. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription if certain changes occur that are expected to significantly affect the amount of the lease/subscription.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Stabilization Arrangement

During fiscal year 2011, the District adopted a resolution to establish and maintain a revenue stabilization reserve in the “Special Reserve Fund Other Than Capital Outlay” fund. The fund balance at the year-end will be allocated first to meet the minimum 2% reserve for economic uncertainty. Remaining balance will be used for stabilization of the general operating fund of the District and amended by the Board of Trustees with the Adoption Budget and Interim reports. The Board of Trustees intends to maintain a minimum fund balance of 17% of the District’s general fund annual operating expenditures. If the available reserves drops below 10%, the fund shall be recovered at a rate of 1% minimally, each year. To allow for the withdrawal of the resources, their use must first be recommended by the management and then approved by the governing board.

Net Position

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

Operating Revenues and Expenses

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

Interfund Activity

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

Estimates

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

Property Tax

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

Deficit Fund Equity

At June 30, 2024, the County School Facilities capital projects fund, a nonmajor fund, has a deficit fund balance of \$2,538. The reason for the deficit is due to a negative fair market value adjustment at the close of the fiscal year.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 397,932,355
Proprietary funds	<u>76,137,575</u>
Total deposits and investments	<u><u>\$ 474,069,930</u></u>

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

Cash on hand and in banks	2,996,271
Cash with fiscal agent	1,957,636
Cash in revolving	77,570
Investments	<u>469,038,453</u>
Total deposits and investments	<u><u>\$ 474,069,930</u></u>

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool is not registered with Security Exchange Committee.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District monitors the interest rate risk inherent in its portfolio by measuring the average maturity of its portfolio. The District manages its exposure to interest rate risk by investing in the Santa Clara County treasury pool. The weighted average maturity of the pool was 548 days on June 30, 2024.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The county pool is unrated as of June 30, 2024.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. On June 30, 2024, District bank balances of \$3,356,948 were exposed to custodial credit risk because they were uninsured but were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Fair Value Measurements

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

- Level 1 - quoted prices in active markets for identical assets.
- Level 2 - quoted prices in active or inactive for the same or similar assets.
- Level 3 - estimates using the best information available when there is little or no market.

As of June 30, 2024, the District's investments in the Santa Clara County Treasury Investment Pool and State Investment Pools are uncategorized.

Note 3 - Capital Assets

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

	Balance July 1, 2023	Additions	Transfers and Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 16,013,162	\$ -	\$ -	\$ 16,013,162
Construction in progress	23,577,011	9,169,994	(21,635,197)	11,111,808
Total capital assets not being depreciated	39,590,173	9,169,994	(21,635,197)	27,124,970
Capital assets being depreciated				
Buildings and improvements	1,133,917,317	21,635,197	-	1,155,552,514
Furniture and equipment	52,266,660	5,189,782		57,456,442
Total capital assets being depreciated	1,186,183,977	26,824,979	-	1,213,008,956
Total capital assets	1,225,774,150	35,994,973	(21,635,197)	1,240,133,926
Accumulated depreciation				
Buildings and improvements	(667,635,165)	(44,214,018)	-	(711,849,183)
Furniture and equipment	(35,830,216)	(4,441,150)	-	(40,271,366)
Total accumulated depreciation	(703,465,381)	(48,655,168)	-	(752,120,549)
Governmental activities capital assets, net	<u>\$ 522,308,769</u>	<u>\$ (12,660,195)</u>	<u>\$ (21,635,197)</u>	<u>\$ 488,013,377</u>

Depreciation expenses were charged as a direct expense to governmental activities as follows:

Governmental Activities	
Instruction	\$ 27,060,942
Supervision of instruction	2,415,910
Instructional library, media, and technology	291,374
School site administration	2,678,530
Home-to-school transportation	1,112,991
Food services	1,609,354
All other pupil services	3,559,608
Data processing	1,823,146
All other administration	2,775,236
Plant services	667,901
Ancillary Services	4,660,176
Total depreciation expenses governmental activities	\$ 48,655,168

Note 4 - Lease Receivables

The District is leasing thirteen of its buildings to third parties under noncancellable lease agreements. The lease agreements expire through fiscal year 2068 and the District is receiving annual payments of \$4.07 million. The District recognized \$3.3 million in lease revenue and \$0.77 million in interest revenue during the current fiscal year related to the leases. As of June 30, 2024, the District’s receivable for lease payments was \$19.83 million and was calculated using a discount rate of 1.5%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources related to leases was \$18.4 million.

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transaction and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between Major and Nonmajor Governmental Funds, and internal service fund are as follows:

Due To	Due From		
	General Fund	Building Fund	Total
General Fund	\$ -	\$ 5,285,427	\$ 5,285,427
Nonmajor Governmental Funds	988,969	179,647	1,168,616
Proprietary Funds	25,999,867	-	25,999,867
Total	<u>\$ 26,988,836</u>	<u>\$ 5,465,074</u>	<u>\$ 32,453,910</u>

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

Operating Transfers

During the fiscal year, the general fund \$7.76 million to the building fund for the Solar Saving project the District incurred from the acquisition of solar panels and to support Measure H projects. The county school facilities fund transferred \$12.53 million to the building fund related to grant apportionment and matching funds for the Willow Glen Elementary School Capital project. The child nutrition fund transfer general fund subsidies received in a previous fiscal year that management determined during the current fiscal year are no longer necessary to the building fund for debt service payments.

Note 6 - Long-Term Debt

Summary

The changes in the District's long-term debt during the year consisted of the following:

	Balance July 1, 2023	Additions/ Accretion	Deductions	Balance June 30, 2024	Due in One Year
Bonds	\$ 540,478,076	\$ 5,359,839	\$ (31,555,000)	\$ 514,282,915	\$ 33,160,000
Bond premiums	17,992,955	-	(3,116,262)	14,876,693	2,247,964
Total	\$ 558,471,031	\$ 5,359,839	\$ (34,671,262)	\$ 529,159,608	\$ 35,407,964

The Bond Interest and Redemption fund is used to collect assessed property taxes which are used to repay the general obligation bonds. The Building fund is used to repay qualified zone academy bonds and clean renewable energy bonds.

The District's Clean Renewable Energy Bonds (CREBS) are secured with collateral of the District Administrative Office. In the event of a default under the Lease, the purchaser of the CREB, as assignee, has the right to terminate the Lease, enter the real property pledged under the Lease, take possession of same, and re-let it, or collect each installment of lease payments due without terminating the lease.

General Obligation Bonds

The outstanding bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2024
Current interest bonds							
2013	2034	3.00-4.00%	71,135,000	\$ 10,830,000	\$ -	\$ (2,230,000)	\$ 8,600,000
2013	2029	2.00-5.00%	70,255,000	9,785,000	-	(4,600,000)	5,185,000
2015	2039	2.00-5.00%	70,615,000	3,865,000	-	(450,000)	3,415,000
2015	2027	0.35-3.00%	14,385,000	3,365,000	-	(580,000)	2,785,000
2015	2024	2.00-5.00%	65,505,000	21,290,000	-	(10,115,000)	11,175,000
2016	2032	1.10-5.00%	117,825,000	84,485,000	-	(2,580,000)	81,905,000
2017	2027	2.00-5.00%	27,695,000	23,360,000	-	(4,170,000)	19,190,000
2018	2042	3.00-5.00%	60,000,000	49,510,000	-	-	49,510,000
2019	2042	1.25-5.00%	46,720,000	42,210,000	-	(740,000)	41,470,000
2021	2039	1.14-2.03%	190,945,000	180,645,000	-	(4,500,000)	176,145,000
Subtotal				429,345,000	-	(29,965,000)	399,380,000
Capital appreciation bonds							
2006	2031	4.86-4.98%	46,319,026	106,223,076	5,359,839	-	111,582,915
Clean renewable energy bonds							
2011	2026	1.77-9.16%	13,500,000	4,910,000	-	(1,590,000)	3,320,000
Total				\$ 540,478,076	\$ 5,359,839	\$ (31,555,000)	\$ 514,282,915

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2025	\$ 33,160,000	\$ 12,078,621	\$ 45,238,621
2026	21,935,000	11,075,556	33,010,556
2027	24,020,000	10,375,297	34,395,297
2028	25,795,000	9,633,266	35,428,266
2029	24,750,000	8,957,000	33,707,000
2030-2034	123,685,000	32,747,649	156,432,649
2035-2039	72,185,000	18,085,212	90,270,212
2040-2043	73,850,000	6,116,057	79,966,057
Total	\$ 399,380,000	\$ 109,068,658	\$ 508,448,658

The capital appreciation bonds mature as follows:

<u>Bonds Maturing Fiscal Year</u>	<u>Initial Bond Value</u>	<u>Accreted Interest</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Maturity Value</u>
2025	\$ -	\$ -	\$ -	\$ -	\$ -
2026	5,544,533	7,621,393	13,165,926	704,074	13,870,000
2027	5,527,709	7,644,373	13,172,082	1,392,918	14,565,000
2028	5,497,482	7,671,838	13,169,320	2,125,680	15,295,000
2029	6,414,286	9,059,558	15,473,844	3,421,156	18,895,000
2030-2033	23,335,016	33,266,727	56,601,743	19,923,257	76,525,000
Total	\$ 46,319,026	\$ 65,263,889	\$ 111,582,915	\$ 27,567,085	\$ 139,150,000

Clean Renewable Energy Bonds (CREBS)

In December 2015, the District received \$13,500,000 from the issuance of Clean Renewable Energy Bonds (CREBS). CREBS were used to finance various solar projects of the District at 25 school sites.

Debt Service Requirements to Maturity (CREBS)

Year Ended June 30,	Principal	Interest	Total
2025	\$ 1,635,000	\$ 88,588	\$ 1,723,588
2026	1,685,000	29,825	1,714,825
Total	\$ 3,320,000	\$ 118,413	\$ 3,438,413

For current refunding's and advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense systematically and rationally over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The balances of deferred charges on refunding as of and for the year ending June 30, 2024 is as follows:

Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024
\$ 20,115,610	\$ -	\$ (2,935,108)	\$ 17,180,502

Note 7 - Total Other Post-Employment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
\$ 2,231,290	\$ 528,788	\$ 388,816	\$ 25,244

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their dependents. The Plan provides medical and dental coverage options to eligible retirees and their dependents. These options are designed to provide members with cost-effective and comprehensive coverage. Retiree members are responsible to pay their applicable medical/dental premiums. The District's governing board has the authority.

Plan Membership

On July 1, 2023, the most recent valuation date, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	357
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	1,250
 Total	 1,607

Benefits Provided

Before the 2013-14 school year and upon attainment of age 55 (50 for classified) and completion of at least 10 years of full-time service prior to retirement, an employee could retire and receive a District contribution of \$80 per month prior to age 65, and \$35 per month beginning at age 65 and for life thereafter, towards the cost of coverage under the District’s medical and/ or dental plans. This benefit has been discontinued for retirements after the 2013-14 school year.

The only benefit now available to future retirees with full-time equivalencies (FTE) 0.75 or more is the option to continue on the District’s medical plan, dental plan, and/or life insurance plan, at their own expense, until age 65. To be eligible, recipients must retire under PERS or STRS and must be in a District health plan at the time of retirement.

Contributions

The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. For the year ended June 30, 2024, the District contributed \$371,982, including a credit for implicit subsidy of \$223,302.

Total OPEB Liability of the District

The District’s total OPEB liability was measured as of June 30, 2023 and the valuation used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	\$ 2,468,187
Service cost	82,000
Interest	87,075
Changes of assumptions or other inputs	(21,620)
Benefit payments	(384,352)
Net change in total OPEB liability	(236,897)
Balance, June 30, 2024	\$ 2,231,290

Changes of assumptions and other inputs reflect a change in the discount rate from 3.69% in the prior valuation to 3.86% in the current valuation.

Actuarial Assumptions

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

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study, Certificated	Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018).
Experience Study, Classified	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Actuarial Cost Method	Entry age normal 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2020-2029, and 4.00 percent for 2030 and later years.
Healthcare cost trend rate	
Salary increases	3.00 percent
Inflation rate	2.50 percent

Discount Rate

For OPEB plans that are not administered through trusts that meet the criteria in paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the District's Total OPEB liability is based on the Fidelity GO AA 20 year municipal index and was 3.86%.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Discount Rate	Total OPEB Liability
1% decrease (2.86%)	\$ 2,361,887
Current discount rate (3.86%)	2,231,290
1% increase (4.86%)	2,108,849

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1 percentage-point higher than the current healthcare costs trend rates:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 371,982	\$ -
Differences between expected and actual experience	51,896	(193,315)
Changes of assumptions	104,910	(195,501)
Total	\$ 528,788	\$ (388,816)

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

For the year ended June 30, 2024, the District recognized OPEB credit of \$25,244. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 371,982	\$ -
Differences between expected and actual experience	51,896	(193,315)
Changes of assumptions	104,910	(195,501)
Total	\$ 528,788	\$ (388,816)

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (120,280)
2026	(34,179)
2027	(27,468)
2028	(31,174)
2029	(17,245)
Thereafter	(1,664)
Total	\$ (232,010)

Note 8 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Nonspendable for				
Revolving cash	\$ 75,000	\$ -	\$ 2,570	\$ 77,570
Stores inventories	129	-	194,033	194,162
Prepaid expenditures	27,533	-	-	27,533
Leases	-	1,440,880	-	1,440,880
Total nonspendable	102,662	1,440,880	196,603	1,740,145
Restricted for				
Educational programs	104,153,017	-	2,874,697	107,027,714
Food service	-	-	5,715,043	5,715,043
Capital projects	-	41,740,167	28,667,847	70,408,014
Debt service	-	-	41,825,678	41,825,678
Total restricted	104,153,017	41,740,167	79,083,265	224,976,449
Assigned for				
Instructional Materials	1,043,811	-	-	1,043,811
Capital projects	-	80,960,096	-	80,960,096
Educational programs	2,798,901	-	-	2,798,901
Total assigned	3,842,712	80,960,096	-	84,802,808
Unassigned				
Reserve for economic uncertainties	94,813,346	-	-	94,813,346
Remaining unassigned	1,268,977	-	(2,538)	1,266,439
Total unassigned	96,082,323	-	(2,538)	96,079,785
Total Fund Balances	\$ 204,180,715	\$ 124,141,143	\$ 79,277,330	\$ 407,599,188

Note 9 - Risk Management

Description

The District’s risk management activities are recorded in the General and Self-Insurance Funds. The District is exposed to various types of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; natural disaster and employee injuries and illnesses for which the District is self-insured. The District has formal self-insurance plans for worker’s compensation, property and liability, employee dental, employee medical and employee income protection. For workers’ compensation and property/liability coverage, the District purchases excess insurance protection that attaches at \$500,000 and \$100,000, respectively. Premiums are paid into the self-insured fund by the General Fund and are available to pay claims, fund claim reserves and administrative costs of the program. The following is a summary of the insurance policies carried by the District as of June 30, 2024.

Insurance Program/Company Name	Type of Coverage	Limits
Star Insurance Company	Workers' Compensation	Statutory limits on Workers' Compensation and \$1,000,000 limits on Employer's Liability, subject to \$500,000 Self-Insured Retention.
Alliant Property Insurance Program (APIP)	Property	\$500,000,000 limit, subject to \$100,000 Self-Insured Retention.
Public Risk Innovation, Solutions, and Management (PRISM) VIA California Public Entity Insurance Authority	General Liability	\$25,000,000 limit, subject to \$100,000 Self-Insured Retention.
Public Risk Innovation, Solutions, and Management (PRISM)	Excess Liability	\$25,000,000 limit after General Liability policy payments.
National Union Fire Insurance Company of Pittsburgh, PA	Crime SHILD Policy	\$1,000,000 limits, subject to \$2,500 Self-Insured Retention.
National Union Fire Insurance Company of Pittsburgh, PA	Pollution Liability Underground Storage Tanks	\$1,000,000 limit, subject to \$50,000 Self-Insured Retention.
Lloyd's of London	Alliant Deadly Weapons Response Program (ADWRP)	\$500,000 limit, subject to a \$10,000 Self-Insured Retention.
ACE American Insurance Company	Myers Steven Toohy Student Accident & Illness Insurance	School-Time Accident-Only Medical Expense Coverage – Usual, Customary and Responsible (UCR) charges to \$25,000 maximum per injury, \$0 deductible.
ACE American Insurance Company	Myers Steven Toohy Catastrophic/Excess Insurance for Interscholastic Athletics, Student Activities, Adult/Parent Volunteers	Excess Medical Expense Coverage – 100% of Usual & Customary with 10-year benefit paid up to \$1,000,000 limit after School-Time Accident-Only Medical Expense Coverage, if applicable.

Employee Medical Benefits

The District has contracted with Kaiser Permanente to provide employee health benefits. The District also participates in a self-funded program administered through a third-party administrator (POMCO). Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made. Claims are paid for all participants regardless of claims flow.

Claims Liabilities

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

Unpaid Claims Liabilities

The Self Insurance fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses related to workers compensation and self-insured health and welfare benefits. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2022 to June 30, 2024:

	Self Insurance
Liability Balance, July 1, 2022	\$ 14,457,000
Claims and changes in estimates	64,402,118
Claims payments	(64,040,118)
Liability Balance, June 30, 2023	14,819,000
Claims and changes in estimates	65,866,512
Claims payments	(65,942,512)
Liability Balance, June 30, 2024	\$ 14,743,000

Note 10 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 198,997,591	\$ 60,390,046	\$ 25,224,472	\$ 23,650,663
CalPERS	115,073,075	38,741,476	3,205,293	17,069,864
Total	\$ 314,070,666	\$ 99,131,522	\$ 28,429,765	\$ 40,720,527

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven- year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$33,797,601.

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

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

Proportionate share of net pension liability	\$ 198,997,591
State's proportionate share of the net pension liability	95,345,342
Total	\$ 294,342,933

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.2613% and 0.2503%, resulting in a net change in the proportionate share of 0.0110%.

For the year ended June 30, 2024, the District recognized pension expense of \$23,650,663. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 33,797,601	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,950,453	14,577,091
Differences between projected and actual earnings on pension plan investments	851,790	-
Differences between expected and actual experience in the measurement of the total pension liability	15,637,933	10,647,381
Changes of assumptions	1,152,269	-
Total	\$ 60,390,046	\$ 25,224,472

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

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

Year Ended June 30,	Deferred Inflows) of Resources
2025	\$ (6,260,616)
2026	(9,811,485)
2027	16,123,706
2028	800,185
Total	\$ 851,790

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (2,770,656)
2026	(1,724,737)
2027	(539,207)
2028	313,288
2029	1,312,209
Thereafter	3,925,286
Total	\$ 516,183

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 333,802,580
Current discount rate (7.10%)	198,997,591
1% increase (8.10%)	87,026,336

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013) and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$16,949,314.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$115,073,075. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.3179% and 0.3154%, resulting in a net change in the proportionate share of 0.0025%.

For the year ended June 30, 2024, the District recognized pension expense of \$17,069,864. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 16,949,314	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,437,940
Differences between projected and actual earnings on pension plan investments	12,291,449	-
Differences between expected and actual experience in the measurement of the total pension liability	4,199,342	1,767,353
Changes of assumptions	5,301,371	-
Total	\$ 38,741,476	\$ 3,205,293

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 2,292,834
2026	1,358,332
2027	8,257,761
2028	382,522
Total	\$ 12,291,449

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 2,599,978
2026	2,658,835
2027	1,036,607
Total	\$ 6,295,420

Actuarial Methods and Assumptions

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

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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB 90 percent of scale MP-2016.

In determining the long-term expected rate of return, 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 ten years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 166,365,921
Current discount rate (6.90%)	115,073,075
1% increase (7.90%)	72,680,704

Social Security

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use social security. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee’s gross earnings and employees are required to contribute an additional 6.2% of gross earnings.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$15,250,649 for the year ended June 30, 2024.

Note 11 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2024, the District had outstanding commitments of \$15.1 million for construction projects.

Note 12 - Restatement

During fiscal year 2024, the District discovered that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position of governmental activities and the beginning fund balance of the Building Fund (Fund 21). The District identified that the Building Fund accounts receivable including amounts outside the period of availability.

Beginning net position and fund balance was restated as follows:

	<u>July 1, 2023 As Previously Reported</u>	<u>Accounts Receivable Error Correction</u>	<u>July 1, 2023 As Restated</u>
Government-Wide			
Governmental Activities	\$ 133,228,210	\$ (2,502,485)	\$ 130,725,725
Governmental Funds			
Building Fund	98,166,418	(2,608,559)	\$ 95,557,859

f these amounts had been properly recorded in the prior year, the change in net position and fund balance would have been adjusted as follows for the year ended June 30, 2023:

	<u>June 30, 2023 As Previously Reported</u>	<u>Accounts Receivable Error Correction</u>	<u>June 30, 2023 As Restated</u>
Government-Wide			
Governmental Activities	\$ 75,170,639	\$ (2,502,485)	\$ 72,668,154
Governmental Funds			
Building Fund	26,068,452	(2,608,559)	\$ 23,459,893



Required Supplementary Information
June 30, 2024

San José Unified School District

San José Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local control funding formula	\$ 368,185,514	\$ 379,664,435	\$ 379,105,498	\$ (558,937)
Federal sources	20,674,144	20,610,514	20,341,339	(269,175)
Other State sources	41,440,161	54,507,498	56,852,485	2,344,987
Other local sources	9,155,500	14,693,637	29,422,552	14,728,915
Total revenues ¹	<u>439,455,319</u>	<u>469,476,084</u>	<u>485,721,874</u>	<u>16,245,790</u>
Expenditures				
Current				
Certificated salaries	187,354,387	185,222,829	185,278,493	(55,664)
Classified salaries	59,003,858	61,278,437	62,200,132	(921,695)
Employee benefits	124,307,912	124,664,407	124,370,432	293,975
Books and supplies	17,461,659	21,502,932	14,317,710	7,185,222
Services and operating expenditures	73,627,692	85,891,772	87,211,057	(1,319,285)
Other outgo	1,896,873	2,480,113	2,374,253	105,860
Capital outlay	340,222	1,121,906	1,102,559	19,347
Total expenditures ¹	<u>463,992,603</u>	<u>482,162,396</u>	<u>476,854,636</u>	<u>5,307,760</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,537,284)</u>	<u>(12,686,312)</u>	<u>8,867,238</u>	<u>21,553,550</u>
Other Financing Sources (Uses)				
Transfers in	28,600,572	24,951,344	-	(24,951,344)
Transfers out	(7,503,334)	(7,759,686)	(7,759,686)	-
Net financing sources (uses)	<u>21,097,238</u>	<u>17,191,658</u>	<u>(7,759,686)</u>	<u>(24,951,344)</u>
Net Change in Fund Balances	(3,440,046)	4,505,346	1,107,552	(3,397,794)
Fund Balance - Beginning	<u>203,073,163</u>	<u>203,073,163</u>	<u>203,073,163</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 199,633,117</u>	<u>\$ 207,578,509</u>	<u>\$ 204,180,715</u>	<u>\$ (3,397,794)</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to the fund are included in the revenues and expenditures of Actual (GAAP Basis) as well as of the original and final General Fund budgets.

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

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	\$ 82,000	\$ 73,702	\$ 73,921	\$ 61,094	\$ 65,360	\$ 77,118
Interest	87,075	53,167	70,880	112,536	127,143	128,191
Changes of benefit terms	-	-	-	-	-	(245,599)
Difference between expected and actual experience	-	74,960	-	(837,707)	-	(202,476)
Changes of assumptions	(21,620)	(255,967)	96,301	278,058	108,968	12,900
Benefit payments	(384,352)	(344,536)	(384,440)	(274,069)	(284,330)	(421,831)
Net change in total OPEB liability	(236,897)	(398,674)	(143,338)	(660,088)	17,141	(651,697)
Total OPEB Liability - Beginning	2,468,187	2,866,861	3,010,199	3,670,287	3,653,146	4,304,843
Total OPEB Liability - Ending	<u>\$ 2,231,290</u>	<u>\$ 2,468,187</u>	<u>\$ 2,866,861</u>	<u>\$ 3,010,199</u>	<u>\$ 3,670,287</u>	<u>\$ 3,653,146</u>
Covered-Employee Payroll	233,539,959	137,532,500	139,202,608	133,242,620	198,322,555	197,188,023
Total OPEB Liability as a Percentage of Covered-employee Payroll	0.96%	1.79%	2.06%	2.26%	1.85%	1.85%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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

San José Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
CalSTRS									
Proportion of the net pension liability	0.2613%	0.2503%	0.2645%	0.2580%	0.2641%	0.2684%	0.2773%	0.2834%	0.3067%
Proportionate share of the net pension liability	\$ 198,997,591	\$ 173,943,211	\$ 120,375,644	\$ 250,053,522	\$ 238,543,663	\$ 246,675,342	\$ 256,432,972	\$ 229,248,498	\$ 206,455,716
State's proportionate share of the net pension liability	95,345,342	87,110,080	60,568,355	128,902,620	130,141,493	141,233,170	151,703,580	130,507,080	109,192,314
Total	\$ 294,342,933	\$ 261,053,291	\$ 180,943,999	\$ 378,956,142	\$ 368,685,156	\$ 387,908,512	\$ 408,136,552	\$ 359,755,578	\$ 315,648,030
Covered payroll	\$ 162,549,600	\$ 149,998,880	\$ 141,000,189	\$ 141,918,088	\$ 142,187,727	\$ 151,275,114	\$ 145,812,377	\$ 141,224,585	\$ 141,345,957
Proportionate share of the net pension liability as a percentage of its covered payroll	122.42%	115.96%	85.37%	176.20%	167.77%	163.06%	175.87%	162.33%	146.06%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%	71%	69%	70%	74%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS									
Proportion of the net pension liability	0.3179%	0.3154%	0.3194%	0.3209%	0.3189%	0.3413%	0.3559%	0.3605%	0.3725%
Proportionate share of the net pension liability	\$ 115,073,075	\$ 108,541,917	\$ 64,944,584	\$ 54,725,645	\$ 92,928,401	\$ 91,000,776	\$ 84,964,567	\$ 71,189,949	\$ 54,901,781
Covered payroll	\$ 54,950,189	\$ 49,917,385	\$ 44,832,362	\$ 44,962,740	\$ 43,002,296	\$ 44,276,917	\$ 44,673,229	\$ 42,838,162	\$ 40,788,421
Proportionate share of the net pension liability as a percentage of its covered payroll	209.41%	217.44%	144.86%	121.71%	216.10%	205.53%	190.19%	166.18%	134.60%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%	71%	72%	74%	79%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

San José Unified School District
Schedule of the District's Pension Contributions
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
CalSTRS									
Contractually required contribution	\$ 33,797,601	\$ 31,406,974	\$ 25,128,324	\$ 33,797,601	\$ 24,267,993	\$ 23,148,162	\$ 21,828,999	\$ 18,343,197	\$ 15,153,398
Less contributions in relation to the contractually required contribution	33,797,601	31,406,974	25,128,324	33,797,601	24,267,993	23,148,162	21,828,999	18,343,197	15,153,398
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 176,950,791	\$ 162,549,600	\$ 149,998,880	\$ 141,000,189	\$ 141,918,088	\$ 142,187,727	\$ 151,275,114	\$ 145,812,377	\$ 141,224,585
Contributions as a percentage of covered payroll	19.10%	19.32%	16.75%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%
CalPERS									
Contractually required contribution	\$ 16,949,314	\$ 13,940,863	\$ 10,821,590	\$ 9,280,299	\$ 8,867,102	\$ 7,767,075	\$ 6,876,648	\$ 6,204,218	\$ 5,075,037
Less contributions in relation to the contractually required contribution	16,949,314	13,940,863	10,821,590	9,280,299	8,867,102	7,767,075	6,876,648	6,204,218	5,075,037
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 63,412,702	\$ 54,950,189	\$ 49,917,385	\$ 44,832,362	\$ 44,962,740	\$ 43,002,296	\$ 44,276,917	\$ 44,673,229	\$ 42,838,162
Contributions as a percentage of covered payroll	26.729%	25.370%	21.679%	20.700%	19.721%	18.0620%	15.5310%	13.8880%	11.8470%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

During the year, the District’s General fund exceeded the budgeted amount in following major object account.

Major Categories	Expenditure and Other Uses		
	Budget	Actual	Excess
Classified salaries	61,278,437	62,200,132	921,695
Services and operating expenditures	85,891,772	87,211,057	1,319,285

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

This schedule presents information on the District’s changes in the total OPEB liability, including beginning and ending balances, the plan’s fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

- *Changes in Benefit Terms* – No significant changes in benefit terms.
- *Changes of Assumptions* – The discount rate has changed from 3.69% to 3.86%.

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

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

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

Schedule of the District's Pension Contributions

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



Supplementary Information
June 30, 2024

San José Unified School District

San José Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education			
Elementary and Secondary School Emergency Relief (ESSER) Fund			
COVID-19, American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U	15559	\$ 7,701,753
COVID-19, American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U	10155	<u>75,767</u>
Subtotal			<u>7,777,520</u>
Special Education Grants to States			
Basic Local Assistance Entitlement	84.027	13379	6,296,227
Local Assistance Entitlement	84.027	10115	29,346
Mental Health Services	84.027	15197	<u>295,423</u>
Subtotal			<u>6,620,996</u>
Preschool Grants	84.173	13430	143,290
Preschool Staff Development	84.173	13431	<u>728,368</u>
Subtotal			<u>871,658</u>
Total Special Education Cluster			<u>7,492,654</u>
Title I, Grants to Local Educational Agencies	84.010	14329	3,826,092
Title I, Grants to Local Educational Agencies	84.010	15438	<u>176,586</u>
Subtotal			<u>4,002,678</u>
Student Support and Academic Enrichment Program	84.424	15396	301,956
English Language Acquisition State Grants	84.365	14346	<u>766,530</u>
Total U.S. Department of Education			<u>20,341,338</u>
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	15708	142,049
National School Lunch Program	10.555	13523	4,269,116
School Breakfast Program	10.553	13525	1,757,152
Supply Chain Assistance	10.555	15655	<u>711,417</u>
Total Child Nutrition Cluster			6,879,734
Child and Adult Care Food Program (CACFP)			
Child and Adult Food Program	10.558	13393/13389	963,618
Total U.S. Department of Agriculture			<u>7,843,352</u>
Total Federal Financial Assistance			<u>\$ 28,184,690</u>

San José Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	6,774.39	6,811.76
Fourth through sixth	5,079.51	5,087.20
Seventh and eighth	3,309.05	3,293.99
Ninth through twelfth	7,570.18	7,505.91
Total Regular ADA	<u>22,733.13</u>	<u>22,698.86</u>
Extended Year Special Education		
Transitional kindergarten through third	13.36	13.36
Fourth through sixth	5.46	5.46
Seventh and eighth	1.93	1.93
Ninth through twelfth	5.17	5.17
Total Extended Year Special Education	<u>25.92</u>	<u>25.92</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.72	3.51
Fourth through sixth	14.36	17.58
Seventh and eighth	17.40	20.52
Ninth through twelfth	31.60	37.46
Total Special Education, Nonpublic, Nonsectarian Schools	<u>66.08</u>	<u>79.07</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.37	0.37
Fourth through sixth	1.24	1.24
Seventh and eighth	1.61	1.61
Ninth through twelfth	5.25	5.25
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>8.47</u>	<u>8.47</u>
Total ADA	<u><u>22,833.60</u></u>	<u><u>22,812.32</u></u>

San José Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Actual Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	51,416	180	N/A	Complied
Grades 1 - 3					
Grade 1	50,400	52,200	180	N/A	Complied
Grade 2	50,400	52,200	180	N/A	Complied
Grade 3	50,400	52,200	180	N/A	Complied
Grades 4 - 8					
Grade 4	54,000	54,000	180	N/A	Complied
Grade 5	54,000	54,000	180	N/A	Complied
Grade 6	54,000	64,740	180	N/A	Complied
Grade 7	54,000	64,740	180	N/A	Complied
Grade 8	54,000	64,740	180	N/A	Complied
Grades 9 - 12					
Grade 9	64,800	64,920	180	N/A	Complied
Grade 10	64,800	64,920	180	N/A	Complied
Grade 11	64,800	64,920	180	N/A	Complied
Grade 12	64,800	64,920	180	N/A	Complied

San José Unified School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2024

Summarized below are the fund balance reconciliations between the unaudited actual financial report and the audited financial statements:

	SACS Fund 21
Fund balance, unaudited actuals	\$ 128,009,565
Audit adjustments to	
Accounts receivable	(3,762,348)
Deferred inflows of resources, unavailable revenues	(106,074)
Net audit adjustments to fund balance	(3,868,422)
Fund balance, audited financial statements	\$ 124,141,143

San José Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund ³				
Revenues	\$ 462,171,756	\$ 485,721,874	\$ 478,473,606	\$ 436,738,750
Other sources and transfers in	24,518,885	-	1,227,511	-
Total revenues And other sources	<u>486,690,641</u>	<u>485,721,874</u>	<u>479,701,117</u>	<u>436,738,750</u>
Expenditures	492,473,846	476,854,636	442,993,720	398,394,911
Other uses and transfers out	7,844,387	7,759,686	8,918,379	2,431,787
Total expenditures And other uses	<u>500,318,232</u>	<u>484,614,322</u>	<u>451,912,099</u>	<u>400,826,698</u>
Increase/(Decrease) in Fund Balance	<u>(13,627,591)</u>	<u>1,107,552</u>	<u>27,789,018</u>	<u>35,912,052</u>
Ending Fund Balance	<u>\$ 190,553,124</u>	<u>\$ 204,180,715</u>	<u>\$ 203,073,163</u>	<u>\$ 175,284,145</u>
Available Reserves ²	<u>\$ 1,315,451</u>	<u>\$ 96,082,323</u>	<u>\$ 118,140,905</u>	<u>\$ 114,637,689</u>
Available Reserves as a Percentage of Total Outgo	<u>0.26%</u>	<u>19.83%</u>	<u>26.14%</u>	<u>28.60%</u>
Long-Term Liabilities	<u>\$ 819,388,600</u>	<u>\$ 860,204,564</u>	<u>\$ 858,243,346</u>	<u>\$ 790,097,305</u>
K-12 Average Daily Attendance at P-2	<u>22,505</u>	<u>22,834</u>	<u>23,133</u>	<u>27,502</u>

The General Fund balance has increased by \$28,896,570 for the past two years. The fiscal year 2024-25 budget projects a decrease of \$13,627,591. For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, but a deficit is anticipated in the fiscal year 2024-2025. Total long-term obligations have increased \$70,107,259 over the past two years.

Average daily attendance has decreased by 4,668 over the past two years. An additional decrease of 329 ADA is anticipated during fiscal year 2024-2025.

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

² Available reserves consist of all unassigned fund balances of the general fund.

³ General Fund amounts include activity related to the consolidation of the Special Reserve Fund for Other Than Capital Outlay Projects Fund, as required by GASB Statement No. 54.

San José Unified School District
Schedule of Charter Schools
Year Ended June 30, 2024

Name of Charter School	Charter Number	Included in Audit Report
DCP El Primero High School	0287	No
DCP El Camino Middle School	1623	No
ACE Inspire Academy	1546	No

San José Unified School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Assets							
Deposits and investments	\$ 2,759,660	\$ 471,335	\$ 3,296,703	\$ 28,519,593	\$ 168,808	\$ 41,583,418	\$ 76,799,517
Receivables	32,728	4,612	3,090,534	269,263	8,301	242,260	3,647,698
Stores inventories	-	-	194,035	-	-	-	194,035
Other current assets	131,609	-	-	-	-	-	131,609
Total assets	<u>\$ 2,923,997</u>	<u>\$ 475,947</u>	<u>\$ 6,581,272</u>	<u>\$ 28,788,856</u>	<u>\$ 177,109</u>	<u>\$ 41,825,678</u>	<u>\$ 80,772,859</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 85,016	\$ -	\$ 212,889	\$ 6,287	\$ -	\$ -	\$ 304,192
Due to other funds	-	440,231	434,016	114,722	179,647	-	1,168,616
Unearned revenue	-	-	22,721	-	-	-	22,721
Total liabilities	<u>85,016</u>	<u>440,231</u>	<u>669,626</u>	<u>121,009</u>	<u>179,647</u>	<u>-</u>	<u>1,495,529</u>
Fund Balances							
Nonspendable	-	-	196,603	-	-	-	196,603
Restricted	2,838,981	35,716	5,715,043	28,667,847	-	41,825,678	79,083,265
Unassigned	-	-	-	-	(2,538)	-	(2,538)
Total fund balances	<u>2,838,981</u>	<u>35,716</u>	<u>5,911,646</u>	<u>28,667,847</u>	<u>(2,538)</u>	<u>41,825,678</u>	<u>79,277,330</u>
Total liabilities and fund balances	<u>\$ 2,923,997</u>	<u>\$ 475,947</u>	<u>\$ 6,581,272</u>	<u>\$ 28,788,856</u>	<u>\$ 177,109</u>	<u>\$ 41,825,678</u>	<u>\$ 80,772,859</u>

San José Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Captial Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Revenues							
Federal sources	\$ -	\$ -	\$ 7,843,351	\$ -	\$ -	\$ -	\$ 7,843,351
Other State sources	-	-	9,698,891	-	12,530,687	123,684	22,353,262
Other local sources	3,929,797	22,308	720,819	5,036,112	-	44,050,089	53,759,125
Total revenues	<u>3,929,797</u>	<u>22,308</u>	<u>18,263,061</u>	<u>5,036,112</u>	<u>12,530,687</u>	<u>44,173,773</u>	<u>83,955,738</u>
Expenditures							
Current							
Food services	-	-	16,239,461	-	-	-	16,239,461
Administration							
All other administration	-	-	434,015	-	-	-	434,015
Plant services	-	-	17,801	268,797	-	-	286,598
Ancillary services	4,102,778	-	-	-	-	-	4,102,778
Capital outlay	-	-	-	2,326	-	-	2,326
Debt service							
Principal	-	-	-	-	-	29,965,000	29,965,000
Interest and other	-	-	-	-	-	13,370,878	13,370,878
Total expenditures	<u>4,102,778</u>	<u>-</u>	<u>16,691,277</u>	<u>271,123</u>	<u>-</u>	<u>43,335,878</u>	<u>64,401,056</u>
Excess (Deficiency) of Revenues Over Expenditures	(172,981)	22,308	1,571,784	4,764,989	12,530,687	837,895	19,554,682
Other Financing Sources (Uses)							
Transfers out	-	-	-	-	(12,533,225)	-	(12,533,225)
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,533,225)</u>	<u>-</u>	<u>(12,533,225)</u>
Net Change in Fund Balances	(172,981)	22,308	1,571,784	4,764,989	(2,538)	837,895	7,021,457
Fund Balance - Beginning	3,011,962	13,408	4,339,862	23,902,858	-	40,987,783	72,255,873
Fund Balance - Ending	<u>\$ 2,838,981</u>	<u>\$ 35,716</u>	<u>\$ 5,911,646</u>	<u>\$ 28,667,847</u>	<u>\$ (2,538)</u>	<u>\$ 41,825,678</u>	<u>\$ 79,277,330</u>

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

The Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Nonmajor Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.



Other Information
June 30, 2024

San José Unified School District

Organization

The San José Unified School District was unified on August 3, 1936 and consists of an area comprising approximately 100 square miles. The District operates twenty-six elementary, six middle, six high schools, one K-8 school, one alternative high school and one continuation high school. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Wendy Mahaney-Gurahoo	President	2024
Teresa Castellanos	Vice-President	2024
Carla Collins	Member	2024
Brian Wheatley	Member	2026
José Magaña	Member	2026

Administration

Nancy Albarrán	Superintendent
Seth Reddy	Chief Business Officer
Jodi Lax	Associate Superintendent of Instruction
Dominic Bejarano	Assistant Superintendent of Administrative Services



Independent Auditor's Reports
June 30, 2024

San José Unified School District



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

Governing Board
San José Unified School District
San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Jose Unified School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 13, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Menlo Park, California
December 13, 2024



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

Governing Board
San José Unified School District
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San José Unified School District’s (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 District’s major federal programs for the year ended June 30, 2024. 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, District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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.



Menlo Park, California
December 13, 2024



**Independent Auditor’s Report on State Compliance; Report on Internal Control Over Compliance
Required by the 2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State
Compliance Reporting**

Governing Board
San José Unified School District
San Jose, California

Report on State Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the Districts compliance with the laws and regulations applicable to the following items:

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

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

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

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

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

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



Menlo Park, California
December 13, 2024



Schedule of Findings and Responses
June 30, 2024

San José Unified School District

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major federal programs

<u>Name of Federal Program or Cluster</u>	<u>Financial Assistance Listing Number</u>
Special Education Grants to States	84.017, 84.173
Child and Adult Care Food Program	10.558
COVID-19, Education Stabilization Fund	84.425U
Dollar threshold used to distinguish between Type A and Type B programs	\$845,541
Auditee qualified as low-risk auditee?	No

State Compliance

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

2024-001 – Audit adjustments and material weakness in internal control over financial reporting
 Code 40000

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Additionally, management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Adjustments were necessary for the financial statements to be presented in accordance with governmental accounting standards in all material respects. Furthermore, in conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements.

Context

Material audit adjustments to the District’s recorded account balances were necessary in the areas of revenues and accounts receivables of the Building Fund, which if not recorded, would have resulted in a material misstatement of the District’s financial statements. The following tables shows the difference between the Unaudited Actuals forms and the audited financial statement.

Beginning net position and fund balance were restated as follows:

	<u>July 1, 2023 As Previously Reported</u>	<u>Accounts Receivable Error Correction</u>	<u>July 1, 2023 As Restated</u>
Government-Wide			
Governmental Activities	\$ 133,228,210	\$ (2,502,485)	\$ 130,725,725
Governmental Funds			
Building Fund	98,166,418	(2,608,559)	\$ 95,557,859

The current year’s income statement was adjusted as follows:

	SACS Fund 21
Fund balance, unaudited actuals	\$ 128,009,565
Audit adjustments to	
Accounts receivable	(3,762,348)
Deferred inflows of resources, unavailable revenues	(106,074)
Net audit adjustments to fund balance	(3,868,422)
 Fund balance, audited financial statements	 \$ 124,141,143

Furthermore, the District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. Although this circumstance is not unusual for a California school district similar to San Jose Unified School District, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by District personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Cause

The year-end closing procedures were incomplete with regard to receivables from local sources within District’s Building Fund.

Effect

Unaudited financial schedules and related information included in financial statement disclosures may contain errors or omissions.

Recommendation

The correcting entries were posted to the general ledger and no additional corrective action is required.

Views of Responsible Officials

See separately issued corrective action plan.

Identification as a Repeat Finding

A related, but different finding was reported in the previous year's audit.

None reported.

None reported.

2023-001 – Audit adjustments and material weakness in internal control over financial reporting

Condition

Audit adjustments were necessary for the financial statements to be presented per accounting principles generally accepted in the United States of America.

Current Status

Although the specific entries related to finding 2023-001 were posted to the financial statements, see finding 2024-001 regarding new audit adjustment applicable to the fiscal year 2024.